



May 1, 2026

The Honorable Jonathan V. Gould  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
Attn: Bank Appeals Process  
400 7th St., SW  
Washington, DC 20219

Re: Response to Notice of Proposed Rulemaking to OCC Implementation of the  
GENIUS Act

Dear Comptroller Gould,

On behalf of the American Fintech Council (AFC),<sup>1</sup> I write to submit this comment letter in response to the Office of the Comptroller of the Currency's (OCC) Notice of Proposed Rulemaking to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) (Proposed Rulemaking).<sup>2</sup> AFC appreciates the OCC's thoughtful engagement on this important rulemaking and its efforts to establish a comprehensive and durable regulatory framework for payment stablecoin issuance and related activities.

AFC is a standards-based organization and the largest and most diverse trade association representing financial technology companies and innovative banks. On behalf of more than 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC's membership includes entities actively engaged in payments, digital asset infrastructure, custody, compliance, and banking partnerships, providing a unique, cross-functional perspective on the operational, technological, and regulatory considerations implicated by stablecoin activity.

The GENIUS Act establishes a foundational federal framework for payment stablecoins that, if implemented appropriately, can strengthen the integrity of the U.S. financial system, enhance payment efficiency, and reinforce the global competitiveness of the U.S.'s financial infrastructure. The OCC's proposed rulemaking represents a critical step in operationalizing this framework. The observations set forth below are intended to support a regulatory approach that is risk-based, operationally practicable, and aligned with existing supervisory regimes, while preserving the capacity for responsible innovation and market participation.

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<sup>1</sup> American Fintech Council's (AFC) membership spans banks, non-bank lenders, payments providers, EWA providers, loan servicers, credit bureaus, and personal financial management companies.

<sup>2</sup> Office of the Comptroller of the Currency, "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," *Federal Register* 91, no. 41 (March 2, 2026): 10202–10578, <https://www.federalregister.gov/documents/2026/03/02/2026-04089/implementing-the-guiding-and-establishing-national-innovation-for-us-stablecoins-act-for-the>.

## **I. AFC Supports a Risk-Based and Operationally Practicable Framework for Payment Stablecoin Issuers That Aligns with Existing Supervisory Structures and Promotes Responsible Innovation**

A durable regulatory framework for payment stablecoins should be grounded in a clear understanding of the underlying risks associated with issuance, redemption, custody, and operational infrastructure. The proposed rule appropriately recognizes that these risks differ in material respects from traditional banking activities and therefore warrant a tailored supervisory approach. At the same time, it is essential that the resulting framework remain anchored in established prudential principles and avoid introducing duplicative or novel requirements that are disconnected from existing regulatory practice.

A risk-based approach should calibrate regulatory expectations to the size, complexity, and risk profile of the issuer, as well as the scale of outstanding issuance and the nature of the underlying reserve assets. Requirements that are overly prescriptive or uniform across materially different business models may impose unnecessary operational burdens without commensurate supervisory benefit. In particular, smaller or emerging issuers may face disproportionate compliance costs if requirements are not appropriately scaled, which could inhibit market entry and reduce competition.

The framework should also align, to the greatest extent possible, with existing supervisory and regulatory structures applicable to banking organizations and financial institutions. Where entities are already subject to comprehensive oversight with respect to capital, liquidity, operational resilience, and risk management, additional requirements should be designed to complement, rather than duplicate, those obligations. Regulatory consistency across agencies will be particularly important given the multi-agency implementation of the GENIUS Act.

A principles-based approach that establishes clear supervisory objectives, while affording institutions flexibility in how those objectives are achieved, will better accommodate evolving technologies and business practices. Stablecoin infrastructure is rapidly developing, and a rigid regulatory construct risks becoming outdated or misaligned with market realities. By contrast, a framework that emphasizes outcomes such as safety, soundness, transparency, and consumer protection can remain effective over time while supporting continued innovation.

## **II. AFC Supports a Reserve and Redemption Framework That Promotes Stability and Flexibility**

The credibility and stability of payment stablecoins are grounded in the quality, liquidity, and transparency of reserve assets. The proposed rule appropriately emphasizes the importance of maintaining high-quality and highly liquid reserves that can support redemption at par on demand. These principles are central to maintaining confidence in payment stablecoins and mitigating risks to consumers and the broader financial system.

Reserve requirements should prioritize assets that are demonstrably liquid, low risk, and capable of being converted to cash on a timely basis under a range of market conditions. At the same time, it is important that the regulatory framework permit sufficient flexibility in how reserve assets are held and managed, provided that the core objectives of liquidity, safety, and availability are satisfied. Overly restrictive asset eligibility criteria may inadvertently concentrate risk or limit the ability of issuers to manage reserves efficiently.

Custody requirements likewise play a critical role in ensuring the safeguarding of reserve assets and associated customer interests. The concept of an “eligible financial institution” provides a useful foundation for establishing baseline standards for custody. However, given the diversity of entities that may provide custodial services, it is important that the framework accommodate different supervisory regimes while ensuring consistent adherence to core safeguards, including segregation, operational controls, and transparency.

The requirement for custody agreements and documented compliance with statutory standards would be a constructive mechanism for reinforcing accountability. Equally however, regulators should be mindful of the potential for overlapping or inconsistent requirements across jurisdictions and agencies. Coordination among federal and state regulators will be essential to avoid fragmentation that could complicate compliance without enhancing consumer protection.

Furthermore, the framework should consider the potential for concentration risk in the custody and reserve management ecosystem. If requirements effectively limit the number of permissible custodians or counterparties, this could lead to reliance on a small number of large institutions, thereby introducing systemic vulnerabilities. Accordingly, an “eligible financial institution” for reserve custody purposes should be calibrated in a manner that factors in risk and operational capability rather than balance sheet size. It should also properly enable insured depository institutions of all sizes who meet applicable prudential, operational, and segregation standards to be eligible to provide custody of stablecoin reserves. This balanced approach that ensures high standards while preserving a competitive and diverse set of eligible institutions would better support resilience.

In line with this point, a flexible approach to reserve diversification is also necessary to accommodate differing business models and risk profiles. For subsidiaries of insured depository institutions, additional flexibility is warranted. Where a stablecoin issuer operates within the corporate structure of a well-capitalized insured depository institution, and reserves are held on a fully backed basis, requiring diversification across multiple third-party institutions may introduce unnecessary operational complexity and risk. Allowing reserves to be maintained within the parent institution’s ecosystem, particularly where funds are held in or backed by a Federal Reserve master account, would enhance liquidity, transparency, and immediate access to funds. Furthermore, any framework for subsidiaries of insured depository institutions should be available, under equal terms, to all OCC-supervised depository institutions of comparable risk profiles.

The OCC should consider permitting such subsidiaries to maintain reserve assets either directly in a Federal Reserve master account or through a designated subaccount of the parent institution’s master account. These arrangements would operate within an already robust

prudential framework and provide a high degree of safety and soundness through direct access to central bank liquidity. These enhanced reporting requirements can further strengthen supervisory visibility. Incorporating daily average reporting of outstanding stablecoin issuance and reserve composition, in addition to periodic reporting, would provide regulators with a more accurate and continuous view of reserve sufficiency and liquidity conditions.

The functionality and definition of redemption should also be defined in a manner that is both protective of users and adaptable to evolving payment technologies. A broad and flexible definition that focuses on the delivery of equivalent monetary value, rather than prescribing specific technical mechanisms, will allow for innovation in settlement processes while maintaining consumer protection. This approach should accommodate a range of redemption pathways, including direct transfers to bank accounts, ledger-based account crediting, or platform-mediated settlement. However, the prohibition of redemption fees is essential to preserving the expectation that a payment stablecoin maintains parity with its reference value. Ensuring that redemption occurs at par without financial penalty reinforces the role of payment stablecoins as a reliable and efficient medium of exchange.

### **III. AFC Supports Clear and Consistent Treatment of Federal and State Regulatory Authority That Reduces Fragmentation and Provides Certainty for Market Participants**

The GENIUS Act establishes a framework that contemplates both federal and state participation in the regulation of payment stablecoin issuers. The proposed rule appropriately reflects the OCC's unique role with respect to entities under its jurisdiction, including Federal qualified payment stablecoin issuers and certain State qualified issuers. Such clarity regarding the allocation of regulatory authority is essential to ensuring a coherent and effective supervisory regime. The statutory provisions establishing exclusive federal oversight for certain entities and preserving the applicability of state consumer protection laws strike an important balance. It is critical, however, that the implementing regulations provide sufficient clarity regarding how these provisions operate in practice. Ambiguity regarding licensing, supervision, or applicable standards may deter market participation and create unnecessary compliance complexity. To that end, the regulatory framework should clearly delineate the respective roles of federal and state authorities, including the circumstances under which the OCC exercises supervisory or enforcement authority over State qualified issuers. Consistency in interpretation and application across jurisdictions will be particularly important for entities operating on a multi-state or national basis. The OCC should also proceed under close coordination with other federal regulators, including the Federal Reserve (The Fed), the Federal Deposit Insurance Corporation (FDIC), and Treasury, to promote alignment in regulatory expectations. Divergent requirements across agencies could result in duplicative obligations, inconsistent standards, or regulatory arbitrage, none of which would advance the objectives of the GENIUS Act.

### **IV. AFC Supports Operational and Governance Standards That Address Stablecoin-Specific Risks and Provide Clarity for Market Participants**

Operational resilience and governance expectations should address the specific risks associated with payment stablecoin activities while remaining consistent with established supervisory

practice. Financial institutions and fintech companies already operate under comprehensive expectations with respect to operational risk, cybersecurity, third-party risk management, and governance, and stablecoin-related requirements should build on these foundations in a targeted and clearly defined manner.

For example, requirements related to operational risk management should align with existing guidance issued by federal banking agencies, including expectations regarding business continuity, incident response, and third-party oversight. Similarly, governance expectations should reflect established principles regarding board oversight, management accountability, and internal controls.

It is also important that compliance obligations remain proportionate and practicable. Requirements that necessitate the creation of entirely new systems, data fields, or reporting structures may impose significant implementation costs without corresponding supervisory or risk mitigation benefit, although targeted additional fields may be appropriate where existing systems do not provide sufficient visibility into stablecoin-specific risks or value movement. AFC agrees that new reporting obligations should leverage information already maintained in the ordinary course of business wherever possible. At the same time, payment stablecoins may present supervisory visibility challenges that are not fully addressed by traditional banking or payments reporting, particularly once stablecoins circulate beyond initial issuance and redemption channels. The OCC should therefore consider whether targeted, standardized, machine-readable reporting fields are appropriate to capture material secondary-market activity, concentration, operational interventions, and other risk indicators that may be observable through issuers, service providers, or private or public blockchain data. Such an approach would help avoid supervisory blind spots while remaining consistent with a risk-based and operationally practicable framework.

In addition, the framework should preserve flexibility for institutions to adopt innovative technologies and operational models, including distributed ledger systems and smart contract-based processes. Prescriptive requirements that constrain the use of such technologies could limit the potential benefits of stablecoins, including efficiency gains, transparency, and programmability.

Clear guidance regarding affiliate relationships and third-party incentive arrangements would be essential to avoid inadvertently capturing ordinary course commercial activity within the scope of prohibited yield or interest. The framework should distinguish between passive return paid to end users and compensation paid to commercial counterparties for bona fide services such as liquidity provision, market making, technical integration, and operational support. Maintaining a focus on payments made solely in consideration for holding or using a stablecoin will ensure that legitimate commercial arrangements are not improperly characterized as yield.

The OCC should also clarify that “use” refers to bona fide consumer-facing transactional activity rather than ministerial issuance, redemption, settlement, or internal asset-transfer functions.<sup>3</sup>

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<sup>3</sup> Bank for International Settlements, Annual Economic Report 2023, Chapter III: Blueprint for the Future Monetary System: Improving the Old, Enabling the New (June 2023), <https://www.bis.org/publ/arpdf/ar2023e3.htm>.

Activities such as minting and burning are integral to issuance and redemption mechanics and should be treated as operational processes rather than as use or holding that would implicate yield restrictions. Similarly, transfers between wallets under common ownership or control, including transfers by the same user between hosted and self-custodied wallets, should not be treated as qualifying transactional use where no genuine third-party payment activity has occurred. Clear treatment of such transfers would reduce opportunities for gaming rewards programs, promote consistency across wallet models, and preserve a level competitive landscape among issuers and service providers. A safe harbor should further confirm that payments to market makers, exchanges, custodians, wallet providers, and similar counterparties for bona fide services are not prohibited yield, provided such payments are not passed through, directly or indirectly, to end users. The framework should focus on economic substance and user-facing outcomes rather than technical wallet architecture or transfer pathways.

For issuers that operate as subsidiaries of insured depository institutions, existing supervisory frameworks already provide comprehensive oversight of risk across the consolidated organization. The OCC should permit such entities to leverage enterprise-wide risk management frameworks, including risk appetite statements and third-party risk management programs, while allowing for targeted enhancements specific to stablecoin activities. This approach would promote consistency, reduces operational burden, and avoids unnecessary duplication while maintaining safety and soundness.

Further, the OCC should strictly follow the GENIUS Act's statutory text regarding prohibition on stablecoin issuer paid interest or yield. Regulations should not extend to or otherwise prohibit ordinary commercial arrangements, customer rewards not funded or arranged by the issuer in connection with holding or using a stablecoin, interest on bank deposits, or tokenized deposit products that fall outside the statutory definition of a payment stablecoin.

#### **V. AFC Respectfully Requests the OCC to Consider Broader Market Impacts of Stablecoin Growth**

The impact of payment stablecoin growth on insured deposits is not fully known at this time, particularly for community banks. To the extent that payment stablecoins become a meaningful substitute for transactional deposits, sustained migration of funds from insured deposits to stablecoin balances could potentially reduce the deposit base available to fund credit in local communities, increase reliance on more volatile and expensive sources of funding, and concentrate liquidity at the largest community banks and non-bank issuers. Accordingly, AFC respectfully requests the OCC, in coordination with the Fed, FDIC, and Treasury, to monitor and periodically report on the migration of funds between insured deposits and payment stablecoins, including as well potentially broader market implications on community banks and stablecoin growth.

Finally, AFC further urges the OCC to consider and mitigate inadvertent disadvantages to OCC regulated national banks. For example, stablecoin issuers should not receive bank-like privileges such as Federal Reserve account access, without corresponding bank-like supervision and obligations.

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AFC appreciates the OCC's leadership in advancing a comprehensive regulatory framework for payment stablecoins and its commitment to engaging with stakeholders throughout this process. A well-calibrated approach that is risk-based, transparent, and aligned with existing regulatory structures will strengthen consumer protection, support financial stability, and promote continued innovation in the U.S. financial system. AFC welcomes continued engagement with the OCC and stands ready to serve as a resource as the agency considers next steps in this rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read "Ian P. Moloney". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ian P. Moloney  
Chief Policy Officer  
American Fintech Council