



May 18, 2026

Jennifer M. Jones
Deputy Executive Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

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

Dear Ms. Jones,

On behalf of the American Fintech Council (AFC),¹ I submit this comment letter in response to the Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking establishing approval requirements for the issuance of payment stablecoins by subsidiaries of FDIC-supervised insured depository institutions pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) (Proposed Rulemaking).² AFC appreciates the FDIC's engagement on this important rulemaking and its efforts to ensure that stablecoin-related activities conducted within insured depository institutions are consistent with safety and soundness principles and the protection of the Deposit Insurance Fund.

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 institutions actively engaged in payments, banking, digital asset infrastructure, compliance, and financial technology development, providing a cross-functional perspective on the operational and regulatory considerations implicated by stablecoin issuance within banking organizations.

The FDIC's proposal occupies a determinative position within the broader implementation of the GENIUS Act, insofar as it governs the threshold question of whether insured depository institutions may participate in stablecoin issuance at all. In contrast to frameworks that primarily address the ongoing operation of stablecoin activities, the proposal establishes the conditions precedent to entry, thereby shaping both the scope and structure of institutional participation. The clarity, predictability, and administrability of this approval regime will therefore have an outsized

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

² Federal Deposit Insurance Corporation, "Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions," *Federal Register* 91, no. 28 (February 11, 2026): 6138–6144, <https://www.federalregister.gov/documents/2026/02/11/2026-02665/approval-requirements-for-issuance-of-payment-stablecoins-by-subsidiaries-of-fdic-supervised-insured>.

influence on whether stablecoin activity develops within the prudentially regulated banking system or migrates to less regulated channels, with corresponding implications for safety and soundness, supervisory visibility, and financial stability. As such, the rulemaking plays a critical gatekeeping role that will materially influence whether and how banking organizations participate in the development of stablecoin-based payment systems.

The observations set forth below are intended to support a framework that provides clear, consistent, and administrable approval standards, preserves the safety and soundness of insured institutions, and avoids unnecessary barriers to responsible innovation within the banking system.

I. AFC Supports Establishing Clear, Objective, and Time-Bound Approval Standards That Promote Transparency and Reduce Uncertainty in the Supervisory Process

The proposed approval framework would benefit from greater specificity regarding the standards and criteria that will govern the FDIC's evaluation of applications. Clear articulation of supervisory expectations is essential to ensuring that institutions can structure proposals in a manner that is consistent with regulatory requirements and can allocate resources efficiently in pursuit of approval. Such frameworks that rely on broadly discretionary or undefined standards may introduce uncertainty that discourages participation by otherwise responsible institutions. In the absence of clearly defined criteria, institutions may be unable to determine whether proposed structures, risk management practices, or operational controls are sufficient to meet supervisory expectations. This uncertainty may have a chilling effect on innovation within the banking sector, particularly for institutions that are otherwise well positioned to manage the risks associated with stablecoin issuance.

As a mechanism to mitigate such risks, the FDIC should establish objective and transparent approval criteria that are aligned with existing supervisory frameworks governing safety and soundness, operational resilience, liquidity risk, and third-party risk management. Providing illustrative examples, baseline expectations, and interpretive guidance would further enhance clarity and promote consistency in application outcomes. Additionally, the FDIC should adopt clear timelines for the review and disposition of applications. Defined review periods, coupled with mechanisms for iterative engagement between applicants and supervisory staff, would promote efficiency and reduce uncertainty. Fostering a heightened level of predictability in the approval process is particularly important for activities that require significant upfront investment in technology, compliance infrastructure, and operational integration. Firmly establishing this level of structure and transparency within the approval process would yield great potential to facilitate responsible participation by banking organizations while ensuring that supervisory resources are deployed in a focused and effective manner.

II. AFC Supports a Flexible Subsidiary Framework That Preserves Safety and Soundness While Allowing Integration with Bank Risk Management Systems

The primary factor when conducting stablecoin issuance through a subsidiary is to isolate and manage the distinct risks associated with this activity into separate legal and operational frameworks. That objective, however, should not be pursued in a manner that imposes inflexible

structural constraints, as doing so may introduce operational inefficiencies and, in certain instances, give rise to incremental or unintended risks.

Subsidiary structures should be sufficiently flexible to allow institutions to design governance, risk management, and operational frameworks that are tailored to their size, complexity, and business model. Prescriptive requirements regarding corporate separateness, capital allocation, or operational independence may limit the ability of institutions to leverage existing risk management systems, internal controls, and compliance infrastructure.

Where a subsidiary is wholly owned by a well-capitalized and prudentially supervised insured depository institution, the framework should permit appropriate integration with the parent institution's enterprise risk management systems. This includes the ability to utilize existing capabilities related to liquidity management, operational risk monitoring, cybersecurity, and compliance oversight, provided that risks are appropriately identified, measured, and controlled.

Overly rigid ring-fencing requirements may inadvertently increase operational complexity and fragmentation without delivering commensurate safety and soundness benefits. A principles-based approach that focuses on outcomes rather than structural form will better support both risk management and operational efficiency. Additionally, the framework should also clarify expectations regarding intercompany arrangements, service level agreements, and the allocation of responsibilities between the subsidiary and the parent institution. Clear guidance in these areas may likely reduce ambiguity and facilitate the development of structures that are both compliant and operationally effective.

III. AFC Supports Avoiding Duplicative or Overlapping Regulatory Requirements to Promote Consistency Across Agencies

The FDIC's role in approving stablecoin activities should be coordinated with the broader regulatory framework established under the GENIUS Act and implemented by other federal agencies. Where another regulator has primary authority over the substantive operation of stablecoin issuance, additional requirements imposed through the approval process should be carefully calibrated to avoid duplication. Duplicative regulatory requirements contains the inherent risk of exacerbating compliance burdens without enhancing supervisory outcomes. Institutions that are already subject to comprehensive prudential oversight should not be required to replicate existing controls or reporting mechanisms solely to satisfy overlapping expectations across agencies.

The FDIC should therefore clarify how its approval process will interact with other regulatory regimes, including those governing capital, liquidity, custody, and operational risk. Where appropriate, the FDIC should rely on existing supervisory assessments and examinations rather than establishing parallel frameworks. As such, interagency coordination will be particularly important to ensure that institutions receive consistent guidance and are not subject to conflicting or duplicative requirements. Alignment across agencies may significantly reduce compliance complexity, promote regulatory certainty, and support the development of a coherent national framework for stablecoin activity.

IV. AFC Supports Clear Treatment of Capital, Liquidity, and Balance Sheet Implications to Enable Prudent Risk Management

Institutions evaluating whether to engage in stablecoin issuance should understand how such activities will be treated for purposes of capital, liquidity, and balance sheet management. The absence of clear guidance in these areas may deter participation by creating uncertainty regarding regulatory expectations and potential supervisory outcomes. As such, the FDIC should substantively provide clarity regarding the extent to which stablecoin-related liabilities and associated reserve assets will be reflected on the balance sheet of the subsidiary and the parent institution. Clear articulation of how these exposures will be treated under existing capital and liquidity frameworks will enable institutions to assess the feasibility and sustainability of proposed activities.

Furthermore, guidance regarding the interaction between stablecoin reserves and liquidity requirements would be beneficial. Where reserves consist of high-quality liquid assets held in a manner that supports immediate redemption, the framework should recognize the liquidity characteristics of those assets in a manner that is consistent with existing regulatory principles.

The treatment of exposures between the subsidiary and its parent institution, including funding arrangements and operational dependencies, should also be addressed to ensure that institutions can structure activities in a manner that is both compliant and efficient. Providing this level of clear and consistent guidance in these areas may adequately support prudent risk management while enabling institutions to evaluate participation in stablecoin issuance with greater certainty.

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AFC appreciates the FDIC's thoughtful engagement on the implementation of the GENIUS Act and its efforts to ensure that stablecoin-related activities conducted within insured depository institutions are consistent with safety and soundness principles. A clear, transparent, and well-calibrated approval framework will play a critical role in determining whether banking organizations are able to participate responsibly in the development of stablecoin-based payment systems.

AFC welcomes continued dialogue with the FDIC and would be pleased to provide any additional information that may assist in the development of the final rule.

Sincerely,



Ian P. Moloney
Chief Policy Officer
American Fintech Council