

May 1, 2026  
Office of the Comptroller of the Currency  
Chief Counsel's Office  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219  
Attention: Comment Processing, Docket ID OCC-2025-0372

**Re: Comments on Proposed Rule — Implementing the Guiding National Innovation for U.S. Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency (RIN 1557-AF41)**

Ladies and Gentlemen,

This comment letter is submitted by the [Money Services Business Association \(“MSBA”\)](#) in response to the Notice of Proposed Rulemaking (“NPRM”) published in the *Federal Register* on March 2, 2026, by the Office of the Comptroller of the Currency (“OCC”) titled *Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act”) by Entities Subject to the Jurisdiction of the OCC*.<sup>1</sup> We welcome this opportunity to submit our comments.

The **MSBA** is a trade association focused on the non-bank money services industry. The MSBA was launched in 2015 by leading industry companies to support the non-bank financial services industry by tracking legislation and regulations, increasing awareness and understanding about the diverse, beneficial, and secure services provided by the industry, and to encourage and promote payments innovation. The MSBA currently includes over 100 members, encompassing providers of most financial products and services offered by “money services businesses” as defined under FinCEN regulations. MSBA members include international money transmitters, dealers in foreign exchange, check cashers, issuers or sellers of traveler’s checks or money orders, providers of prepaid access, sellers of prepaid access, digital asset trading platforms, and others.

The OCC’s NPRM is a comprehensive document, and we are providing responses to those sections that we believe are the most germane to our membership. As has been noted, 60 days to review and respond to such a comprehensive list is quite an undertaking, and we may not have responded to all questions that are important to the membership. Accordingly, to the extent that the deadline to provide comments to the NPRM is enlarged, the MSBA reserves the right to supplement this comment letter with additional comments.

---

**Definitions**

***Question 2: Should the OCC define “acting in concert” to clarify the term “principal shareholder?”***

---

<sup>1</sup> See NPRM, 91 Fed. Reg. 10,202 (Mar. 2, 2026).

The proposed rule in the NPRM would define the term “principal shareholder” as

“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.”<sup>2</sup>

The OCC should define “acting in concert” to clarify the term “principal shareholder.” In particular, the OCC should incorporate by reference the presumptions for acting in concert detailed in the OCC’s Change in Bank Control Act (“CBC Act”) rules at 12 C.F.R. § 5.50(f)(2). The OCC should define the term to mean a knowing or willful 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.<sup>3</sup> Such a definition, if adopted, would be consistent with long-standing interpretations and guidance from the other federal banking agencies with respect to acting-in-concert determinations.

In addition, the OCC should clarify whether the 10 percent-or-more standard applies to (i) any single class of voting securities of any issuer or (ii) all of the voting stock of any issuer. The CBC Act rules of the OCC reference a single class of voting securities of a national bank.<sup>4</sup> By contrast, the proposed definition of “principal shareholder” in the NPRM references all of the “voting stock of the permitted stablecoin issuer or applicant.”

***Question 3: Is the definition of “control” sufficiently clear? If not, how should the OCC further clarify the term?***

The proposed rule in the NPRM would define the term “control” as

“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”<sup>5</sup>

The OCC should clarify the definition of “control.” Specifically, the OCC should expressly incorporate by reference the presumptions of “control” from the Bank Holding Company Act of 1956, as amended (or its implementing regulations at Regulation Y of the Board of Governors of the Federal

---

<sup>2</sup> See 91 NPRM, Fed. Reg. at 10,287 (to be codified at 12 C.F.R § 15.2).

<sup>3</sup> The OCC’s CBC Act rules make reference to a “[k]nowing participation” with respect to acting-in-concert determinations. See 12 C.F.R. § 5.50(d)(2)(i).

<sup>4</sup> See 12 C.F.R. § 5.50(f)(2)(iii) (“the OCC presumes, unless rebutted, that an acquisition or other disposition of voting securities through which any person proposes to acquire ownership of, or the power to vote, 10 percent or more of a class of voting securities of a national bank ... is an acquisition by a person of the power to direct the bank’s ... management”) (emphasis added); see also 12 C.F.R. § 5.50(f)(2)(vii) (referencing “10 percent or more of a class of a national bank’s ... voting securities”) (emphasis added).

<sup>5</sup> See NPRM, 91 Fed. Reg. at 10,286 (to be codified at 12 C.F.R § 15.2).

Reserve System (the “Federal Reserve Board”), adapted to apply to permitted stablecoin issuers. In addition, the OCC should reference the “control” standards adopted by the Federal Reserve Board in its final rule of early 2020.<sup>6</sup> These standards contain a number of “bright line” tests for determining what circumstances constitutes “control.”

**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?**

The proposed rule in the NPRM would define the term “money” 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.”<sup>7</sup>

The OCC should state in its final definition of “money” that any determination by the OCC of what instrument constitutes “money” be made pursuant to rule, final order, or published interpretive letter guidance in all cases issued by the OCC. Placing parameters around the type of “determination” is necessary for the OCC to create a determination of binding effect will provide predictability to the market place, companies, and their risk management managers and advisers.

**Question 14: Is the term “payment stablecoin” sufficiently clear? 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.**

The proposed rule in the NPRM would define the term “payment stablecoin” to 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.”<sup>8</sup>

Payment stablecoins are not meant to include traditional money, bank deposits, securities, or algorithmic, non-backed tokens. Key exclusions include physical cash, credit and debit cards, wire transfers, checks, national currency and central bank digital currencies, bank-issued tokenized deposits, and crypto-collateralized assets. To the extent the definition of “payment stablecoin” as adopted by the OCC in the final rule does not expressly list those types of instruments that are not “payment stablecoins,” then the preamble to the final rule should list them.

---

<sup>6</sup> See Federal Reserve Board, *Control and Divestiture Proceedings, Final Rule* 85 Fed. Reg. 12,398 March 2, 2020 (codified at 12 C.F.R. Parts 225, 238).

<sup>7</sup> See NPRM, 91 Fed. Reg. at 10,287 (to be codified at 12 C.F.R §15.2 (emphasis added)).

<sup>8</sup> See NPRM, 91 Fed. Reg. at 10,287 (to be codified at 12 C.F.R §15.2).

**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?**

The proposed rule in the NPRM uses the term “senior management” in the following context

“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.”<sup>9</sup>

We believe the proposed rule imposes an excessive burden on a permitted stablecoin issuer by requiring that all “senior management” – which is not defined – sign the attestation quarterly. “Senior management” conceivably has a broader number of individuals than the proposed definition of “executive officers.”<sup>10</sup> We believe that the more limited and defined “executive officers” should be assigned the attestation signature obligation on behalf of a permitted stablecoin issuer.

**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?**

The OCC should define “United States customer” to be, in the case of natural persons, customers that reside in the United States regardless of nationality or permanent residence. The reason is that OCC licensees should not be in the business of verifying nationality and immigration status of customers at the account-opening stage, or later during the account-administration stage. This imposes an excessive and unreasonable burden. A stablecoin issuer during the CIP review stage can ascertain and verify whether a customer is a resident of the United States by examining his or her driver license.

## **Activities**

### **Questions 25 and 27**

**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.**

**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))?**

---

<sup>9</sup> See 91 Fed. Reg. at 10,269 (to be codified at 12 C.F.R §15.2).

<sup>10</sup> See 91 Fed. Reg. at 10,206 (to be codified at 12 C.F.R §15.2).

Section 16(b) of the GENIUS Act authorizes permitted payment stablecoin issuers (“PPSIs”) to act as principal or agent with respect to “any payment stablecoin,” which is broad authority to participate in transactions beyond their own issued stablecoins. Many such activities, however, may also constitute digital assets service provider (“DASP”) activities under the Act (e.g., “transferring digital assets to a third party”). This creates ambiguity as to where PPSI authority ends and DASP activities begin.

Given such ambiguity, the proposed rule should clarify through examples that PPSIs may engage in payment and custody activities that are inherent to the issuance, custody, and redemption of payment stablecoins, including the provision of digital wallets and money transmission using payment stablecoins. In practice, custody of a payment stablecoin necessarily includes the ability to initiate, validate, and settle transfers, maintain wallet infrastructure (including key management), and facilitate user-directed payments and redemptions, whether on-chain or through associated ledger systems. Absent these capabilities, a payment stablecoin would lack the core attributes of a usable payment instrument and instead function as a static and economically impaired claim (i.e., removing the “payment” from “payment stablecoin”). Accordingly, the OCC should confirm, through examples, that permissible activities include operating digital wallet services and facilitating transfers and settlement. To the extent the OCC prefers not to include examples in the final rule, the preamble to the final rule should incorporate such examples in its text, as such examples will serve as helpful published guidance to the marketplace.

To be sure, both the Act and the proposed rule implicitly rely on authorities analogous to digital wallets and money transmission without clearly stating the scope of such activities (e.g., PPSIs may “[a]ct as principal or agent with respect to any payment stablecoin”), which creates unnecessary ambiguity. The OCC should address this directly and make explicit that these payment functionalities are permitted as part of a PPSI’s core activities, rather than leaving the issue to inference at this stage.

Proposed revisions may add:

**§ 15.10(a)(8)(i). Examples of activities directly supporting payment stablecoin activities. For purposes of paragraph (a), activities that directly support any of the activities described in paragraphs (a)(1) through (4) of this section may include, without limitation:**

**(A) Digital asset infrastructure. . . .**

**(B) Digital wallet services. . . .**

**(C) Payment functionality. . . .**

**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)?**

Yes, asset managers provide highly specialized activities that not all PPSIs may have the expertise to facilitate, especially at early stages. It is currently unclear whether and how a PPSI may engage an asset manager because Sec. 4(7)(A)(iii) of the GENIUS Act only permits PPSIs to “manage related reserves” and does not specify whether such management may be executed via a PPSI’s agreement with an affiliated or unaffiliated third party asset manager. Clarifying that a PPSI may retain an asset manager to manage reserve assets under a separately managed account would promote regulatory clarity, particularly where

such arrangements are structured to ensure that the PPSI retains full ownership, control, and oversight of the reserves.

**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?**

Yes, the OCC should clarify that PPSIs may hold crypto-assets other than payment stablecoins. In practice, payment stablecoins operate on public blockchains and decentralized infrastructure where non-stablecoin crypto-assets may be necessary. The OCC should therefore permit PPSIs to hold non-stablecoin crypto-assets for any number of reasons that accommodate decentralized infrastructure, including: erroneous transfers, forks, airdrops, customer recovery processes, blockchain migration, cross-chain issuance, and emergencies. This approach would reflect current blockchain operating realities while preserving the Act's narrow-purpose issuer model.

**Questions 29, 30, and 33:**

**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?**

**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?**

**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.**

No, decentralized ledger technology, including blockchains, is still evolving. The OCC should not impose rigid limits on non-payment stablecoin crypto-asset holdings because both the technology and industry practices may change in ways that would render static thresholds underinclusive or overly restrictive. For example, developments in gas abstraction, cross-chain interoperability, or protocol-level fee mechanisms may materially alter how and when non-stablecoin assets are required to support stablecoin functionality.

**Questions 31 and 32:**

**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?**

**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?**

Yes, both the Act and the NPRM contain overlapping activities between PPSIs and DASPs, and, as noted herein, there is meaningful ambiguity between the differentiation of such activities. An approval process would provide clarity on whether proposed activities fall within permissible payment stablecoin activities, activities that directly support such PPSI activities, incidental activities, or otherwise constitute DASP activities. The OCC should implement an approval or non-objection process that allows PPSIs to seek clarity in advance, particularly for novel or evolving use cases. This approach would promote innovation and regulatory clarity, ensure consistent supervisory outcomes, and allow the OCC to set appropriate conditions or limits where needed to maintain the Act's intended boundaries between issuer functions and DASP activities.

**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?**

Yes, the OCC should expressly permit PPSIs to engage in foreign exchange risk management and should provide authority to use standard hedging tools where reasonably necessary to support non-U.S. dollar-denominated payment stablecoins. FX risk management – an activity long used by OCC-supervised institutions – is not a discretionary activity but an important part of maintaining redemption capabilities for non-USD stablecoins. The OCC should allow PPSIs to utilize hedging instruments, provided such activity is reasonably related to identifiable currency exposures and not conducted for purely speculative purposes.

At the same time, the OCC should recognize that a payment stablecoin inherently reflects the stability of its underlying reference currency; accordingly, adverse movements or instability in a sovereign currency should not be viewed as a failure of the stablecoin or its issuer. Rather, FX risk management should be understood as a tool to meet PPSI reserve and redemption requirements, not to insulate the payment stablecoin holders from fundamental currency risk. Any requirements imposed by the OCC should therefore focus on such reserve and redemption requirements, rather than rigid limits or capital add-ons that could constrain legitimate hedging practices.

**Question 35, 36, 37, 38, and 39:**

**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?**

**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?**

**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?**

**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?**

**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?**

The OCC may, consistent with section 4(h)'s anti-evasion authority, clarify immaterial arrangements lacking the economic substance of a holding return. This would both align with the Act, provide greater clarity, and prevent immaterial compliance issues that would otherwise divert regulatory and industry resources away from addressing the core substantive requirements of the GENIUS Act. Such clarification should focus on the intent and economic substance of an arrangement, confirming that incidental benefits that are not marketed as returns and do not scale with balances, do not violate the prohibition. The OCC could further provide objective guardrails (*e.g.*, low-value thresholds, non-recurring distributions, or benefits tied to bona fide services rather than passive holding) to distinguish impermissible yield-bearing structures from permissible, ancillary commercial arrangements.

Accordingly, clarification should aim to preserve flexibility for issuers to compete and innovate, while still preventing structures that function as substitutes for deposit interest.

**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?

The OCC should clarify or safe-harbor a holder-benefit collateral structure if it concludes such a structure is not the kind of “pledge” Congress meant to forbid. Such arrangements are permissible where they serve as a purely protective function for payment stablecoin holders. The statutory prohibition on pledging, rehypothecating, or reusing reserve assets is best understood as targeting arrangements that expose reserves to third-party creditor claims, leverage, or reuse for the issuer’s benefit, not structures that enhance the legal certainty of holders’ claims to those same reserves. Where a permitted payment stablecoin issuer grants a security interest in reserve assets solely for the benefit of stablecoin holders, with no ability for the issuer or other creditors to access or encumber those assets, the economic substance of the arrangement is consistent with the GENIUS Act’s core requirement that reserves remain fully available to satisfy redemption obligations.

**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)?

The OCC should clarify that “creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins” includes the prudent and routine use of repurchase agreements as a core liquidity management tool. In modern financial markets, high-quality liquid assets such as Treasury securities are commonly converted into cash through short-term repo transactions, and such activity should not be viewed as inconsistent with the GENIUS Act’s prohibition on pledging or rehypothecation where the economic substance is to facilitate timely redemption rather than to generate leverage or expose reserves to third-party risk. Properly structured repo transactions, particularly those that are short-dated, overcollateralized, and conducted through tri-party or centrally cleared arrangements, enhance an issuer’s ability to meet redemption demands without impairing reserve integrity. Accordingly, the OCC should pre-approve a defined category of low-risk repurchase agreement transactions by rule, rather than requiring case-by-case approvals, which would introduce unnecessary operational friction and uncertainty.

**Question 42 and 43:**

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?

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?

These disclosures are not required by the Act. We do not see a purpose for affirmative disclosures because PPSIs are already prohibited from marketing payment stablecoins as legal tender, issued by the United States, or guaranteed or approved by the United States. Imposing additional disclosure requirements risks creating redundant and potentially confusing obligations that do not meaningfully enhance consumer understanding, particularly where the underlying prohibition is already clear and enforceable. To the extent the OCC believes supplemental disclosure may be warranted, such requirements should be considered only if and when actual market practices or consumer confusion demonstrate a clear need.

## **Reserve Assets**

**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? ... 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?

### **Option A vs. Option B reserve asset diversification requirements**

We strongly support Option A for § 15.11(c) and do not support adopting Option B's fully prescriptive quantitative regime.

Option A's principles-based diversification requirement with an optional quantitative safe harbor is better aligned with the GENIUS Act's direction that standards be "tailored to the business model and risk profile" of permitted payment stablecoin issuers (PPSIs) and "not exceed" what is necessary to ensure ongoing operations. It also better supports a competitive landscape by avoiding a one-size-fits-all regime that would tend to fit large, incumbent issuers best.

For smaller, less complex PPSIs, Option A has several advantages:

- **Tailored supervision:** The principles-based baseline allows the OCC to calibrate expectations to an issuer's actual size, complexity, and redemption profile, while still giving larger or more complex issuers a clear quantitative safe harbor to aim for.
- **Support for entry and competition:** A fully mandatory set of quantitative targets (Option B) would embed the operating profile of large issuers (numerous custodians and repurchase agreement

counterparties) as a minimum for everyone. That would impose relatively higher fixed and relationship-management costs on small, de novo entrants, potentially discouraging new PPSIs that nonetheless pose much lower absolute risk.

- **Supervisory backstop:** Under Option A, the OCC can still address under-diversification or poor concentration management through the examination process, and via § 15.42 for additional capital/backstop, even for PPSIs that choose not to use the safe harbor.

For these reasons, we believe **Option A** is the more appropriate implementation of section 4(a)(4)(A)(iii) of the GENIUS Act.

### **Weighted average maturity (WAM)**

We recommend that the OCC adopt a longer weighted average maturity cap of at least 40 days for all PPSIs (rather than 20 days) while leaving the 93-day legal maturity cap unchanged.

- A 40-day WAM would still meaningfully constrain portfolio-level interest rate risk and keep reserve assets clustered in the very short end of the curve, especially given the statutory limit of 93 days remaining maturity for Treasuries and the overnight nature of repos/reverse repos.
- It would, however, allow PPSIs a somewhat broader and more practical investible universe (e.g., more flexibility to hold and roll 3-month Treasury bills), improving the ability to manage yield and roll-down risk without undermining safety.
- Because PPSIs must maintain one-to-one backing at fair value and hold only very high-quality assets, we believe a 40-day WAM strikes a better balance between prudential concerns and operational feasibility across issuers of different sizes.

We also encourage the OCC to clarify how WAM should be calculated for repurchase and reverse repurchase agreements:

- We suggest specifying that, for WAM purposes, the maturity of a repo or reverse repo is its remaining contractual term to settlement/repayment (e.g., intraday, or overnight as permitted under § 15.11(b)(4)–(5)).

Providing explicit WAM conventions for repos and reverse repos will promote consistent application across PPSIs and reduce inadvertent non-compliance.

**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.**

The four risks identified in proposed § 15.11(c)—credit, liquidity, interest rate, and price risk—are the right and sufficient set for purposes of reserve-asset diversification and concentration. We do not believe any additional categories of risk should be added.

Adding other OCC risk categories (such as operational/transaction, compliance, or strategic risk) into § 15.11(c) would blur the boundary between reserve portfolio design and broader enterprise-wide risk management. Those broader risks are more appropriately addressed under § 15.13 and existing OCC guidance, where they can be managed in a manner commensurate with the size and complexity of the issuer.

We strongly support Option A for § 15.11(c) and do not support adopting Option B's fully prescriptive quantitative regime.

### **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)?

For purposes of determining whether a State-qualified payment stablecoin issuer has crossed the \$10 billion outstanding issuance threshold, we believe a rolling average measured over a defined period (such as the prior four calendar quarters) is the more appropriate approach. A rolling average better reflects sustained scale and systemic relevance, avoids regulatory cliff effects driven by short-term market volatility or seasonal issuance patterns, and provides issuers and supervisors with greater predictability in managing the transition process.

We also recommend that the \$10 billion threshold not automatically include the outstanding issuance of non-consolidated affiliates of a State-qualified issuer. State qualification is granted on an entity-specific basis under a certified, substantially similar state framework, and non-consolidated affiliates may be subject to different regulatory regimes, governance structures, and supervisory oversight. Including such affiliates without regard to control or consolidation could distort the threshold analysis.

That said, the OCC could retain discretion to look through to affiliate issuance in circumstances where affiliation is used to evade the statutory threshold, consistent with safety-and-soundness principles and the Act's intent to ensure appropriate oversight of large-scale issuers.

**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.

While we support the GENIUS Act's dual federal-state framework, we are concerned that a mechanism allowing issuers to transition back and forth between State and Federal supervision based solely on changes around the \$10 billion threshold could create significant operational complexity and supervisory uncertainty. For issuers with outstanding issuance near the threshold, repeated transitions would introduce regulatory whiplash and could potentially require subjective determination regarding issuer intent.

We therefore believe the statutory framework works best if transition to Federal supervision is treated as a durable supervisory step once the threshold is crossed, with the OCC's waiver authority used primarily on a prospective basis to address appropriate cases before a transition occurs, rather than to manage reversions after the fact.

**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)?

We appreciate the OCC's objective of receiving prompt notice when a State-qualified payment stablecoin issuer that is a nonbank entity crosses the \$10 billion outstanding-issuance threshold. However, we respectfully recommend a longer notification timeframe than the proposed, impractical five calendar days. The notice required under § 15.15(b)(2) is substantive (not merely a threshold alert) and depends on validated issuance data, internal reconciliations, and management-level decisions regarding cessation of net issuance or pursuit of a waiver. Given typical business-day reporting cycles and governance considerations, a five-day window may prove operationally tight and could result in incomplete or inconsistent reporting. Extending the deadline to 15 business days or adopting a tiered approach with an initial short alert followed by a more complete written notice, would still provide timely visibility to the OCC while better reflecting the operational and governance realities of State-qualified issuers.

## **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?**

Subpart C defines "covered assets," "covered custodian," and "covered customers," and then relies on "custodial or safekeeping services" as the operative trigger without separately defining that term. Instead, the scope of those services is inferred from the surrounding definitions and from concepts of control, possession, and agency. That approach requires piecing together Section 10 of the GENIUS Act, interrelated provisions in Subpart C, and OCC commentary on control. A concise definition would reduce interpretive burden and promote greater consistency across issuers.

To that end, we propose:

"Custodial or safekeeping services" the business of receiving, holding, and maintaining possession of covered assets for or on behalf of another person pursuant to a custody agreement.

**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.**

We agree that "cash and other property" should be interpreted to refer to cash and other property the covered custodian receives as custodial property of its customers in connection with the provision of custodial services for the Act's three core custody assets: payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins.

**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**

We support the OCC's effort to harmonize sections 10(a), (b), and (c) and apply them as a

connected set of requirements to a single, coherent universe of “covered assets.”

**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.**

When an OCC-regulated custodian holds reserve assets on behalf of a stablecoin issuer that is not OCC-regulated, such as a state-qualified issuer, the OCC should focus on ensuring that Subpart C operates as a complementary overlay on the custodian rather than as a substitute for state regulatory regimes that Treasury has deemed “substantially similar.” In these arrangements, the same reserve pool will be subject to supervision through the OCC-regulated custodian under Subpart C and through the issuer’s home-state regulator, which makes coordination and alignment particularly important.

The OCC may wish to offer guidance on clear contractual allocations of responsibility between custodians and issuers, distinguishing the custodian’s obligations under Subpart C from the issuer’s responsibilities under its state framework, to help avoid gaps or unnecessary overlap.

**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.**

We agree that the GENIUS Act’s exclusion for persons “solely” providing hardware or software to facilitate self-custody should not be used as a means to evade custodial or safekeeping requirements. We therefore support the OCC’s proposal to clarify that activities such as controlling, or holding out as controlling, payment stablecoins or private keys may give rise to custodial status notwithstanding a hardware or software label.

At the same time, OCC-supervised institutions should be able to provide ancillary services to users of self-custody tools, such as fiat on- and off-ramps, transaction execution, recordkeeping and reporting, or valuation and analytics, without automatically becoming covered custodians, so long as they do not take possession or control of covered assets or private keys, control customer wallets or on-chain addresses, or hold themselves out as providing safekeeping services.

The OCC could further promote clarity by adopting a limited safe harbor confirming that certain ancillary services, standing alone, do not constitute custodial or safekeeping services where customers retain exclusive key control and the institution clearly discloses its non-custodial role.

**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?**

We agree that custody arrangements for payment stablecoin reserves should facilitate timely redemptions and support the issuer’s ability to meet redemption obligations. At the same time, we do not believe the OCC should mandate a single, fixed timeframe in custody agreements for the release or transfer of all covered assets, given that different reserve asset types have

materially different liquidity, settlement, and operational characteristics.

Payment stablecoin reserves may include a mix of assets, such as cash deposits, overnight instruments, Treasury securities, or other short-duration investments, each of which settles on different timelines and through different market infrastructures. Imposing a specific timeframes in which all such assets be transferable within a specific number of days could be unrealistic or inefficient.

We ask that the OCC require that custody agreements ensure prompt, issuer-directed access to reserve assets consistent with the nature of the underlying asset and applicable market practices, rather than prescribing a single delivery timeframe. This could include requiring custodians to maintain operational capacity to transfer control of, or liquidate and settle, reserve assets within timeframes that are reasonable and customary for the relevant asset class and sufficient to support timely redemption obligations.

**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?**

We appreciate the OCC's recognition of potential fair competition considerations among covered custodians subject to Subpart C and other permissible custodians under section 10(a).

In particular, there is a risk of regulatory asymmetry if market participants come to view OCC-regulated custodians as a de facto "gold standard," even where State-regulated entities operate under substantially similar frameworks that provide comparable customer protections. Relatedly, if examiner expectations or guidance lead OCC-regulated custodians to apply sub-custodian selection criteria that effectively require compliance with Subpart C, this could result in de facto national standards that disadvantage State-regulated custodians notwithstanding their primary regulators' oversight. Such dynamics could also contribute to excessive concentration of custody services among a small number of OCC-regulated institutions.<sup>11</sup>

To mitigate these concerns, the OCC should clearly acknowledge that State-supervised entities permitted under section 10(a) remain valid custodial options and that Subpart C is not intended to preempt or displace substantially similar State frameworks. The OCC should also avoid prescribing sub-custodian due diligence criteria that effectively require sub-custodians to be OCC-supervised or to follow OCC regulations verbatim.

---

<sup>11</sup> For several decades, states have "provide[d] a regulatory and supervisory framework for a large and diverse ecosystem of consumer-facing nonbank financial institutions." Conference of State Bank Supervisors President and CEO Brandon Milhorn, Keynote Remarks, American Bar Association Banking Law Committee, *The Critical Role of the Dual-Banking System* (Jan. 19, 2024).

## **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?**

No. § 15.30 handles the threshold approval question, while the remainder of the framework creates a dense web of ongoing, event-triggered, and periodic filings that govern the entire lifecycle of a PPSI under OCC supervision. In addition, there are substantial filing requirements outside of Part 15 -- in 12 CFR Part 5 -- that are preexisting OCC licensing requirements that apply to PPSI along with the GENIUS Act framework. Part 15 and Part 5 operate in parallel, not in sequence. In addition, the Comptroller's *Licensing Manual* (Charters Booklet) provides for requirements in the chartering process that must align with the GENIUS Act. A nonbank entity seeking to be a Federal qualified PPSI must file both a charter application under Part 5 and a GENIUS Act approval application under proposed § 15.30. A national bank seeking to issue through a subsidiary must file an operating subsidiary application under § 5.34 as well as the subsidiary approval under § 15.30. Neither framework displaces the other.

**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?**

Expanding approval factors to include the ability of the applicant to conduct its activities in a safe and sound manner is a core OCC licensing principle and makes sense to include it. An applicant should be able to demonstrate it has the ability to conduct its proposed activities in a safe and sound manner, including under stressed conditions. Expanding to cover liquidity, reserves, technology, governance, and AML aligns stablecoin approval with the OCC's current licensing standards. While safety and soundness is an implicit thread running through all prudential regulation, making it an *explicit* standalone factor in § 15.30 serves several important functions:

- Clarity of standard: Applicants and reviewers benefit from knowing that operational competence, not just capital adequacy, or governance structure, is independently evaluated.
- Legal defensibility: Explicit enumeration strengthens the OCC's hand when denying or conditioning an application on safety grounds.
- Holistic assessment: A firm may satisfy each discrete factor yet still present systemic risks if its overall operational model is unsound, a catch-all safety and soundness factor captures this residual risk.

**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.**

The OCC should have standards for issuing a waiver under § 15.30(f) including:

1. Financial Stability and Systemic Risk. The statutory criteria are largely backward-looking (past operations, examination history) or structural (capital, state framework). They do not explicitly address the systemic risk implications of granting a waiver. A state-licensed issuer exceeding \$10 billion in outstanding stablecoins is, by definition, a significant market participant. The OCC has

an institutional mandate to consider safety and soundness as well as broader financial system stability. The OCC could reasonably weigh whether granting a waiver to a large issuer creates regulatory gaps that pose risks to holders and the broader payment system, concerns that are not fully captured by the four statutory factors alone.

2. Comparability of State Law to Federal Standards. While the criterion addresses the state's "supervisory framework," the OCC's proposed rule also contemplates a separate comparability certification process through the Stablecoin Certification Review Committee. A rebuttable presumption favoring approval applies if the State regulator established a GENIUS Act-certified prudential digital asset regime. This suggests the OCC could consider whether the issuer's home state has actually received such a certification, which is a different and more specific question than merely whether the state has a general supervisory framework. The certification status is an additional factual input the OCC should weigh.

3. Consumer Protection and Redemption Risk. The statutory criteria do not explicitly address the issuer's redemption capacity, the risk to holders, or consumer protection concerns. The OCC's own proposed rule for the application process under § 15.30 more broadly asks whether an applicant's activities would be unsafe or unsound, and the key consideration for applications is whether the applicant's activities would be unsafe or unsound based on their financial resources, criminal backgrounds, management experience, and redemption policy. These application-stage considerations, particularly the adequacy of the issuer's redemption policy, are relevant to a waiver decision as well, since a waiver effectively allows the issuer to continue operating outside the full federal framework.

4. Change in Circumstances After the Waiver Is Sought. The OCC has noted that "[n]othing 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." This timing dimension suggests the OCC should consider current and prospective circumstances, not just historical ones, when evaluating the waiver. For example, facts about the issuer's trajectory (rapid growth, planned product expansion, or shifting reserve compositions) would be relevant to whether the state framework will remain adequate going forward, yet none of the four statutory criteria squarely capture this prospective dimension.

5. Conditions and Ongoing Compliance. The OCC should consider whether to attach conditions to any waiver granted, which would require assessing facts beyond the criteria. For example, any remediation actions underway, commitments to enhance reserves, or planned changes in management. A waiver is not necessarily a binary decision, and the factual record needed to design appropriate conditions could exceed what the four criteria strictly require.

## **Capital**

**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?**

We support the OCC's objective in proposing an operational backstop: to ensure that during a business disruption, 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. We agree that this pool should be independent from reserve assets and minimum capital, and that it should be held in high-quality, liquid assets as specified in the proposal.

However, we believe the proposed calibration of 12 months of total expenses goes beyond what is necessary to achieve the OCC's stated policy objective. This would be particularly punitive for de novo PPSIs that do not have a pre-existing, active stablecoin business and are likely to incur front-loaded R&D and technology expenses.

Accordingly, we recommend that the OCC modify the operational backstop requirement in two ways:

1. Tie the backstop to **projected wind-down and continuity expenses**, rather than all projected or historical expenses; and
2. Set the baseline horizon at **6 months** rather than 12 months.

We also recommend that the OCC rely on its individual additional capital or backstop authority under proposed § 15.42 to extend the horizon or broaden the expense base for particular PPSIs where warranted by their risk profile.

### **Aligning the backstop with its stated purpose: stabilizing operations and wind-down**

In the Supplementary Information, the OCC explains that:

- The operational backstop is intended to provide “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.”
- Expenses such as utilities, data processing, and salaries are described as “highly correlated with the permitted payment stablecoin issuer’s ability to maintain the operations of its payment stablecoin and stabilize from a business disruption.”

We fully agree that the backstop should reflect the costs necessary to keep the PPSI operational long enough to diagnose the disruption and, if necessary, execute an orderly wind-down and redemption of outstanding stablecoins. That objective is more closely aligned with **wind-down and continuity expenses** than with all expenses recorded over the prior 12 months.

For a de novo uninsured national trust bank PPSI, early-stage total expenses very often include one-time platform and technology development expenses; non-recurring integration work with custodians, payment rails, and distributed ledgers; and related risk management, compliance, and controls infrastructures.

These expenditures are essential to building a robust, resilient platform, but they are not the same as the ongoing cost required to keep the issuer functioning in a disruption or wind-down scenario. We therefore recommend that, for all PPSIs, “total expenses” for backstop purposes be re-defined to capture **the expenses necessary to maintain basic operations and conduct an orderly wind-down over a specified period** (e.g., personnel, data processing, utilities, critical vendors, legal/compliance, and core infrastructure), while excluding discretionary growth expenditures and clearly identified build-out or non-recurring project expenses.

The OCC could anchor this in the PPSI’s required wind-down and recovery planning, which would provide a structured and supervisory-reviewed framework for estimating conservative wind-down/continuity costs.

### **Six-month horizon as the baseline, with § 15.42 for more conservative cases**

The OCC notes that the proposed 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 6 to 12 months of expenses.” We agree that this is an appropriate reference point. We suggest that the GENIUS rule adopt the **lower end of this range (6 months)** as the baseline requirement, for several reasons:

- A 6-month horizon of wind-down and/or continuity expenses is still a conservative buffer in light of the OCC’s own trust-chartering practice and common wind-down planning horizons in other regulated sectors.
- For newly created uninsured national trust bank PPSIs, early-stage expense levels are elevated by design. Applying a 12-month look-back on *total* expenses can require a backstop multiple times larger than what would be necessary to maintain operations and execute an orderly wind-down over a realistic time frame.
- As the OCC emphasizes, the backstop is one of several complementary tools:
  - a de novo capital floor and “capital commensurate with risk” requirement;
  - reserve requirements under proposed § 15.11; and
  - individualized add-ons under § 15.42 and the separate individual minimum capital ratio framework.

A 6-month wind-down-based backstop, layered on top of these protections, would still result in a robust overall prudential framework. To mitigate concerns that a shorter horizon might be insufficient in some cases, we recommend that the OCC explicitly rely on § 15.42 to impose **individual additional backstop requirements**, either a longer horizon or a broader expense base—for PPSIs that exhibit:

- Complex or operationally intensive business models;
- Highly volatile issuance/redemption patterns;
- Other risk factors indicating that a longer runway is necessary.

This approach preserves a strong, uniform baseline while allowing the OCC to expand the backstop where warranted by firm-specific risk.

#### **Addressing concerns about burden and gaming**

We recognize that in its proposal the OCC, in the proposal, expresses concern that more granular expense categorization would increase expense tracking burden and increase the risk of gaming the backstop by issuers attempting to reclassify ongoing operating expenses as one-time items.

Those are valid concerns. We believe they can be mitigated by:

- Tying the expense measure to a **supervisory-reviewed wind-down plan**, rather than to issuer-selected classifications alone;
- Providing clear, standardized categories of continuity and wind-down vs. growth and non-recurring expenses, with principles-based guidance; and
- Leveraging existing examination processes and the § 15.42 mechanism to address any outliers or attempts to understate needed wind-down resources.

#### **De novo PPSIs and competitive neutrality**

Under the proposed 12 months of total expenses metric, firms without an existing stablecoin business that must invest heavily in robust infrastructure from day one would face disproportionately larger backstop requirements than incumbents with more stable and lower marginal expense profiles. We believe this adjustment, combined with the OCC's discretionary authority under § 15.42 to impose firm-specific additional backstop requirements, would better calibrate the proposal to the risks of PPSIs while supporting innovation and fair competition among different organizational models.

**Conclusion:**

Thank you for considering our comments. We would welcome the opportunity to discuss these suggestions further or to respond to any additional questions.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathy Tomasofsky".

Kathy Tomasofsky  
Executive Director  
Money Service Business Association, Inc.