

# OCC Issues Comprehensive GENIUS Act Rulemaking Proposal

March 2, 2026

On February 25, 2026, the Office of the Comptroller of the Currency (the “OCC”) issued a comprehensive rulemaking proposal (the “[NPR](#)”)<sup>1</sup> to implement its statutory responsibilities under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act” or the “Act”).<sup>2</sup>

The GENIUS Act, enacted on July 18, 2025, establishes a framework for the issuance and sale of payment stablecoins in the United States and is the first federal statute to regulate the digital asset market directly. The Act defines a category of “payment stablecoins” designed for use as a means of payment and redeemable for a fixed amount of monetary value and provides for a variety of prudential requirements for payment stablecoin issuers, including a prohibition on interest payments and one-to-one reserve requirements to back outstanding payment stablecoins. The GENIUS Act also sets an aggressive one-year deadline for agencies to promulgate implementing regulations, and most of the Act’s provisions take effect on the earlier of (i) 18 months after its enactment (i.e., January 18, 2027) or (ii) 120 days after the primary federal payment stablecoin regulators issue final regulations implementing the Act.

Among the federal agencies responsible for implementing the Act, the OCC is likely to become the supervisor of most domestic issuers, referred to in the Act as permitted payment stablecoin issuers (“PPSIs”), as well as all foreign payment stablecoin issuers (“FPSIs”) allowed to issue in the United States. The OCC’s NPR is the first rulemaking to tackle the substantive prudential requirements for payment stablecoin issuers<sup>3</sup> and is likely to set the tone for other federal banking regulators with responsibility for

---

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

<sup>2</sup> Pub. L. 119-27 (July 18, 2025) (codified at 12 U.S.C. 5901 *et seq.*).

<sup>3</sup> The Federal Deposit Insurance Corporation (the “FDIC”) and the National Credit Union Administration (“NCUA”) have each released proposals covering application and licensing procedures for institutions under their respective jurisdictions, but these proposals did not include any substantive prudential requirements. See FDIC, 90 Fed. Reg. 59,409 (Dec. 19, 2025) (subsidiaries of FDIC-supervised banks and savings associations); NCUA, 91 Fed. Reg. 6531 (Feb. 12, 2026) (subsidiaries of federally insured credit unions).

supervising PPSIs, including the FDIC and the Federal Reserve Board (“Federal Reserve”).<sup>4</sup>

The 367-page NPR claims to address “all of the regulations the OCC is required to promulgate under the GENIUS Act” other than those relating to Bank Secrecy Act and economic sanctions requirements. At the same time, with more than 200 questions requesting public feedback, it is apparent that the OCC is still developing its views on a variety of important issues, and the OCC itself anticipates that the implementing regulations will be updated over time as stablecoin business practices evolve. The NPR therefore presents a critical opportunity for market participants, stablecoin issuers, intermediaries and potential new entrants to shape both the initial regulation of payment stablecoins and the trajectory of future refinements in the United States. The NPR’s comment deadline is May 1, 2026.

This Client Update outlines the scope of the OCC’s NPR and highlights and offers observations on key elements from the NPR. For a more in-depth look at the GENIUS Act’s statutory provisions, please refer to our previous [Debevoise In Depth](#).

---

## Overview of the OCC’s NPR

Under the GENIUS Act, the OCC is the primary federal payment stablecoin regulator for PPSIs that are uninsured national banks, federal branches of foreign banks or the subsidiaries of national banks or federal savings associations. The OCC also will be the federal regulator empowered to (i) license and supervise nonbank entities as PPSIs; (ii) supervise most state-licensed PPSIs that are required to transition to a federal regulatory framework; and (iii) register and supervise FPSIs permitted to make their payment stablecoins available in the United States based on a determination by the U.S. Treasury Department that they are subject to comparable home country regulations.

For entities within the OCC’s jurisdiction, the NPR addresses the following issues:

- *Registration Procedures and Requirements* for payment stablecoin issuers, including domestic entities seeking a license to become a PPSI or transition to OCC supervision (for state-licensed PPSIs), and registration of comparably regulated FPSIs.

---

<sup>4</sup> The GENIUS Act generally requires coordinated rulemaking among the primary federal payment stablecoin regulators, although the NPR does not indicate whether the OCC had coordinated with the FDIC and Federal Reserve on the substance of this proposal.

- *Reserve Asset Composition and Diversification* requirements for PPSIs and standards for *Timely Redemptions* of outstanding payment stablecoins.
- *Prudential and Risk Management Standards* for PPSIs, including minimum capital requirements, principles-based risk management requirements, activities restrictions and information technology and security standards.
- *Examination Procedures and Disclosure and Reporting Obligations* for PPSIs and FPSIs and related assessments.
- *Standards for OCC-Regulated Custodians and Sub-Custodians* that provide custodial or safekeeping services with respect to payment stablecoins and payment stablecoin reserves.
- *Regulation and Supervision of FPSIs* that are allowed to make their payment stablecoins available in the United States.

In many cases, the NPR would impose requirements that closely follow the terms of the statute. However, in a number of areas where the statute is not self-executing, the NPR proposes new substantive requirements with significant policy implications. Below we highlight seven key takeaways from the NPR.

---

## Key Takeaways

### Implementing the GENIUS Act's Prohibition on Paying Interest or Yield

The GENIUS Act prohibits PPSIs and FPSIs from paying payment stablecoin holders any form of interest or yield—whether in cash, tokens or other consideration—“solely in connection with the holding, use, or retention of such payment stablecoin.” The scope of this prohibition has been the subject of intense political debate, including whether it would extend to paying or otherwise incentivizing affiliates or third parties to pay some form of yield, “reward” or return to holders of a payment stablecoin. The OCC’s NPR proposes to incorporate the statutory restriction in its regulations and to introduce a rebuttable presumption that certain contractual arrangements to have an affiliate or “related third party” pay interest or yield would be attributed to the PPSI or FPSI (and therefore be prohibited). The OCC acknowledges that “other arrangements that are not captured by the presumption may also violate the statutory prohibition or constitute an evasion thereof” and would reserve the authority to evaluate those arrangements on a case-by-case basis.

The issue of indirect payments of interest, yield or rewards on payment stablecoins is a point of controversy in the continuing Senate negotiations over the Digital Asset Market Clarity Act and is likely to be further addressed by congressional action.

### Reserve Requirements

The GENIUS Act requires PPSIs to maintain identifiable reserves backing their outstanding payment stablecoins on at least a one-to-one basis and specifies eight categories of permissible reserve assets (including U.S. cash and currency, balances held at a Federal Reserve Bank, funds held as demand deposits at an insured depository institution, short-term Treasury bills, notes or bonds, overnight repos and reverse overnight repos on short-term Treasuries, money market funds that hold only the foregoing assets, “similarly liquid” federal government-issued assets if approved by the PPSI’s federal regulator and tokenized versions of permitted reserve assets). The NPR elaborates on the GENIUS Act’s requirements with more detailed regulations governing valuation, segregation, custody, reporting, access and monetization of reserves and the withdrawal of surplus reserves. Notably, the NPR would require that reserve assets, measured at fair value, equal or exceed the outstanding par value issuance of payment stablecoins *at all times*, which may effectively require real-time valuation controls and a cushion to absorb ordinary market movements in permitted reserve assets.

The NPR also proposes two approaches to reserve asset liquidity and diversification standards—one involving a “principles-based approach” providing an optional safe harbor based on satisfying quantitative requirements, and one that would make the quantitative requirements mandatory for all issuers. The proposed quantitative approach in the safe harbor and the mandatory alternative would include a requirement for ten percent (10%) of reserves to be held in assets having daily liquidity—demand deposits and money held in Federal Reserve bank accounts—and thirty percent (30%) to be held in assets having weekly liquidity—i.e., that mature and are unconditionally due and receivable within five business days. In addition, no more than forty percent (40%) of reserve assets could be held at any one eligible financial institution, no more than fifty percent (50%) of the reserves required to have daily liquidity could be held at any one eligible financial institution and the weighted average maturity of the issuer reserve assets would need to be no more than 20 days.

Further, under either approach, a PPSI with an outstanding issuance value of \$25 billion or more would be required to maintain at least 0.5% of its reserve assets as insured deposits, subject to a cap of \$500 million. The OCC acknowledges the difficulties for large PPSIs to insure all their deposits due to the currently applicable limits on deposit insurance, and it notes that the OCC may revisit this requirement if deposit insurance limits are amended.

## Redemption Requirements

Consistent with the GENIUS Act, the OCC's NPR requires a PPSI to publish a public redemption policy with instructions for the "timely" redemption of payment stablecoins. The OCC proposes to define "timely" to mean within two business days of the requested redemption and only the OCC (or, for a state-qualified payment stablecoin issuer, the OCC, Federal Reserve or state regulator, as applicable) may place a limit on redemptions. The NPR would automatically extend the period for timely redemption to seven days if a PPSI faces redemption demands exceeding ten percent (10%) of its outstanding payment stablecoin issuance value within a 24-hour period. In the case of such an extension, the PPSI could not redeem payment stablecoins sooner than seven days without the affirmative consent of the OCC. The OCC would also reserve the right to further extend the period for timely redemption "if the OCC determines that the [PPSI] poses a threat to safety and soundness, financial stability, or such an extension is otherwise in the public interest."

## Cybersecurity Risk Management and Customer Notification Requirements

The OCC proposes a number of measures related to information technology and cybersecurity risk management given the innate vulnerabilities and risks present in a digital environment. These measures include maintaining a board-approved comprehensive risk and control framework for information security, appointing an Information Technology and Security Officer, maintaining safeguards to ensure personally identifiable information is kept secure and confidential and to protect against cybersecurity threats or unauthorized access, maintaining backup recovery measures and putting into place a business continuity plan in the event of disruptions.

A PPSI would be required to provide notice to both the OCC and its affected customer(s) if it becomes aware of unauthorized access to sensitive customer information, including a customer's private key, and determines that misuse of its information about a customer has occurred or is reasonably possible.

## Standards for Foreign Payment Stablecoin Issuers

The GENIUS Act does not permit foreign entities to be licensed as PPSIs, but it allows payment stablecoins issued by FPSIs to be made available and bought and sold through intermediaries in the United States if the Treasury Secretary determines the FPSI is subject to a comparable home country regime and the FPSI registers for ongoing monitoring by the OCC, holds reserves in the United States sufficient to meet U.S. customer liquidity demands and meets certain other criteria.

The NPR sets forth application procedures for an FPSI to register with the OCC, including application review factors and conditions for approval, and sets out OCC

reporting, supervision and examination requirements for registered FPSIs. Although these standards and factors and requirements largely follow the standards set out in the Act, the NPR also proposes to implement the Act's U.S.-located reserve requirement by requiring FPSIs to report monthly on the total number of outstanding payment stablecoins issued by the FPSI *that are held by U.S. customers* and the amount and composition of the FPSI's reserves, including their geographic location. This requirement to report on the number of payment stablecoins in the United States may be challenging for many FPSIs to meet, given that most payment stablecoins will likely be purchased and sold away from the issuer and the decentralization and pseudo-anonymity that are features of most public blockchain networks.

### **Capital and Operational Backstop Requirements**

PPSIs would be subject to minimum capital and operational asset requirements, but the NPR does not propose a standard methodology for calculating required capital. Instead, capital requirements for each de novo PPSI would be set by the OCC as part of its licensing or chartering conditions, subject to a \$5 million minimum, and a principles-based requirement would apply to each PPSI to determine ongoing capital requirements "commensurate with the level and nature of all risks to which the [PPSI] is exposed, including risks for off-balance sheet activities." In addition, each PPSI would be expected to maintain high-quality liquid assets (U.S. cash and currency, balances held at a Federal Reserve Bank, fully insured demand deposits and short-term Treasury bills, notes or bonds) equal to 12 months of operating expenses.

The NPR states that this discretionary approach to determining initial and ongoing capital requirements is the OCC's preferred approach, but it also indicates that the OCC is considering a number of other variable capital components, including components based on PPSI's outstanding issuance value, price, interest rate and/or credit risk of reserve assets, collateral and counterparty risk for repo-style transactions and, for PPSIs that provide custody services, the value of assets held in custody.

### **Activities Limits for PPSIs and Authorities of Uninsured National Banks**

Consistent with the GENIUS Act, the NPR would limit the activities of PPSIs to issuing and redeeming stablecoins, managing reserves (including providing custodial services for reserve assets), providing custodial and safekeeping services for payment stablecoins and required reserves, assessing fees for purchases and redemptions, paying fees to facilitate customer transactions and acting as principal or agent with respect to any payment stablecoin.

The NPR also observes that, pursuant to a rule of construction in Section 16(a) of the GENIUS Act, the limits on PPSI activities do not limit the authority of a "depository institution, national bank, or trust company to engage in activities permissible pursuant

to applicable State and Federal law.” Although insured depository institutions may not be licensed as PPSIs, uninsured national banks can, and the NPR observes that a PPSI that is an uninsured national bank could engage in fiduciary, trust and other related activities consistent with applicable law, potentially expanding the boundaries of permitted activities for certain types of PPSI.

---

## Key Uncertainties and Areas for Further Development

The NPR includes over 200 questions, including some that highlight key areas where regulations could be modified or further developed. Some of the notable topics raised include the following:

- Whether to define the customer of a PPSI as all downstream users of the issuer’s stablecoins, or just persons with direct interactions with the PPSI;
- How to calibrate reserve concentration and diversification requirements;
- Whether reserve buffers should be required;
- Whether each issuer should be limited to a single brand of stablecoins;
- Whether issuers of payment stablecoins denominated in non-U.S. currencies should be expressly authorized to manage foreign exchange risk, and subject to what limits;
- How the OCC should evaluate whether an FPSI has reserves in the United States sufficient to meet the demands of U.S. customers, and what information is likely to be available to FPSIs about their U.S. customers;
- Whether and how to address PPSIs that issue and redeem the same or similar payment stablecoins in multiple jurisdictions, either directly or through affiliates;
- Whether additional provisions should be introduced to address insolvency or fraud concerns;
- What technological developments should be addressed by the rule;
- Whether and how to address consortiums that own or operate PPSIs;
- Whether there should be a de minimis exception or safe harbor to the prohibition against paying interest or yield;

- Whether risk management requirements should vary based on the size of the PPSI; and
- How the OCC can avoid duplication in reporting requirements.

In addition, despite the breadth of the OCC's NPR, it addresses only a portion of the rulemakings that will be required to fully implement the GENIUS Act. Most notably, the Treasury Department is charged with rulemaking to implement the core prohibitions, definitions and safe harbors around payment stablecoin issuance, offerings and sales in the United States by entities that are not PPSI, to establish standards for assessing substantially similar state level regimes and comparable foreign regulatory regimes and to apply Bank Secrecy Act/anti-money laundering and sanctions requirements. Substantive rulemaking authority for certain issuers is also assigned to the other federal banking regulators and state stablecoin regulators, which have yet to propose substantive implementing regulations.

As the first federal regulator to propose substantive rules relating to the regulation of payment stablecoins and their issuers, the OCC's NPR provides an initial picture of what the fully developed federal regulatory framework required under the GENIUS Act may include. While the NPR is an important first bid, many questions remain open, and the regulation is almost certain to evolve through the comment process and in coordination with the other primary federal payment stablecoin regulators. Relevant stakeholders should review the NPR in detail and consider raising issues not currently considered, as well as addressing the questions specifically raised by the OCC.

\* \* \*

Please do not hesitate to contact us with any questions.



**Satish M. Kini**  
Partner, Washington, D.C.  
Tel: +1 202 383 8190  
smkini@debevoise.com



**Gregory J. Lyons**  
Partner, New York  
Tel: +1 212 909 6566  
gjlyons@debevoise.com



**Jeff Robins**  
Partner, New York  
Tel: +1 212 909 6526  
jlrobin@debevoise.com



**Caroline N. Swett**  
Partner, New York  
Tel: +1 212 909 6432  
cnsnett@debevoise.com



**Jung Eun Choi**  
Counsel, New York  
Tel: +1 212 909 6815  
jechoi@debevoise.com



**Patrick Fuller**  
Counsel, Washington, D.C.  
Tel: +1 202 383 8119  
pafuller@debevoise.com



**Aseel M. Rabie**  
Counsel, Washington, D.C.  
Tel: +1 202 383 8162  
arabie@debevoise.com



**Chen Xu**  
Counsel, New York  
Tel: +1 212 909 6171  
cxu@debevoise.com



**Erin McLoughlin**  
Associate, New York  
Tel: +1 212 909 6330  
ecmcloughlin@debevoise.com