

The background of the slide is a vibrant, abstract digital composition. It features a dark blue to black gradient, overlaid with a grid of small, glowing white and yellow dots. Interspersed among these dots are larger, stylized binary digits (0s and 1s) in white and yellow. Several bright, glowing orange and yellow lines curve across the scene, creating a sense of motion and depth. The overall aesthetic is futuristic and high-tech, typical of digital or blockchain-themed presentations.

# Payment Stablecoins Under the GENIUS Act

April 20, 2026

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# Setting the Stage



# Setting the Stage: Shift in Federal Approach

## U.S. Crypto Legislation and Bank Regulatory Landscape

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The Trump administration has adopted a marked shift in the federal approach toward the crypto industry.

*“The digital asset industry plays a crucial role in innovation and economic development in the United States, as well as our Nation’s international leadership. It is therefore the policy of my Administration to support the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy.”<sup>1</sup>*

### Crypto regulation is evolving, but significant work remains to build a clear and workable framework.

- **The Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act”)**, enacted July 2025, regulates issuance and use of stablecoins in the United States.
- **The Digital Asset Market Clarity Act of 2025 (“CLARITY Act”)** under consideration in Congress would regulate digital asset markets outside of stablecoins.
- **Federal banking agencies** are moving rapidly to remove barriers and provide clarity.
  - The Office of the Comptroller of the Currency (“**OCC**”), the Federal Reserve Board (“**FRB**”) and the Federal Deposit Insurance Company (“**FDIC**” and, together with the OCC and the FRB, “**federal banking agencies**”) have each rescinded prior digital asset guidance that raised obstacles to banking organization engagement in digital asset activities.
  - The OCC and the FDIC have also issued proposed rules implementing the GENIUS Act, although many legal interpretive questions remain unresolved.<sup>2</sup>

<sup>1</sup> Executive Order 14178 (Jan. 23, 2025).

<sup>2</sup> See slides 22-43.

The background features a blue-toned financial scene. On the left, a blurred bar chart shows several vertical bars of varying heights. On the right, a stack of silver coins is visible, with some coins showing the word 'SIA' and 'BANK'. Overlaid on the entire scene are faint white grid lines and numerical values. A white rectangular box with a red top border is positioned on the left side, containing the text 'The GENIUS Act'.

# The GENIUS Act

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# GENIUS Act: Legal Framework for Payment Stablecoins

## Overview

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- On July 18, 2025, the GENIUS Act was signed into law by President Trump, following its passage in the House and Senate with broad bipartisan support.<sup>1</sup>
- The GENIUS Act establishes a comprehensive regulatory framework for **payment stablecoins**.<sup>2</sup> While the GENIUS Act addresses only a limited segment of the digital asset ecosystem, its enactment establishes a first-of-its-kind federal framework in the digital asset space.
- The GENIUS Act will:
  - **Regulate** issuance and use of stablecoins in the United States by defining a category of “payment stablecoins” and establishing regulations governing payment stablecoin issuers and intermediaries (known as “digital asset service providers” (“**DASPs**”)).
  - **Make it unlawful** for any person other than a permitted payment stablecoin issuer (“**PPSI**”) to issue a payment stablecoin in the United States.
  - **Prohibit** DASPs from offering or selling payment stablecoins in the United States unless stablecoin is issued by (i) a PPSI or (ii) a comparably regulated foreign payment stablecoin issuer (“**FPSI**”).
- **Exempt Transactions:** The GENIUS Act will not regulate direct peer-to-peer (non-intermediated) transfers or self-custody of payment stablecoins.
- **Rulemaking:** The GENIUS Act directs applicable federal and state regulators to promulgate implementing regulations through notice and comment procedures within one year of enactment.
- **Effective Date:** The GENIUS Act will take effect on the earlier of the following:
  - 18 months after its enactment; or
  - 120 days after the primary federal stablecoin regulators issue final regulations implementing the GENIUS Act.

Debevoise & Plimpton <sup>1</sup> 12 U.S.C. 5901 et seq.

<sup>2</sup> For simplicity, we use the term “stablecoins” interchangeably, except where the GENIUS Act is described or quoted directly.

# Understanding the GENIUS Act

## What Is a Payment Stablecoin?

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### Payment Stablecoin:

- Digital asset that is, or is designed to be, used as a means of payment or settlement where the issuer:
  - Is obligated to convert, redeem or repurchase the digital asset for a fixed amount of monetary value; and
  - Represents (or creates a reasonable expectation) that the digital asset will maintain a stable value relative to the value of a fixed amount of monetary value.
- Excludes digital assets that are:
  - A national currency;
  - A deposit (including deposits tokenized on a distributed ledger); or
  - A security (and the GENIUS Act separately clarifies that payment stablecoins are not securities).

### Prohibitions on Interest Payments:

- PPSIs and FPSIs will be prohibited from paying 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 interpretation of this restriction has been the subject of significant debate given significant market interest to use rewards programs and other incentives as a differentiating factor to drive consumer demand.
  - The GENIUS Act does not expressly apply to affiliates or business partners of a stablecoin issuer, nor does it clarify when interest or yield might be payable for reasons other than the holding, use or retention of a stablecoin.

### No Insurance:

- Payment stablecoins will not be subject to deposit insurance or otherwise backed or guaranteed by the federal government, and the GENIUS Act will make it unlawful to represent otherwise.

Note: The Treasury Secretary is directed to conduct a study of nonpayment stablecoins, including algorithmic stablecoins, and submit a report to the Senate Banking Committee and the House Financial Services Committee within one year of the GENIUS Act’s enactment.

# Understanding the GENIUS Act

## How Can Entities Become PPSIs?

**The GENIUS Act establishes parallel federal and state pathways for eligible entities to be licensed as a PPSI. Applications to the appropriate payment stablecoin regulator will be required.**

### Path for Federal Qualified Issuers

- **Eligibility:**
  - Subsidiaries of insured depository institutions (“**IDIs**”)
    - IDIs themselves may issue tokenized deposits that operate similarly to payment stablecoins.
  - Nonbank entities
  - Federal branches of foreign banks
  - Uninsured national banks
- **Primary Regulator:**
  - For a subsidiary of an IDI, the IDI’s appropriate federal banking agency
  - For other federal qualified stablecoin issuers, the OCC

### Path for State Qualified Issuers

- **Eligibility:**
  - State issuers with less than \$10 billion in outstanding payment stablecoins
    - Once outstanding payment stablecoins exceed \$10 billion, state issuers must transition to federal oversight within 360 days, unless granted waiver (presumptively approved for qualifying preexisting state regimes).
- **Primary Regulator:**
  - State agency with primary regulatory and supervisory authority in the state over entities that issue payment stablecoins, if the state regulator certifies that its regulatory regime is substantially similar to the federal regime, based on principles to be established by the Treasury Secretary.<sup>1</sup>
    - Certifications will be reviewed by the Stablecoin Certification Review Committee (comprised of the Treasury Secretary, the Chair (or Vice Chair for Supervision) of the FRB and the Chair of the FDIC), which must unanimously approve or deny the certification within 30 days if the state-level regulatory regime meets or exceeds the standards and requirements of the federal regime, providing reasons and an opportunity to cure if denied.

### Ineligible Issuers:

- Issuers organized outside the United States (*see slide 14* for treatment of foreign stablecoin issuers).
- Public companies that are not predominantly engaged in financial activities, and their majority-owned subsidiaries, unless unanimously approved by the Stablecoin Certification Review Committee.

# Understanding the GENIUS Act

## Key Features by Issuer Type

Issuer Type	Primary Supervisor / Licensing Authority	Limits on Affiliation	Reserves and Prudential Standards	Potential for Federal Payment System Access*
Subsidiaries of IDIs (including credit unions)	Primary federal regulator of IDI parent	Parent of IDI subject to Bank Holding Company Act (“ <b>BHC Act</b> ”) activity and affiliation limits	Yes; federal regime applies	Only if eligible for master account access under the Federal Reserve Act (“ <b>FRA</b> ”)
Nonbank entities under federal licensing regime	OCC	If parent is public, must be predominantly engaged in financial activities**	Yes; federal regime applies	Only if eligible for master account access under FRA
Uninsured national banks	OCC	If parent is public, must be predominantly engaged in financial activities**	Yes; federal regime applies	National banks are eligible for master account access
Federal branches of foreign banks	OCC	Subject to existing U.S. law regarding foreign banking organization control	Yes; federal regime applies, potentially adjusted for branches	Federal branches of foreign banks are eligible for master account access
State-licensed issuers (subject to \$10 billion issuance cap)	Appropriate state regulator, with FRB or OCC backup supervisory authority	If parent is public, must be predominantly engaged in financial activities**	Yes; home state regime applies; must meet or exceed federal standards	Only if eligible for master account access under FRA

\* The GENIUS Act does not change preexisting legal eligibility requirements or FRB guidance regarding its discretion in granting master account access.

\*\* Unless approved by the Stablecoin Certification Review Committee.

# Understanding the GENIUS Act

## Federal and State Standards for PPSIs

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The GENIUS Act mandates that federal regulators create standards for PPSIs. State qualified payment stablecoin issuers will be subject to “substantially similar” requirements imposed by their home state.

- **Key Requirements:**

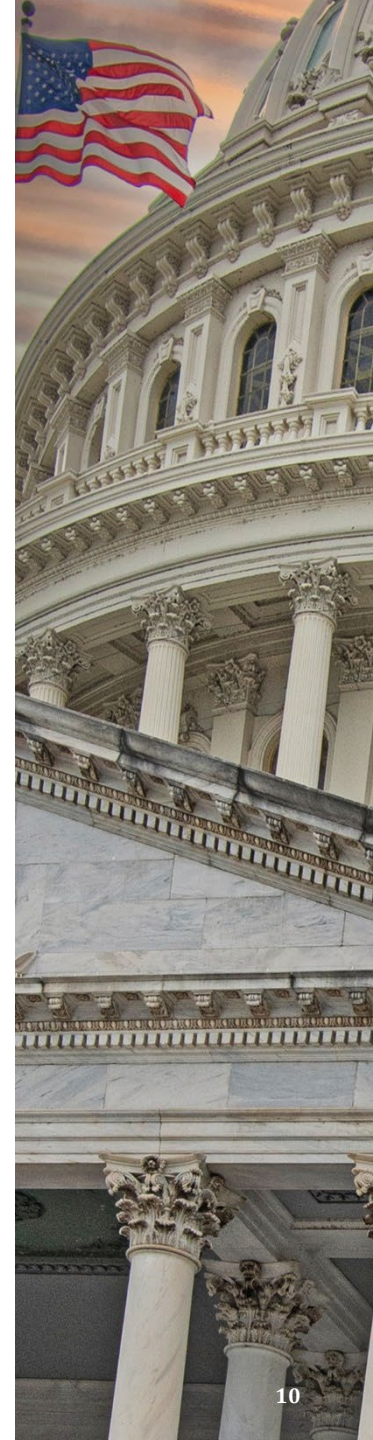
- Reserve requirements (*see slide 11*)
- Capital and liquidity requirements
- Standards for reserve asset diversification and rate risk management
- Operational, compliance and IT risk management
- Anti-money laundering (“**AML**”) and customer due diligence (“**CDD**”) requirements (*see slide 13*)
- Audit and reporting requirements

- **Activity Limits:**

- PPSIs will only be authorized to:
  - Issue and redeem payment stablecoins;
  - Manage related reserves;
  - Provide custodial or safekeeping services for payment stablecoins, required stablecoin reserves or their private keys; and
  - Perform other functions that directly support these core activities.
- Issuer’s primary stablecoin regulator could authorize an issuer to engage in other payment stablecoin or DASP activities

- **Key Prohibitions:**

- Prohibition on paying interest
- Prohibition on tying
- Prohibition on the use of deceptive names



# Understanding the GENIUS Act

## Reserve and Public Disclosure Requirements

### One-to-One Reserve:

- PPSIs will be required to maintain identifiable reserves backing their outstanding payment stablecoins on at least a one-to-one basis.

Permitted Reserve Composition	
1	U.S. cash and currency and balances held at a Federal Reserve Bank
2	Funds held as demand deposits (or other deposits that may be withdrawn upon request) at an IDI
3	Short-term Treasury bills, notes or bonds with a remaining maturity or issued with a maturity of 93 days or less
4	Money received under overnight repos on short-term Treasuries
5	Reverse overnight repos overcollateralized by Treasuries
6	Securities issued by a registered investment company or government money market fund that invests only in the assets listed in 1–5 above
7	Other similarly liquid U.S. government-issued assets if approved by the issuer’s primary regulator
8	Tokenized versions of the above assets

- PPSIs will be prohibited from pledging, rehypothecating or reusing these reserves, except in limited circumstances.

### Public Disclosure:

- PPSIs will be required to:
  - Publicly disclose redemption policies with clear, conspicuous procedures for timely redemption of outstanding payment stablecoins.
  - Publicly, clearly and conspicuously disclose in plain language all fees associated with purchasing or redeeming the payment stablecoins.
  - Publish a monthly reserve report detailing the total number of outstanding payment stablecoins issued and reserve amount and composition, including the average tenor and custody location of each reserve category.
- PPSI Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) must certify the accuracy of each monthly report, and prior-month reserve reports will be audited by a registered public accounting firm.

# Understanding the GENIUS Act

## Payment Stablecoin Reserves Custody, Collateral and Private Keys

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- **Eligibility:**
  - Limited to regulated financial institutions supervised by a federal banking agency, the Securities and Exchange Commission (“**SEC**”), the Commodity Futures Trading Commission (“**CFTC**”) or a state banking supervisor.
- **Permitted Activity:**
  - Eligible financial institutions will be allowed to engage in the business of custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral or the private keys used to issue payment stablecoins.
- **Requirements:** Custodians will be subject to customer protection requirements that require the custodian to:
  - Treat the customer’s stablecoins, private keys, cash and other property as the property of the customer;
    - Payment stablecoins, reserves, cash and other property of customers may be commingled and deposited in an omnibus account at an IDI or trust company.
  - Take steps to protect the assets from claims of creditors of the custodian; and
  - Avoid commingling of customer assets, subject to certain exceptions.



# Understanding the GENIUS Act

## Anti-Money Laundering and Sanctions

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- Both federal and state qualified PPSIs are deemed financial institutions for purposes of the Bank Secrecy Act (“**BSA**”) and will be subject to all federal laws applicable to financial institutions in the United States related to economic sanctions, AML and CDD.
- This includes requirements to maintain an effective AML program, retain appropriate records, monitor for and report suspicious transactions, implement technical capabilities to block impermissible transactions and maintain effective customer identification and sanctions compliance programs.
- Treasury must adopt rules tailored to the size and complexity of PPSIs to implement these requirements.
  - Financial Crimes Enforcement Network (“**FinCEN**”) and Office of Foreign Assets Control issued joint proposed rule for public comment on April 8, 2026.<sup>1</sup>
- Each issuer will be required to submit an annual certification to its regulator that it has implemented AML and economic sanctions compliance programs reasonably designed to prevent the issuer from facilitating money laundering and the financing of terrorist activities.
- PPSIs and FPSIs will need to have the technological capability to comply with the terms of any lawful order to seize, freeze, burn or prevent the transfer of payment stablecoins they had issued.

<sup>1</sup> Debevoise client update forthcoming.

# Understanding the GENIUS Act

## Treatment of Foreign Stablecoin Issuers

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- **Prohibited Issuance in the United States:** The GENIUS Act does not permit issuers organized outside of the United States to be licensed as PPSIs or to issue stablecoins in the United States.
  - Issuers organized in the United States but domiciled outside the United States can still be PPSIs; however, if they are not predominantly engaged in one or more financial activities, they are subject to Section 4(a)(12) certification requirements.
- **Prohibited Offering, Selling or Making Stablecoins Available in the United States:** DASPs will be prohibited from offering, selling or making available U.S. payment stablecoin issued by an FPSI unless the issuer:
  - Is subject to a comparable non-U.S. regulatory regime (as determined by the Treasury Secretary);
  - Is registered with the OCC under Section 18(c);
  - Holds reserves in the U.S. sufficient to meet U.S. customer liquidity demands (unless otherwise permitted under a reciprocity agreement);
  - Is not domiciled or regulated in a jurisdiction that is subject to comprehensive U.S. economic sanctions or is designated by the U.S. as a jurisdiction of primary money-laundering concern; and
  - Complies with lawful orders to seize, freeze, burn or prevent the transfer of outstanding stablecoins.
- **Comparability:** The Treasury Secretary may make a comparability determination only upon a recommendation from each other member of the Stablecoin Certification Review Committee.
  - “Treasury’s role in approving comparable jurisdictions is arguably significant, because weaker restrictions on foreign issuers could limit the [GENIUS Act’s] scope and reduce incentives to issue under a U.S. regime.”<sup>1</sup>
- **Reciprocity:** The Treasury Secretary is also empowered to enter into reciprocal arrangements or other bilateral agreements with jurisdictions that have comparable regulatory regimes, but the full scope of what those arrangements might address is not defined in the GENIUS Act.

<sup>1</sup>Marc Labonte & Paul Tierno, Cong. Rsch. Serv., IF12984, [Key Issues in Stablecoin Legislation in the 119th Congress](#) (2025).

# Understanding the GENIUS Act

## Other Notable Provisions

**PPSI Insolvency and Bankruptcy:** The GENIUS Act amends the Bankruptcy Code to streamline the process by which stablecoin holder claimants can recover from nonbank PPSIs.

- Stablecoin holders' claims against PPSIs reserves will have priority—on a ratable basis with claims of other stablecoin holders—over claims by PPSI and any other creditors.
- Priority of holder's claims will apply only to claims arising directly from holding payment stablecoins.

**Preemption:** Preempts state law requirements for chartering, licensing or other authorization to conduct business in state as a PPSI (but explicitly does not preempt state consumer protection laws).

**Federal Regulation Limits:** Federal banking regulators and the SEC are prohibited from requiring any depository institution, credit union, trust company or affiliate to:

- Include digital assets (including, but not limited to, payment stablecoins) held in custody as a liability on financial statements; or
- Hold regulatory capital against digital assets or reserves held in custody, except to address operational risk.

**Public Involvement:** The Treasury Secretary must seek public comment and conduct research on innovative or novel methods, techniques or strategies that detect illicit digital asset activity. Treasury completed this process and issued a report to Congress in March 2026.<sup>1</sup>

**Coin Interoperability:** Federal and state regulators must consider prescribing standards to promote compatibility and interoperability of payment stablecoins with other permitted stablecoin issuers and the broader digital finance ecosystem.

**Annual Reporting:** Annual regulator reporting to Congress and the Treasury Department's Office of Financial Research on the status of the payment stablecoin industry and its financial stability risks.

**Ethics:** Provisions clarifying that existing ethics rules and laws prohibit any member of Congress or senior executive branch official from issuing payment stablecoins while in office and amending the Ethics in Government Act of 1978 to require disclosure of payment stablecoin holdings over \$5,000.

<sup>1</sup> Treasury, [Report to Congress from the Secretary of the Treasury on Innovative Technologies to Counter Illicit Finance Involving Digital Assets](#) (Mar. 2026).

# Understanding the GENIUS Act

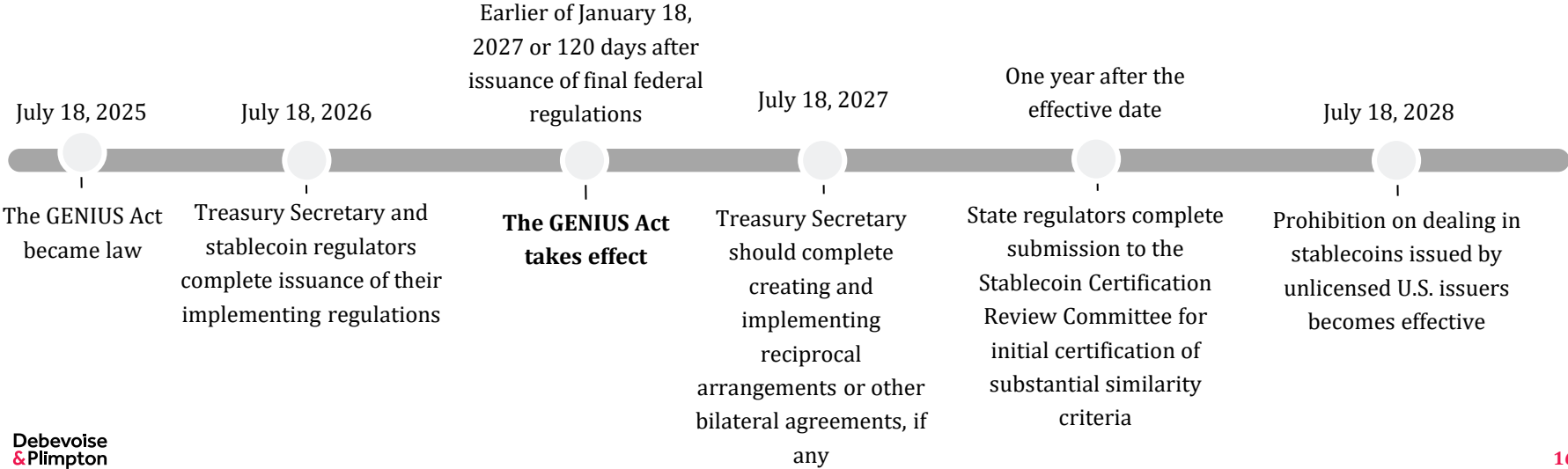
## Effective Dates and Rulemaking

- **Implementing Regulations:** Primary federal payment stablecoin regulators, the Treasury Secretary and each state payment stablecoin regulator are directed to promulgate implementing regulations through notice and comment procedures **by July 18, 2026**.
- **Upon effectiveness**, the prohibition on unlicensed issuance of payment stablecoins will take effect.
  - Prohibition on dealing by DASPs in payment stablecoins issued by unlicensed issuers will not take effect until **three years after enactment**.

**The GENIUS Act will take effect on the earlier of:**

- January 18, 2027 (18 months after enactment); or
- 120 days after the date on which the primary federal payment stablecoin regulators issue any final regulations implementing the GENIUS Act

### Key Timeline



# Understanding the GENIUS Act

## Treasury Secretary's Rulemaking Requirements

Topic	Authority	Rulemaking	Section	Deadlines	Status
Issuance and treatment of payment stablecoins	Mandatory	Promulgate regulations to carry out the GENIUS Act through appropriate notice and comment rulemaking, including regulations to implement Section 3 and to define terms, in coordination with federal and state payment stablecoin regulators, as appropriate.	3(d), 13	1 year after enactment	TBD
Treatment under the BSA and sanctions laws	Mandatory	Adopt rules to treat PPSIs as financial institutions under the BSA and subject them to laws relating to economic sanctions, prevention of money laundering, customer identification and due diligence.	4(a)(5)(B)	1 year after enactment	Proposed rule issued (Apr. 8, 2026)
Principles for determining substantial similarity of state-level regulatory regime	Mandatory	Establish broad-based principles for determining whether a state-level regulatory regime is substantially similar to the federal regulatory framework.	4(c)(2)	1 year after enactment	Proposed rule issued (Apr. 1, 2026)
AML protections—noncompliant foreign issuer	Mandatory	Specify the criteria that a noncompliant foreign issuer must meet for the Treasury Secretary to determine that the FPSI is no longer noncompliant.	8(b)(3)(B)	1 year after enactment	TBD
Exceptions for FPSIs	Mandatory	Issue rules as may be required to carry out Section 18, which requires the Treasury Secretary to determine exceptions for FPSIs that meet certain conditions from the prohibitions under Section 3 and Section 4(a).	18(b)(6)	1 year after enactment	TBD
Limited safe harbors for issuers that are not PPSIs	Discretionary	Issue regulations providing safe harbors from the limitation on issuers to PPSIs. Such safe harbors must be consistent with the purposes of the GENIUS Act, be limited in scope and apply to a de minimis volume of transactions.	3(c)	No deadline specified	TBD

# Understanding the GENIUS Act

## Federal Payment Stablecoin Regulators' Rulemaking Requirements

Regulator	Topic	Authority	Rulemaking	Section	Deadline	Status
Federal regulator	Capital, liquidity and risk management requirements	Mandatory	Issue regulations implementing capital requirements, liquidity standards, reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards, and appropriate operational, compliance and information technology risk management principles-based requirements and standards applicable to permitted federal qualified payment stablecoin issuers.	4(a)(4)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
Federal regulator	Payment stablecoin regulatory framework	Mandatory	Issue regulations relating to PPSIs as may be necessary to establish a payment stablecoin regulatory framework necessary to administer and carry out the requirements of Section 4, including to establish conditions, and to prevent evasion thereof, in coordination with the Treasury Secretary and state payment stablecoin regulators, as appropriate.	4(h)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
Federal regulator	Application process and framework for licensing, regulation, examination and supervision	Mandatory	Issue regulations regarding a process and framework for the licensing, regulation, examination and supervision for federal qualified payment stablecoin issuers.	5(a)(2)	1 year after enactment	FDIC proposed rule (Dec. 16, 2025) National Credit Union Administration ("NCUA") proposed rule (Feb. 11, 2026) OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) FRB rule TBD

# Understanding the GENIUS Act

## Federal Payment Stablecoin Regulators' Rulemaking Requirements (cont'd)

Regulator	Topic	Authority	Rulemaking	Section	Deadline	Status
Federal regulator	Issuance of payment stablecoins	Mandatory	Issue rules necessary for the regulation of the issuance of payment stablecoins but may not impose requirements in addition to the requirements specified under Section 4.	5(g)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
FRB, OCC	Enforcement authority in unusual and exigent circumstances	Mandatory	Issue rules to set forth the unusual and exigent circumstances in which the FRB and OCC, respectively, may make an enforcement action under Section 7.	7(e)(1)(B); (2)(B)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) Other rules TBD
Federal regulator	Exceptions to prohibited commingling	Discretionary	Prescribe terms and conditions by rule, regulation or order that allow commingling of payment stablecoin reserves, payment stablecoins, cash and other property.	10(c)(2)(C)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) (addressing in part) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
Federal regulator	Interoperability Standards	Discretionary	Prescribe standards for PPSIs to promote compatibility and interoperability with other PPSIs and the broader digital finance ecosystem.	12	1 year after enactment	TBD (OCC proposed rule (Feb. 25, 2026) seeking comment)

# Understanding the GENIUS Act

## Federal Payment Stablecoin Regulators' Rulemaking Requirements (cont'd)

Regulator	Topic	Authority	Rulemaking	Section	Deadline	Status
Federal regulator	Issuance and treatment of payment stablecoins	Mandatory	Promulgate regulations to carry out the GENIUS Act through appropriate notice and comment rulemaking, in coordination with the Treasury Secretary and state payment stablecoin regulators, as appropriate.	13	1 year after enactment	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
Federal regulator	Review of existing guidance and regulations	Mandatory	Review all existing guidance and regulations and, if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments under the GENIUS Act.	16(b)	1 year after enactment	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) Other rules TBD
OCC	Registration of FPSIs	Mandatory	Issue rules relating to the standards for approval of registration requests and the process for appealing denials of such registration requests.	18(c)(1)(E)	1 year after enactment	OCC proposed rule (Feb. 25, 2026)

# Understanding the GENIUS Act

## State Payment Stablecoin Regulators' Rulemaking Requirements

Regulator	Topic	Authority	Rulemaking	Section	Deadline
State regulator	Capital, liquidity and risk management requirements	Discretionary	Issue regulations implementing capital requirements, liquidity standards, reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards, and appropriate operational, compliance and information technology risk management principles-based requirements and standards applicable to permitted state qualified payment stablecoin issuers.	4(a)(4)(A)	1 year after enactment
State regulator	Issuance and treatment of payment stablecoins	Discretionary	Promulgate regulations to carry out the GENIUS Act through appropriate notice and comment rulemaking, in coordination with the Treasury Secretary and federal and other state payment stablecoin regulators, as appropriate.	13	1 year after enactment
State regulator	Payment stablecoin regulatory framework	Discretionary	Issue regulations relating to PPSIs as may be necessary to establish a payment stablecoin regulatory framework necessary to administer and carry out the requirements of Section 4, including to establish conditions and to prevent evasion thereof.	4(h)	1 year after enactment
State regulator	Process and framework for the licensing, examination, supervision and enforcement	Discretionary	Issue orders and rules under Section 4 applicable to state qualified payment stablecoin issuers to the same extent as the primary Federal payment stablecoin regulators issue orders and rules under Section 4 applicable to PPSIs that are not state qualified payment stablecoin issuers.	7(d)	1 year after enactment

# Understanding the GENIUS Act

## Other Rulemaking Requirements

Regulator	Topic	Authority	Rulemaking	Section	Deadline	Status
Federal banking agency	Capital, liquidity and risk management requirements	Mandatory	Amend or otherwise modify any regulation of the appropriate federal banking agency relating to leverage capital requirement or risk-based capital requirements.	4(a)(4) (C)(iv)	Earlier of 1 year after enactment or the date of federal regulations	OCC proposed rule (Feb. 25, 2026) FDIC proposed rule (Apr. 7, 2026) FRB rule TBD
Stablecoin Certification Review Committee	Non-financial service public company	Mandatory	Issue an interpretive rule clarifying the application of the prohibitions on nonfinancial service public companies.	4(a) (12)(D)	1 year after enactment	TBD
OCC	Regulation of a federally qualified payment stablecoin issuer	Mandatory	Issue regulations and orders as necessary to ensure financial stability and implement Section 4(a) of the GENIUS Act in coordination with other relevant regulators and consistent with Section 13.	4(b)(3)	1 year after enactment	OCC proposed rule (Feb. 25, 2026)
FinCEN	AML innovation	Mandatory	Issue public guidance and notice and comment rulemaking, based on the results of the research and risk assessments required under Section 9, relating to (1) innovative or novel methods, techniques or strategies used by regulated financial institutions to detect illicit activity involving digital assets; (2) standards for payment stablecoin issuers to identify and report illicit activity involving the payment stablecoin of a PPSI; (3) standards for payment stablecoin issuers' systems and practices to monitor transactions on blockchains, digital asset mixing services, tumblers or other services that mix payment stablecoins and obscure parties' identities or transaction details; and (4) tailored risk management standards for financial institutions interacting with decentralized finance protocols.	9(d)	3 years of enactment	TBD
FRB Debevoise & Plimpton	Prohibition on tying	Discretionary	Issue regulations as are necessary to carry out prohibition on tying and, in consultation with other relevant primary federal payment stablecoin regulators, by regulation or order, permit exceptions as the FRB considers will not be contrary to the purpose of the GENIUS Act.	4(a)(8)(B)	1 year after enactment	TBD

The background features a blue-toned financial scene. On the left, a blurred bar chart with several vertical bars is visible. On the right, a stack of silver coins is shown, with some coins having 'SIA BANK' and '10 EURO' embossed on them. A semi-transparent white box with a red top border is positioned on the left side, containing the text 'OCC Rulemaking'.

# OCC Rulemaking

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# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Introduction

- On February 25, 2026, the OCC issued comprehensive notice of proposed rulemaking (“**OCC NPR**”), establishing a regulatory framework for OCC-regulated PPSIs and FPSIs.<sup>1</sup>
  - This is the first federal rulemaking to address substantive requirements for payment stablecoin issuers.<sup>2</sup>
- While tracking the GENIUS Act closely, the OCC used the OCC NPR as an opportunity to propose an interpretive lens to many of the self-executing provisions of the GENIUS Act.
- The OCC NPR would add a new Part 15 to the OCC’s regulations and make conforming revisions to 12 C.F.R. Parts 3 (capital), 6 (prompt corrective action), 8 (assessments) and 19 (practice and procedure for adjudicatory proceedings).
- Comments are due May 1, 2026, although some industry groups have requested an extension of the comment period due to length of the OCC NPR and the number of questions posed for consideration by commenters.

### OCC-Regulated Entities Under the GENIUS Act

#### **Bank-affiliated PPSIs**

(uninsured national banks, federal branches of foreign banks or the subsidiaries of national banks or federal savings associations)

#### **Federal nonbank PPSIs**

**State-licensed PPSIs** transitioned to federal oversight

**FPSIs** with compatible home-country oversight

<sup>1</sup> 91 Fed. Reg. 10,202 (Mar. 2, 2026), available [here](#). See also Debevoise client alert “OCC Issues Comprehensive GENIUS Act Rulemaking Proposal,” available [here](#).

<sup>2</sup> The FDIC and the NCUA previously issued proposed rules on licensing requirements for their respective covered entities. See [90 Fed. Reg. 59,409](#) and [91 Fed. Reg. 6,531](#).

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Overview

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For institutions under the OCC's jurisdiction, the OCC NPR addresses almost all of the regulations the OCC is required to promulgate under the GENIUS Act, other than those relating to the BSA and economic sanctions requirements:

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

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Permitted and Prohibited Activities

The OCC NPR proposes to mirror the list of permitted activities under the GENIUS Act.

Permitted Activities
1 Issue payment stablecoins
2 Redeem payment stablecoins
3 Manage reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling and holding, or providing custodial services for reserve assets, consistent with applicable state and federal law
4 Provide custodial or safekeeping services for payment stablecoins, required reserves or private keys of stablecoins
5 Assess fees associated with purchasing or redeeming payment stablecoins
6 Act as principal or agent with respect to any payment stablecoin
7 Pay fees to facilitate customer transactions
8 Undertake any other activities that directly support any of the activities listed in 1–4 (e.g., holding of non-payment stablecoin crypto-assets as principal necessary for testing a distributed ledger whether internally developed or acquired from a third party)

Prohibited Activities
1 Use a deceptive name by using any combination of terms relating to the United States government
2 Market a payment stablecoin in a way that a reasonable person would perceive the payment stablecoin to be (i) legal tender as described in 31 U.S.C. 5103; (ii) issued by the United States; or (iii) guaranteed or approved by the government of the United States
3 Directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States government or subject to federal deposit insurance or federal share insurance
4 Pay any payment stablecoin holder any form of interest or yield (whether in cash, tokens or other consideration) solely in connection with the holding, use or retention of such payment stablecoin ( <i>see slide 27</i> )
5 Pledge, rehypothecate or reuse any reserve assets required either directly or indirectly (e.g., through a third-party custodian of the reserve assets) except for certain limited purposes

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Prohibition on Paying Interest or Yield

### Proposed interpretive gloss on prohibition on paying interest or yield:

The OCC NPR proposes to incorporate the statutory restriction in the OCC regulation and introduces a **rebuttable presumption** that certain contractual arrangements, under which an affiliate or related third party pays interest or yield, would be attributed to the PPSI or FPSI and therefore be prohibited.

- “Affiliate” is defined to be consistent with the definition in the BHC Act.
- “Related third parties” include any person paying interest or yield to payment stablecoin holders as a service (i.e., on behalf of the PPSI) and any person that the issuer issues payment stablecoins on behalf or under the branding of (i.e., persons that have entered a white-label relationship with the issuer).

The OCC would reserve the authority to evaluate other arrangements, even if they do not fall within the presumption, on a case-by-case basis.



Treatment of indirect payments of interest, yield or rewards remains a contested issue and may be addressed by the CLARITY Act.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Reserve Asset Requirements

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**The GENIUS Act requires PPSIs to maintain identifiable reserves backing outstanding payment stablecoins on at least a one-to-one basis with permissible reserve assets (see slide 11).**

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The OCC NPR would require PPSIs to:

- Maintain reserve assets that:
  - Are identifiable;
  - Are segregated from and not commingled with other assets owned or held by the PPSI;
  - Have a total fair value that equals or exceeds the outstanding issuance value of the PPSI *at all times*; and
    - The “at-all-times” fair-value requirement may, as a practical matter, require real-time valuation controls and a reserve cushion to absorb ordinary market movements in permitted reserve assets.
  - Are either held directly by the PPSI or within the custody of an eligible financial institution.
    - Reserve assets may include demand deposits at an IDI, including foreign branches or agents, including correspondent banks, and this may permit some non-U.S.-dollar deposits to qualify as reserve assets for non-U.S.-dollar stablecoins.
- Demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with risk profile and business model.
- Only withdraw any surplus reserve assets in excess of outstanding issuance value once per month upon the publication of the composition report.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Reserve Asset Liquidity and Diversification Standards

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- The OCC NPR proposes two possible approaches to reserve asset liquidity and diversification standards:

**Principles-based approach**, providing an optional safe harbor if the quantitative requirements are satisfied

OR

**Mandatory requirement approach**, making the quantitative requirements mandatory for all issuers

### Quantitative Requirements for Reserves

- At least 10% held in assets having daily liquidity (demand deposits and money held in Federal Reserve Bank accounts), no more than 50% of which could be held at any one eligible financial institution;
- At least 30% held in assets having weekly liquidity (i.e., that mature and are unconditionally due and receivable within five business days);
- No more than 40% 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.

- 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.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Reserve Asset Composition Report and Certification

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- **Monthly Composition Report:** The OCC NPR would require PPSIs to publish a monthly composition report containing:
  - The total number of outstanding payment stablecoins issued by the issuer; and
  - The fair value amount and composition of the reserves, including the average tenor and geographic location of custody of each category of the reserve instruments.
- **Monthly Certification:** The OCC NPR would also require a PPSI's monthly composition report to be examined by a registered public accounting firm and certified by the CEO and CFO.

Failure to satisfy reserve asset requirements described in slides *28-30*, even for one day, would result in immediate suspension of any new issuances.

- A PPSI that fails to meet reserve requirements for 15 consecutive business days must begin liquidation of reserve assets and redemption of outstanding payment stablecoins.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Redemption Requirements

**Consistent with the GENIUS Act, the OCC NPR would require each PPSI to publish a public redemption policy with instructions for “timely” redemption of payment stablecoins** (see slide 11).

- The OCC NPR defines “timely” as within **two business days** of requested redemption.
  - Under the OCC NPR, timely redemption period would automatically extend to seven days if a PPSI faces redemption demands exceeding 10% of its outstanding payment stablecoin issuance value within a 24-hour period.
    - If invoked, a PPSI could not redeem sooner than seven days without the OCC’s affirmative consent, and the OCC would retain authority to extend the period.
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- Only the OCC—or, for a state qualified payment stablecoin issuer, the OCC, FRB or applicable state regulator—may place a limit on redemptions.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Cybersecurity Risk Management Standards and Customer Notification Requirements

**The OCC NPR 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 would 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 protected against cybersecurity threats or unauthorized access;
- Maintaining backup recovery measures; and
- Putting into place a business continuity plan in the event of disruptions.

The OCC NPR would require PPSIs 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.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Custody Requirements

- The OCC NPR would require that a “covered custodian” meet certain custody requirements when holding “covered assets” including:
  - Separately accounting for the covered assets of a covered customer and treating and dealing with those covered assets as belonging to such covered customer and not as the property of the covered custodian; and
    - Omnibus accounts may be used as long as assets are not commingled with those of the covered custodian.
  - Taking appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing and maintaining written policies, procedures and internal controls commensurate with its size, complexity and risk profile.
  - Maintaining possession or control of the covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private key.
    - A sub-custodian may be used if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian’s compliance.

**“Covered assets”** means payment stablecoin reserves, payment stablecoins used as collateral and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

**“Covered custodian”** means a national bank, federal savings association, federal branch or PPSI to the extent of such person’s provision of custodial or safekeeping services for covered assets.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Licensing Process, Review Timing and Safe Harbor

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**Application:** PPSI licensing process proposed in the OCC NPR models the OCC's national bank charter application framework. An applicant would be required to submit all information required by an application form that would become available on the OCC's website and the information prescribed in the Interagency Biographical and Financial Report for each director, executive officer and principal shareholder of the applicant.

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**Timeline:** The OCC proposes to review an application for substantial completeness within 30 days of receipt. Upon receipt of a substantially complete application, the OCC would have 120 days to reach a decision, after which the application would be approved by default if not specifically denied.

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**OCC Decision:** The OCC may deny an application only if it determines that the applicant would operate in an unsafe or unsound manner based on applicable review factors, and denied applicants may request a hearing under a *de novo* standard of review.

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**Safe Harbor for Pending Applications:** The OCC NPR also implements the GENIUS Act's safe harbor, permitting the OCC to waive, for up to 12 months, certain requirements for applicants with pending applications where the OCC finds that the waiver is in the public interest or justified by extraordinary circumstances.



The OCC indicates it may begin evaluating waiver requests after issuance of a final rule but before it becomes effective, while preserving its ability to ultimately deny an application, notwithstanding a previously granted waiver.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Standards for FPSIs

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**The GENIUS Act allows payment stablecoins issued by FPSIs licensed with the OCC to be made available and bought and sold through intermediaries in the United States if specified statutory conditions are met (see slide 14).**

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As conditions to approval, the OCC would require:

- Full access to books, records and personnel (with English translations);
  - Evidence of sufficient U.S.-located reserves; and
  - Monthly reporting on the total number of outstanding payment stablecoins held by U.S. customers and the amount and composition of reserves, including geographic location.
- 

While most Section 4(a) requirements do not apply to FPSIs, the reporting, supervision and examination requirements required by the OCC would be largely the same as those applicable to domestic PPSIs regulated by the OCC, including application of the same interpretive gloss on payment of interest or yield.



Of note, the requirement to report on the number of outstanding stablecoins that are held by U.S. customers may be challenging for many FPSIs to meet, given that most public blockchain networks involve decentralization and pseudo-anonymity.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Capital and Operational Backstop Requirements

**PPSIs would be subject to minimum capital and operational asset requirements, but the OCC NPR does not propose a standard methodology for calculating required capital.**

Capital requirements for each *de novo*<sup>1</sup> PPSI regulated by the OCC would be set as part of OCC licensing or chartering conditions based on **individualized evaluation** of projected revenues and expenses, cash burn rate and expenditures needed for business plan.

- Tailored capital requirements would be subject to a **\$5 million minimum**.

Following the *de novo* period, ongoing capital requirements would be determined on a **principles-based** basis, commensurate with the level and nature of all risks to which the PPSI is exposed, including off-balance-sheet activities.

- PPSIs can only use Tier 1 capital instruments—common equity and certain perpetual preferred stock—to satisfy capital requirements.
- Each PPSI would be expected to maintain high-quality liquid assets equal to 12 months of operating expenses.



While the discretionary approach to determining initial and ongoing capital requirements is the OCC's preferred approach, the OCC is considering variable capital components tied more directly to: outstanding issuance value, price and interest rate risk of reserve assets, collateral and counterparty risk for repo-style transactions, and (for PPSIs providing custody services) value of assets held in custody.

<sup>1</sup> Generally, the first three years following chartering, licensing or transition to OCC framework.

# OCC's Proposed Rules for Supervised PPSIs and FPSIs

## Other Notable Provisions from the OCC NPR

### Ability to Engage in Activities Under Applicable Law

Under the GENIUS Act's rule of construction, limits on a PPSI's activities would not restrict the authority of a depository institution, national bank or trust company to engage in activities otherwise permissible under applicable state and federal law.

- A PPSI that is an uninsured national bank could engage in fiduciary, trust and related activities consistent with applicable law, potentially expanding boundaries of permitted activities for certain PPSIs.

### State Qualified Payment Stablecoin Issuers

The OCC NPR sets forth a pathway for state qualified payment stablecoin issuers to transition to a federal regulatory framework if the issuer is a nonbank entity that has an outstanding par value issuance of more than \$10 billion.

- The OCC may also impose restrictions on a state qualified payment stablecoin issuer that is a nonbank entity during "unusual and exigent circumstances."

# Uncertainties and Areas for Further Development

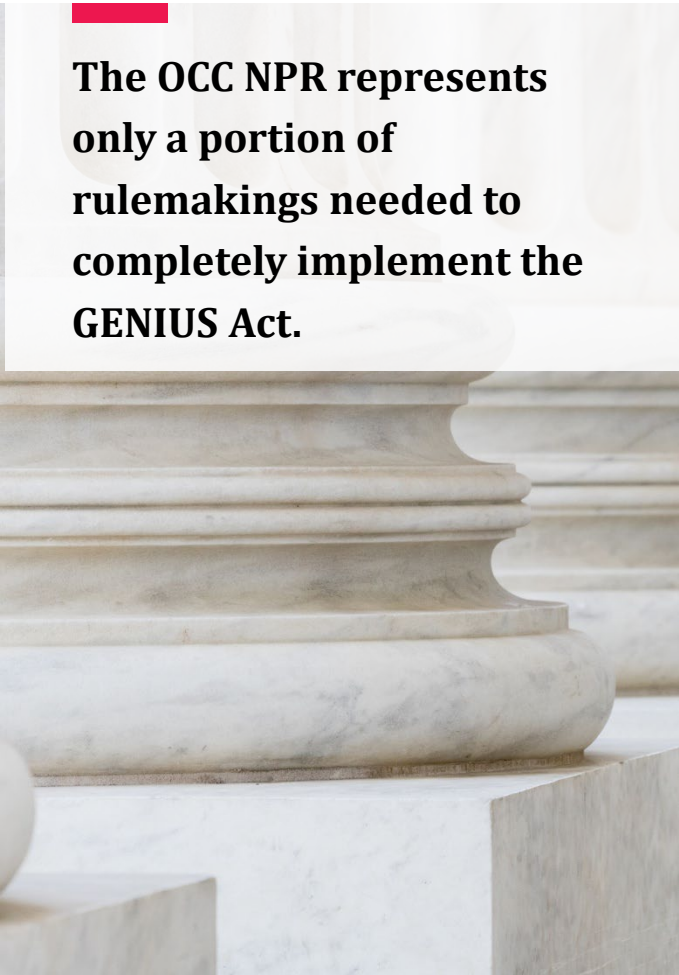
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**The OCC NPR includes more than 200 questions for comment, highlighting a number of areas where the regulatory framework could be modified or further developed.**

Notable open issues include:

- Whether “customer” of a PPSI should include all downstream users or only persons with direct interactions with the PPSI
- The potential economic impact of a narrow prohibition on paying interest or yield solely in connection with the holding, use or retention of a payment stablecoin relative to a broader prohibition (i.e., one that includes relationships with affiliates or third parties)
- How to calibrate reserve concentration and diversification requirements
- Whether reserve buffers should be required
- How the OCC should evaluate whether an FPSI has sufficient U.S. reserves to meet U.S. customer demand, and what information is likely to be available to FPSIs about their U.S. customers
- Whether each issuer should be limited to a single stablecoin brand
- 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
- How the OCC can avoid duplication in reporting requirements

# Areas Not Covered by the OCC's Proposed Rule



**The OCC NPR represents only a portion of rulemakings needed to completely implement the GENIUS Act.**

Key areas that were not addressed by the OCC NPR include:

Treasury rulemaking on core prohibitions, definitions and safe harbors on stablecoin issuances and offerings.

Offerings and issuances of stablecoins by financial institutions that will not be primarily regulated by the OCC.

How to assess the comparability of state-level and foreign regimes.

BSA/AML and sanctions requirements.

# FDIC Rulemaking



# FDIC's Proposed Rules for Supervised PPSIs

## Summary

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- On April 7, 2026, the FDIC issued a comprehensive notice of proposed rulemaking (“**FDIC NPR**”),<sup>1</sup> which would:
  - Establish a regulatory framework for FDIC-supervised PPSIs, including requirements related to reserve assets, capital, liquidity and risk management requirements;
  - Implement requirements applicable to FDIC-supervised PPSIs and IDIs that provide payment stablecoin-related custodial and safekeeping services;
  - Clarify that deposits held at an IDI as payment stablecoin reserves would be insured to PPSIs under the FDIC insurance coverage rules for corporate deposits, and would not be insured to payment stablecoin holders on a pass-through basis; and
  - Clarify the treatment of tokenized deposits under the Federal Deposit Insurance Act.
- The FDIC NPR would amend parts 324 (capital adequacy of FDIC-supervised institutions), 330 (deposit insurance coverage) and 350 (payment stablecoins) of the FDIC’s regulations.
- The FDIC NPR largely aligns with the OCC NPR where relevant and explicitly seeks comment on whether the agencies should further harmonize their final rules. *See slides 42-43.*
- Comments are due June 9, 2026.

### FDIC-Supervised Entities Under the GENIUS Act

Subsidiaries of insured State nonmember banks

Subsidiaries of state savings associations

# FDIC's Proposed Rules for Supervised PPSIs

## Key Issues and Differences from the OCC NPR

Key FDIC NPR Takeaways	Compared with OCC NPR
<b>Tokenized deposits could be treated as “deposits” for FDIC insurance purposes.</b> The FDIC NPR would clarify that the technology used to record a deposit does not affect deposit status and define “deposits” to include deposits in tokenized form.	Distinct FDIC issue. Not addressed in the OCC NPR.
Stablecoin reserves held as deposits at an IDI would be <b>treated as deposits of the PPSI and insured as corporate deposits.</b>	Distinct FDIC issue. Not addressed in the OCC NPR.
PPSIs would be <b>expressly</b> permitted to engage in <b>certain FDIC-authorized DASP activities and activities incidental thereto.</b>	The OCC NPR is framed around core stablecoin functions and activities that directly support them. DASP activities or activities incidental thereto would require independent authority under another source of applicable law.
<b>The FDIC NPR would impose a simpler reserve framework.</b> Reserves would have to be identifiable, fully back outstanding stablecoins and generally be separately identifiable by brand unless the FDIC approves commingling. Exposure to any one eligible financial institution would be capped at 40% of reserve assets on each business day.	Simpler and less prescriptive than the OCC NPR. The FDIC NPR does not propose alternative reserve-framework options. No parallel brand-level commingling restriction in the OCC NPR.
<b>Reserve deficiencies or minimum capital or operational shortfalls would be addressed primarily through supervisory discretion rather than automatic triggers.</b> The FDIC NPR would require notice to the FDIC and contingency planning, and would allow the FDIC to direct remedial measures, including reduced issuance, additional capital or orderly redemption.	The OCC NPR proposes more clearly defined and, in some cases, automatic consequences for reserve deficiencies, including an immediate issuance stop and a 15-business-day liquidation/redemption trigger.

# FDIC's Proposed Rules for Supervised PPSIs

## Key Issues and Differences from the OCC NPR (Cont'd)

Key FDIC NPR Takeaways	Compared with OCC NPR
<b>PPSIs would be prohibited from providing a customer credit</b> , directly or indirectly, to enable a customer to purchase or otherwise acquire payment stablecoins.	No parallel express prohibition in the OCC NPR.
Monthly reserve disclosures would be required but <b>without identifying specific institutions, branches or counterparties</b> .	No parallel express statement that such details may be omitted in the OCC NPR.
<b>Marketing a product in the United States</b> as a payment stablecoin would be prohibited, unless the product or stablecoin is issued in compliance with the GENIUS Act and part 350.	No parallel express broad prohibition in the OCC NPR (although it includes restrictions on deceptive names and misleading marketing).
Redemption timing would remain capped at two business days, but a <b>PPSI experiencing a "significant redemption request" may request an extension</b> .	The OCC NPR provides an automatic extension mechanism for a qualifying redemption event.
Examinations generally would be conducted <b>consistent with the parent IDI's examination cycle</b> , subject to the FDIC's ability to examine more frequently as it deems necessary.	The OCC NPR would subject OCC-regulated PPSIs to a defined examination cycle.
"Customer" would be defined as a person purchasing products or services of a PPSI <b>directly from the PPSI</b> .	The OCC NPR defines "customer" broadly as a person purchasing products or services of "another person," potentially impacting the scope of disclosure requirements.



Future of Banking:  
Implications and  
Opportunities

# Accelerating Towards Regulatory Clarity and Openness to Innovation

## Federal Banking Agencies' Actions

- Federal banking agencies are moving rapidly to remove barriers and provide clarity for banking organizations<sup>1</sup> interested in digital asset activities.
  - Starting in 2025, the OCC, FRB and FDIC have each rescinded prior digital asset guidance that raised obstacles to banking organization engagement in digital asset activities, including certain interpretive letters and supervisory statements viewed as part of Chokepoint 2.0.
  - The agencies have also moved to provide further clarity and guidance on activities permissible for banking organizations and updated risk management expectations and have transitioned review of digital asset activities to the “normal supervisory process.”
    - The SEC released guidance in March 2026 clarifying security crypto assets from non-security crypto assets and signaled more guidance is to come on how issuers can raise capital.
  - The OCC and the FDIC issued proposed rules implementing the GENIUS Act.
    - The NCUA and the FDIC issued proposed rules regarding the licensing of stablecoin issuers that would fall under their respective purviews of regulation.<sup>2</sup>
- Although many legal interpretive questions remain unresolved, these actions signal a strong desire to provide a more coherent and permissive regulatory environment for banking organizations.

<sup>1</sup> For the OCC, “banking organizations” includes national banks, federal savings associations and federal branches and agencies of foreign banks. For the FRB, “banking organizations” includes all U.S. bank holding companies, state member banks, Edge and agreement corporations, and uninsured state-licensed branches and agencies of foreign banks. For the FDIC, “banking organizations” includes all insured state nonmember banks, insured state-licensed branches of foreign banks and insured state savings associations.

<sup>2</sup> See [90 Fed. Reg. 59,409](#) and [91 Fed. Reg. 6,531](#).

# Currently Applicable Banking Regulatory Guidance

## Current Guidance

Issuance Date	Agency	Title	Topic	Applicability
July 22, 2020	OCC	<i>Interpretive Letter #1170: Authority of a National Bank to Provide Cryptocurrency Custody Services for Customers</i>	Concludes that it is legally permissible for national banks and federal savings associations to provide cryptocurrency custody services.	National banks; federal savings associations; federal branches
September 21, 2020	OCC	<i>Interpretive Letter #1172: OCC Chief Counsel's Interpretation on National Bank and Federal Savings Association Authority to Hold Stablecoin Reserves</i>	Concludes that it is legally permissible for national banks and federal savings associations to hold dollar deposits serving as reserves backing stablecoins.	National banks; federal savings associations; federal branches
January 4, 2021	OCC	<i>Interpretive Letter #1174: OCC Chief Counsel's Interpretation on National Bank and Federal Savings Association Authority to Use Independent Node Verification Networks and Stablecoins for Payment Activities</i>	Concludes that it is legally permissible for national banks and federal savings associations to use distributed ledgers and stablecoins to engage in and facilitate payment activities, including by (1) acting as nodes on an independent node verification network (i.e., distributed ledger) to verify customer payments and (2) using stablecoins to facilitate payment transactions on a distributed ledger, including by issuing and exchanging stablecoins.	National banks; federal savings associations; federal branches
November 23, 2021	FDIC, FRB, OCC	<i>Joint Statement on Crypto-Asset Policy Sprint Initiative and Next Steps</i>	Describes results of interagency "policy sprints" on crypto-asset activities and identifies a "roadmap" of areas for further guidance, including (1) traditional and ancillary custody services, (2) facilitation of customer purchases and sales, (3) lending against crypto-assets, (4) stablecoin issuance and distribution and (5) holding crypto-assets on balance sheet.	Banks; savings associations; branches of foreign banks and their holding companies
March 7, 2025	OCC	<i>Interpretive Letter #1183: OCC Letter Addressing Certain Crypto-Asset Activities</i>	Reaffirms that national banks and federal savings associations may engage in crypto-asset custody, distributed ledger and stablecoin activities per Interpretive Letters 1170, 1172 and 1174. Rescinds Interpretive Letter 1179.	National banks; federal savings associations; federal branches

# Currently Applicable Banking Regulatory Guidance

## Current Guidance (Cont'd)

Issuance Date	Agency	Title	Topic	Applicability
March 28, 2025	FDIC	<i>FIL-7-2025: FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities</i>	Rescinds FIL-16-2022 and affirms that FDIC-supervised institutions may engage in permissible crypto-related activities without prior FDIC approval, provided they adequately manage the associated risks.	State nonmember banks; state-licensed insured branches; state savings associations
May 7, 2025	OCC	<i>Interpretive Letter #1184: Clarification of Bank Authority Regarding Crypto-Asset Custody Services</i>	Confirms that national banks and federal savings associations may provide and outsource cryptocurrency custody and execution services, including buying and selling assets held in custody at the customer's direction. Outsourcing is permitted, subject to appropriate third-party risk management practices.	National banks; federal savings associations; federal branches
July 14, 2025	FRB, OCC, FDIC	<i>Joint Statement on Crypto-Asset Safekeeping by Banking Organizations</i>	Provides guidance on how existing laws, regulations and risk management principles apply to crypto-asset safekeeping activities.	Banks, savings associations, branches of foreign banks and their holding companies
November 18, 2025	OCC	<i>Interpretive Letter #1186: Authority of National Banks to Hold Crypto-Assets as Principal and Pay Crypto-Asset Network Fees as Incidental to a Permissible Banking Activity</i>	Confirms that a national bank may pay blockchain network ("gas") fees to facilitate otherwise permissible activities and may hold, as principal, de minimis/necessary amounts of crypto-assets on balance sheet to pay fees for which it anticipates a reasonably foreseeable need, and to test otherwise permissible crypto-asset platforms.	National banks; federal savings associations; federal branches
December 9, 2025	OCC	<i>Interpretive Letter #1188: National Bank Engagement in Riskless Principal Transactions in Crypto-Assets</i>	Confirms that a national bank may engage in riskless principal crypto-asset transactions with and on behalf of customers.	National banks; federal savings associations; federal branches
December 17, 2025	FRB	<i>Policy Statement on Section 9(13) of the Federal Reserve Act</i>	Rescinds and replaces the FRB's 2023 policy statement interpreting Section 9(13) of the Federal Reserve Act, which limited state member banks' ability to engage in crypto activities. Expresses a policy of facilitating innovation by insured and uninsured state member banks.	State member banks

# Shifting Market Dynamics and Industry Responses

## Chartering Applications by Digital Asset-Native Firms:

- Nonbank financial institutions are increasingly pursuing OCC charters (particularly national trust charters) as a compliant path forward. The OCC has moved quickly to conditionally approve several such applications.
  - E.g., Coinbase National Trust Company; First National Digital Currency Bank; Ripple National Trust Bank; BitGo Bank & Trust, National Association; Fidelity Digital Assets, National Association; Paxos Trust Company, National Association.
- Motivations often include:
  - Regulatory legitimacy under an evolving supervisory regime
  - Ability to hold stablecoin reserves on their own books
  - Potential (though not guaranteed) access to FRB master accounts
  - Improved alignment with institutional clients and payment infrastructure
  - Preemption of money transmitter laws

## Incumbent Payment Network Upgrades:

- Payment networks are upgrading rails to allow issuance, distribution and redemption of digital assets, including stablecoins, across their networks.

## Implications to the Traditional Banking Sector

For banking organizations, this trend creates both:

- **Competitive pressure** from fast-moving nonbank competitors.
  - Some are concerned that the digital assets market would evolve into a shadow banking system, lacking consumer protections and undermining community banks' role in local credit.
  - Banking industry groups have questioned whether digital asset firms actually qualify for a trust charter, arguing that custody services rely on core banking powers and are not true fiduciary activities.
- **Strategic opportunities** to leverage their regulatory credibility, deposit infrastructure and compliance frameworks through partnerships or direct entry into digital asset services.
  - For example, banking organizations may enter into a custody partnership with a nonbank, advancing institutional use cases such as cross-border payments and liquidity management.

# Strategic Opportunities for Banking Organizations

## Active Engagement in Permissible Digital Asset Activities

Activity Category	Examples
<b>Traditional Banking Services for Digital Asset Clients or Involving Digital Assets</b>	<ul style="list-style-type: none"><li>• Providing corporate loans, deposit accounts and payments for customers engaged in digital asset-related businesses</li><li>• Facilitating customer participation in digital asset exchange or trading, including by carrying fiat currency on behalf of customers (e.g., in an omnibus account)</li><li>• Lending activities collateralized by digital assets</li><li>• Underwriting a loan, debt product or equity offering effected partially or entirely on a public blockchain</li><li>• Controlling, administering, issuing or holding digital assets as principal</li></ul>
<b>Custody and Reserve Management</b>	<ul style="list-style-type: none"><li>• Providing digital wallets or other custody or agent services for digital assets and ancillary custody services (whether done directly or through a third party)</li><li>• Holding stablecoin reserves</li></ul>
<b>Payments and Settlement Innovation</b>	<ul style="list-style-type: none"><li>• Transmitting or receiving digital assets for transmission</li><li>• Integrating digital assets, including stablecoins, into B2B payment rails or real-time treasury solutions</li><li>• Participating in blockchain-based clearing and settlement platforms</li></ul>
<b>Bank-Issued Stablecoins or Tokenized Deposits</b>	<ul style="list-style-type: none"><li>• Using for purposes of intrabank transfers and real-time cross-border liquidity management</li><li>• Replacing traditional wire transfers for cross-border payments, enabling 24/7 settlement without reliance on cutoff times or prefunding</li><li>• Integrating with smart contracts; trade finance</li></ul>
<b>White-Labeled Partnerships</b>	<ul style="list-style-type: none"><li>• Partnering with licensed stablecoin issuers to provide custody, technology solutions, compliance infrastructure or advisory services</li><li>• Supporting issuance or redemptions for partners, including by facilitating ongoing collection and disbursement of fiats</li></ul>

# What to Watch and Next Steps

## Compliance and Risk Management Considerations

- Digital asset safekeeping risk management considerations, including operational and cybersecurity risk
- BSA/AML
- Reserve asset management, potential impact on deposit base, liquidity and capital treatment
- Third-party/vendor risk associated with partnerships with tech platforms
- Audit and accounting
- Additional regulatory reporting and examination processes

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## Regulatory and Legislative Developments to Monitor

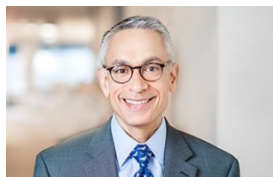
- Federal banking agencies' rulemaking to implement the GENIUS Act (including commenting process) and regulatory or legislative resolution of open issues, including extraterritoriality, interest on stablecoins and preemption issues
- Parallel or reactive state legislative and regulatory developments
- Potential for the FRB to create a new form of special purpose Reserve Bank "payment account" potentially available to novel charters

## Preparing Now

- Assess strategic interest in issuing, holding or using stablecoins
- Enhance cybersecurity and data protection measures
- Map risk management compliance gaps under potential bank-like framework
  - E.g., Interagency Guidelines Establishing Information Security Standards
- Review reserve and public disclosure practice
- Engage with regulators and trade associations (e.g., participating in the public commenting process for federal banking agencies' rulemaking)
- Consider pilot programs



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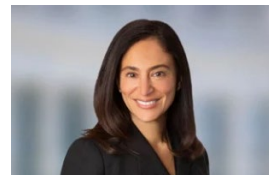


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