

# OCC Finalizes GENIUS Act Rulemaking: Considerations for PPSIs, FPSIs, and Custodians

October 26, 2026

On October 21, 2026, the Office of the Comptroller of the Currency (the “OCC”) issued [final rules](#) (the “Final Rules”)<sup>1</sup> implementing major provisions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “GENIUS Act” or the “Act”).<sup>2</sup> This is the first federal rulemaking to finalize substantive prudential requirements under the GENIUS Act for payment stablecoin issuers. The Final Rules establish the details of the comprehensive regulatory regime that will apply to most permitted payment stablecoin issuers (“PPSIs”). They also establish the registration process for foreign payment stablecoin issuers (“FPSIs”) that wish to issue in the United States and standards for OCC-regulated custodians of PPSI reserve assets. The Final Rules follow the OCC’s March 2, 2026 rulemaking proposal (the “NPR”)<sup>3</sup> and are effective January 18, 2027—the statutory date after which non-PPSIs are prohibited from issuing payment stablecoins in the United States.

As discussed in our previous [Debevoise In Depth](#), the NPR proposed a comprehensive regulatory framework for entities within the OCC’s jurisdiction, covering licensing and registration requirements for domestic and foreign payment stablecoin issuers, substantive prudential standards, supervisory and reporting obligations, and requirements applicable to OCC-regulated custodians and sub-custodians. The Final Rules are largely consistent with the rules proposed in the NPR, but relax certain key requirements and introduce several other notable changes, generally in the interest of simplification and providing greater flexibility for issuers to structure their operations and comply with the regulatory framework.

The headline change coming out of the release is the OCC’s decision not to adopt a rebuttable presumption that certain reimbursed payments by affiliates and related third parties of a PPSI solely to hold, use, or retain payment stablecoins constitute prohibited payments of interest or yield by the issuer. The decision not to adopt this presumption, which was included in the NPR, is being characterized as a “win” for the digital asset industry in early reporting and public reactions. Still, the OCC noted that it will monitor

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<sup>1</sup> 91 Fed. Reg. 67,000 (Oct. 23, 2026).

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

<sup>3</sup> 91 Fed. Reg. 10,202 (Mar. 2, 2026).

such arrangements and take action and provide additional guidance as appropriate to prevent evasion of the prohibition on paying interest or yield.

Additionally, in light of the challenges the OCC faced in developing the Final Rules on an accelerated timeline and in the face of competing industry interests, the OCC prefaced the adopting release for the Final Rules with an unusual acknowledgment in the first pages that it expects to update the Final Rules as business practices evolve and the OCC gains supervisory experience in the space, and that it also expects to supplement the rules with guidance documents as appropriate. In this context, it observed that many commenters had diverging views on some of the Final Rules' key provisions and committed that it "will continue to track market developments and meet with interested parties." To facilitate further action to tailor the regime as events develop, the Final Rules also contain broad formal reservations of authority for the OCC to waive or modify the requirements of the rules it has adopted, and to adopt different procedures to implement them.

This In Depth addresses the principal changes in the Final Rules as compared to the NPR, with key takeaways relevant to PPSIs, FPSIs, and reserve custodians. A redline of the text of the final rules against the proposed rules can be found [here](#). For further background on the GENIUS Act and related rulemakings, see our comprehensive GENIUS Act [overview](#).

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## Key Takeaways for PPSIs

### Removal of Presumption Regulating Third-Party Payments of Interest or Yield

One of the most closely watched and commented-on provisions in the NPR concerned the implementation of the GENIUS Act's prohibition on paying interest or yield solely in connection with holding, using, or retaining a payment stablecoin. The NPR included a rebuttable presumption that an issuer was making prohibited interest or yield payments in arrangements where (i) an issuer had an arrangement to pay interest or yield to an affiliate or related third party, and (ii) that party or its affiliate had an arrangement to pay interest or yield to holders of the issuer's stablecoins. The OCC decided not to include this presumption in the Final Rules, instead adopting the language of the statutory prohibition without elaboration. The OCC also declined to define key terms that could clarify how it interprets the prohibition, stating that it would apply "principles of statutory interpretation to the terms in light of the facts and circumstances before it."

In explaining its decision, the OCC observed that payments made through intermediaries may serve different purposes, including purposes unrelated to the holding, use, or retention of stablecoins, and that the presumption could prove to be “both overinclusive and underinclusive.” It concluded that it was inappropriate to burden issuers with a rebuttal process at this time given the nascent and evolving nature of the payment stablecoin market, and that it would postpone any rulemaking to clarify the yield prohibition until it “gain[s] sufficient experience with identifying prohibited transactions.” In the interim, the OCC will “initially monitor arrangements . . . as part of its review of issuers’ applications and ongoing supervision” and will take action and provide guidance where appropriate “[w]here it identifies transactions that violate or evade the yield prohibition.” The removal of the presumption thus appears to provide greater flexibility to payment stablecoin issuers and their affiliates and third parties to experiment with commercial arrangements involving payments to payment stablecoin holders, while leaving considerable discretion to the OCC in determining whether particular arrangements comply with the statutory prohibition.

The treatment of stablecoin rewards has been a significant point of contention in Congress, including during negotiations over the CLARITY Act, and the OCC’s decision not to include the rebuttable presumption has been welcomed by the digital asset industry while drawing criticism from banking trade groups concerned that third-party rewards arrangements could undermine the statutory prohibition. How the OCC and other prudential regulators implement and enforce the statutory prohibition—and whether Congress ultimately revisits the issue—will be consequential for the development of stablecoin rewards programs and the competitive dynamic between stablecoins and traditional bank deposits.

### **Increased Emphasis on Stress Testing Over Strict Reserve Asset Diversification and Concentration Requirements**

The NPR proposed two alternative approaches to reserve diversification, concentration, and liquidity requirements. Option A would have established a principles-based framework under which PPSIs would maintain policies and procedures addressing reserve diversification concentration and liquidity risks, together with a quantitative safe harbor for demonstrating compliance. Option B would have imposed mandatory quantitative requirements, including minimum immediately available and weekly liquidity levels, concentration limits, and a weighted-average-maturity requirement.

The Final Rules combine elements of the two approaches, applying a principles-based framework with simpler mandatory quantitative requirements. The Final Rules will require all PPSIs to (i) maintain 5% of their reserve assets in immediately available liquidity (down from 10% in NPR Option B) generally consisting of demand deposits and deposits at Federal Reserve Banks, and (ii) impose a 40% single counterparty

exposure limit for reserve assets (subject to certain exceptions). The OCC did not include the more detailed weekly liquidity, concentration, and weighted-average-maturity requirements from the NPR. Notably, the OCC also decided not to impose a mandatory minimum insured deposit amount for reserve assets.

Instead, the Final Rules place increased emphasis on a PPSI's ability to monetize reserves and withstand stressed conditions, introducing new liquidity risk management and stress-testing requirements. PPSIs must ensure that their reserve asset portfolio can support timely redemption under both normal and stressed conditions with analyses on a range of redemption scenarios, demonstrate to the OCC their ability to reliably access and monetize reserve assets in a variety of conditions, and conduct stress testing to confirm that reserve assets will continue to equal or exceed outstanding issuance value in stressed conditions (including significant positive interest rate scenarios).

These requirements remain high-level and principles-based, without detailed stress-testing methodologies or scenarios, although the adopting release provides some examples of how issuers may demonstrate monetization capabilities. It notes that relatively simple issuers may be able to rely on established repurchase arrangements, while larger or more complex issuers may need multiple monetization channels and, in some circumstances, periodic actual monetization transactions. PPSIs should anticipate the need to justify their choices regarding methodologies and scenarios in applications and examinations, tailored to their size, complexity, reserve portfolio, and business model.

### **Flexibility for Reserve Protection Arrangements and Multiple Stablecoin Brands**

The Final Rules affirm that PPSIs will have flexibility to structure their issuance activities and protect reserve assets in a variety of ways. The OCC decided not to mandate a one-brand-per-issuer structure, which the NPR posed as a question, and did not prescribe particular mechanisms for segregating reserves among different stablecoin brands. Instead, the OCC stated it will evaluate proposed arrangements on a case-by-case basis through the licensing or registration process and ongoing supervision, including whether they adequately protect payment stablecoin holders in insolvency.

Notably, the Final Rules expressly permit a PPSI to establish trust arrangements for reserve assets, including granting security interests in reserves for the sole benefit of payment stablecoin holders, subject to conditions designed to preserve redemption rights and protect holders in insolvency. These arrangements may facilitate bankruptcy remoteness, although trustee rights and operational access to reserves will remain important considerations.

The adopting release also clarifies that PPSIs may propose to use special purpose vehicles (“SPVs”) to hold and segregate reserve assets or to issue different stablecoin brands, without mandating any particular structure. For SPV issuers, each SPV would be required to obtain its own license, but related applicants could leverage prior applications and parent-developed risk management frameworks. The OCC also indicated that it would consider other reserve protection and segregation mechanisms, including custodial sub-accounts, statutory cell structures and token-level ring-fencing, without categorically approving any particular approach. Although separate reserve pools are not required for each brand, PPSIs must maintain identifiable and segregated reserves and provide separate reserve composition disclosures where brands are backed by distinct reserve pools.

### **FX Risk Management and Approach to Issuers of Non-U.S. Dollar Stablecoins**

The NPR did not expressly address foreign-exchange (“FX”) hedging for non-U.S. denominated payment stablecoins, although it permitted PPSIs to engage in activities directly supporting the issuance and redemption of payment stablecoins and the management of related reserves. In response to comments, the Final Rules expressly permit PPSIs to manage FX risk with prior OCC approval, subject to risk management requirements and restrictions on speculation and residual FX exposure. The OCC explained that this change is intended to allow PPSIs that issue payment stablecoins denominated in currencies other than U.S. dollars to manage the resulting FX risks, taking into account that permissible reserve assets are generally U.S. dollar- or U.S. government-based.

Although the ability to hedge foreign exchange exposure may help mitigate these risks, hedging can introduce additional costs, counterparty exposures, and operational complexity. The OCC did not, however, accept the further suggestion of commenters to expand the categories of permissible reserve assets for non-U.S. dollar-denominated stablecoins, leaving issuers to manage these currency mismatches within the existing reserve framework.

### **Removal of the Automatic Seven-Day Redemption Gate**

Under the NPR, redemption requests exceeding 10% of a PPSI’s outstanding issuance value over a 24-hour period would have triggered an automatic extension of the redemption period to seven calendar days. The Final Rules do not include this mandatory redemption gate, instead requiring that PPSIs notify the OCC within 24 hours of experiencing redemption requests that represent more than 10% of the outstanding issuance value of *any brand* of payment stablecoin in a 24-hour period. Notice must be provided within 24 hours, and the PPSI may request that the OCC

extend the otherwise applicable two-business-day deadline for timely redemptions, which may be granted or denied at the OCC's discretion.

In explaining the change, the OCC agreed with commenters who argued an automatic redemption gate could be procyclical and trigger or exacerbate runs. This change also brings the OCC's approach more closely into line with the Federal Deposit Insurance Corporation and Federal Reserve proposals, which contemplate supervisory notification or discretionary extensions rather than an automatic redemption gate, suggesting potential convergence among the federal banking agencies on the treatment of significant redemption events.

### **Simplified Capital Framework and Greater Flexibility in Funding Operational Backstops**

The Final Rules simplify the capital framework for PPSIs, moving away from bank-specific regulatory capital concepts in favor of a measure based on tangible equity determined under U.S. GAAP. Minimum capital requirements would remain subject to OCC discretion, with a \$5 million floor, but the adopting release now provides guidance on the factors the OCC will consider in establishing individualized minimum capital requirements. The Final Rules do not make material changes to the NPR's requirement for an operational backstop of highly liquid and low risk assets, but clarify that the backstop can be funded up to 50% with qualifying long-term debt instruments.

### **Withdrawal of Excess Reserves**

The NPR generally would have permitted issuers to withdraw excess reserve assets only following their monthly reserve composition reports. The Final Rules remove that timing limitation and permit withdrawals following "appropriate due diligence and confirmation that the withdrawal would not cause the reserve asset value to fall below outstanding issuance value." The change will likely simplify ordinary-course liquidity and treasury management without displacing the issuer's obligation to maintain adequate reserves.

### **Application Process, Transitional Waivers and OCC Regulatory Discretion**

The Final Rules implement Section 5(f) of the GENIUS Act by allowing qualifying PPSI applicants with substantially complete applications pending by January 18, 2027 to request transitional waivers for up to 12 months where the OCC determines that relief would be in the public interest or justified by extraordinary circumstances. Although the waiver authority extends broadly to the GENIUS Act and Part 15, the OCC expects to use it only to provide waivers of the prior approval requirement for existing issuers that are awaiting approval, and not to provide waivers for *de novo* issuers awaiting approval or for substantive provisions of the Act. The OCC intends to begin accepting

applications and waiver requests as soon as reasonably possible following OMB approval of the relevant information collection and will announce the opening of the application process through an OCC bulletin.

As noted above, the Final Rules also contain a broad reservation of authority to waive or modify regulatory requirements or adopt alternative procedures as necessary to administer and carry out the GENIUS Act, “including with respect to ensuring financial stability, ensuring timely redemption of payment stablecoins, and protecting the claims of payment stablecoin holders.” The OCC states that this provision is required “in recognition of the nascent nature of the stablecoin industry and the novelty of the GENIUS Act framework.”

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## Key Takeaways for FPSIs

### FPSI Reserve Localization Requirements

The Final Rules provide additional clarity regarding the GENIUS Act requirement that FPSIs maintain reserves in the United States sufficient to meet the liquidity demands of U.S. customers. In particular, the OCC established four alternative methods for satisfying this requirement: (i) maintaining U.S.-located reserves equal to at least 50% of outstanding issuance value, provided the FPSI attests that less than 50% of its outstanding issuance value is held by payment stablecoin holders located in the United States; (ii) maintaining substantially all reserves in qualifying U.S. financial institutions; (iii) demonstrating on an ongoing basis that U.S.-located reserves are sufficient to meet timely redemption requests from U.S. customers under normal and stressed conditions, including maintaining a liquidity buffer where necessary; or (iv) obtaining the OCC’s prior approval of an alternative reserve management methodology. In the first three alternatives, U.S.-located reserves must be held in eligible financial institutions incorporated or organized in the United States, a formulation that excludes U.S. branches of foreign-incorporated banks.

The Final Rules have also simplified and clarified monthly reporting requirements for FPSIs. The Final Rules continue to require a monthly report on payment stablecoins held by U.S. customers, but the definition of *customer* has been narrowed to include only persons who purchase products or services directly from an issuer or request conversion, redemption, or repurchase directly from the issuer, and a customer’s status as a *United States customer* is determined by their residence (for an individual) or location of incorporation, organization or principal place of business (for legal entities) at the time of onboarding. These changes should reduce the burden on FPSIs by eliminating the need to track ownership of stablecoins across secondary market transactions among holders that have no relationship to the issuer. We note, however,

that the first approach to reserve localization described above requires an attestation regarding payment stablecoin *holders* located in the United States, not just customers, and so may only be available to FPSIs that have reasonable ability to understand where all holders of their stablecoins are located, including holders who acquire on the secondary market.

### **OCC Supervisory Authority and Reporting Requirements**

The OCC rejected comments suggesting that its supervisory authority over FPSIs is circumscribed under the Act, and the Final Rules retain the NPR's broad authority for the OCC to examine, supervise, access records, and require reports from FPSIs. Absent an applicable reciprocal arrangement or an exemption granted by the OCC, the Final Rules require FPSIs to comply with the same reporting requirements as PPSIs, including weekly confidential reporting and other periodic supervisory reports, as well as FPSI-specific reporting requirements. Although the OCC acknowledged the potential for duplicative home-country reporting obligations, it declined to establish a general mechanism permitting FPSIs to substitute home-country reports for reports required under the U.S. supervisory framework.

The adopting release acknowledges that OCC examinations will generally focus on an FPSI's U.S. activities and only on foreign activities to the extent relevant to U.S. operations. Still, the scope of OCC requests, potentially overlapping home-country requirements, and confidentiality considerations could remain consequential, particularly where foreign law restricts disclosure or information contains trade secrets or commercially sensitive data.

### **Supervisory Assessments**

The Final Rules adopt a more favorable supervisory assessment methodology for FPSIs than the approach contemplated in the NPR. Under the NPR, FPSIs generally would have been subject to an asset-based assessment methodology similar to that applicable to PPSIs, potentially resulting in assessments based on an FPSI's broader global stablecoin activities. The Final Rules instead adopt a cost-based methodology for FPSIs, under which assessments will be calculated based on anticipated supervisory and examination hours, applicable hourly rates, and an adjustment for indirect supervisory costs. The resulting distinction between assessments for PPSIs and for FPSIs may be particularly significant for foreign issuers with substantial global stablecoin operations but relatively limited U.S. activity, for which an asset-based methodology could result in assessments disproportionate to the OCC's relevant supervisory responsibilities. The OCC has indicated that it may revisit the FPSI assessment methodology as it gains experience supervising foreign issuers.

## **No Generally Applicable Capital Requirements for FPSIs**

The NPR requested comment on whether FPSIs should be subject to the same capital requirements as PPSIs. In the Final Rules, the OCC determined not to apply a generally applicable capital or operational backstop requirement directly on FPSIs. Instead, the OCC indicates that it may impose additional capital requirements on an FPSI's U.S. operations as a condition of registration, while recognizing that comparable home-country requirements may be sufficient in many circumstances. Because there is no express statutory authorization for the OCC to establish capital requirements for FPSIs, it appears the OCC is taking the view that it can require additional capital as a condition of registration based on the statutory factors the OCC is required to consider when reviewing registration requests, one of which includes a review of the financial resources of the U.S. operations of an FPSI.

## **No Express Transitional Waiver for FPSIs**

Under the Final Rules, FPSIs will not be eligible for the transitional waiver mechanism available for PPSIs, and one is not expressly provided by the Act. FPSIs must, therefore, obtain a Treasury comparability determination before registering with the OCC and issuing payment stablecoins in the United States. This creates a significant timing challenge for FPSIs, because Treasury has not yet established the framework for determining whether foreign regulatory regimes are comparable to the GENIUS Act, effectively preventing FPSIs from commencing the OCC registration process. Although the comparability framework and the creation of safe harbors for issuance under the Act are principally Treasury's responsibilities rather than the OCC's, the combination of that delay and the absence of statutory transitional relief could place foreign issuers at a significant competitive disadvantage when the Act first takes effect.

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## **Key Takeaways for OCC-Regulated Custodians and Reserve Holders**

### **Uninsured Foreign Bank Branches and Eligible Reserve Deposits**

The Final Rules will not consider deposits held at the uninsured U.S. branches of foreign banks as qualifying reserve assets for PPSIs, despite several comment letters arguing that the GENIUS Act should allow deposits at such branches to qualify to the same extent they qualify when held at a U.S.-insured bank. As many foreign banks have exclusively uninsured branches in the United States, the practical result is that foreign banks will generally be precluded from competing for PPSI payment stablecoin reserve deposits. Such branches would still be qualified custodians under the Act permitted to provide custody and safekeeping services for non-cash payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue permitted payment stablecoins, but cash received by an uninsured branch in connection with those services

and held as a deposit would not qualify as a permissible reserve asset. The OCC clarified, however, that responsibility for ensuring reserve asset eligibility rests with the issuer rather than the custodian.

### **Territorial Scope of Custody Rules**

The Final Rules clarify that the specific requirements of Section 10 of the Act and the Final Rules applicable to OCC-regulated custodians of “covered assets” apply only to assets associated with payment stablecoins that are offered, sold, or otherwise made available to persons in the United States. The change may provide more flexibility for OCC-regulated custodians with international custody businesses to operate free of GENIUS Act constraints with respect to payment stablecoins available only overseas. The change does not, however, explain how an OCC-regulated custodian should establish that a payment stablecoin is made available inside the United States, or how it might overlap with Treasury’s proposed interpretation of Section 3 to determine when foreign-issued stablecoins may be offered or sold by digital asset service providers in the United States.

### **Global Subcustody and Omnibus Accounts**

The Final Rules expand on the NPR’s provisions allowing OCC-regulated covered custodians to use eligible sub-custodians and omnibus accounts. They would expressly permit a covered custodian to maintain both its proprietary assets and its customers’ covered assets in an omnibus account at a downstream sub-custodian, subject to safeguards and internal controls designed to ensure that customer assets remain segregated from the sub-custodian’s proprietary assets. The OCC acknowledged that prohibiting such arrangements could disrupt established global custody practices without materially advancing customer-asset protections.

The Final Rules also clarify recordkeeping expectations for omnibus accounts, including the ability to identify covered assets and reconcile customer entitlements. These changes provide important operational flexibility for banks and other institutions offering stablecoin custody services, while preserving the issuer’s separate obligations to segregate payment stablecoin reserves.

### **Clarification of Custody Requirements for Payment Stablecoins Used as Collateral**

Section 10 of the GENIUS Act requires payment stablecoins used as collateral to be held by qualified custodians, but leaves unresolved the practical question of how a custodian would know whether stablecoins held in custody are being used as collateral. The Final Rules address this uncertainty by limiting the application of the custody requirements to payment stablecoins that the custodian has actual knowledge are being used as

collateral. In some circumstances, such knowledge may be readily apparent—for example, where a futures commission merchant deposits payment stablecoins received as customer margin for futures or swaps into segregated accounts pursuant to agreements acknowledging their status as customer property. In other commercial contexts, however, a custodian may have no visibility into whether stablecoins held in an account have been pledged as collateral, particularly where the custodian is not a party to a control agreement or other collateral arrangement. The OCC expressly rejected a constructive-knowledge standard, recognizing that it could impose burdensome due diligence obligations inconsistent with established custody practices.

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## Conclusion

The Final Rule’s overall approach is less prescriptive in several important respects than that of the NPR and it leans even more heavily on OCC supervisory judgment and case-specific implementation. For FPSIs in particular, Treasury comparability and the interaction of U.S. and home-country requirements remain important outstanding questions. How the OCC applies the Final Rules to commercial arrangements and global operations—and whether it pursues further refinements as market practices develop—will shape the practical significance of these accommodations.

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Please do not hesitate to contact us with any questions.



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



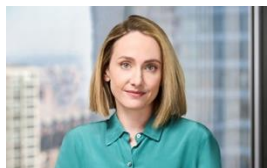
**Gregory J. Lyons**  
Partner, New York  
+1 212 909 6566  
gjlyons@debevoise.com



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



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



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



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



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



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



**Berk Guler**  
Associate, Washington, D.C.  
+1 202 383 8044  
bguler@debevoise.com



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

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