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Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency

Comment On: OCC-2025-0372-0001
Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency

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BAFT (Bankers Association for Finance and Trade)

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General Comment

See attached file(s)

Attachments

BAFT

April 30, 2026

Submitted via: Federal eRulemaking Portal – Regulations.gov: https://regulations.gov/

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 1E-216
Washington, DC 20219

Re: Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency
Docket ID: OCC-2025-0372

Dear Sir/Madam,

BAFT (Bankers Association for Finance and Trade) welcomes the opportunity to respond to the Request for Comment ("RFC") on **Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency**, **Docket ID OCC-2025-0372**, which was published on March 2, 2026.

BAFT is an international financial services industry association whose membership includes U.S. banks which range in asset size from G-SIBs to Regional Banks with less than $20 billion in assets, as well as a broad range of other financial institutions throughout the global community, many of which also operate within the United States. As a worldwide forum for analysis, discussion, and advocacy in international financial services, BAFT member banks provide leadership to build consensus in preserving the safe and efficient conduct of the financial system worldwide. BAFT closely monitors the impact that new regulatory initiatives could have on the provision of payment services and trade finance that support real economic commerce.

BAFT's key positions regarding the RFC, as detailed in this response, are as follows:

1. Are the definitions in the proposed rule appropriately scoped? How should they be improved?

No comment.

2. Should the OCC define "acting in concert" to clarify the term "principal shareholder?" For example, the OCC could define the term to mean (1) knowing participation in a joint activity or parallel action towards a common goal of acquiring control whether or not pursuant to an express agreement; or (2) a combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement, or other arrangement, whether written or otherwise. If the OCC should define the term, should the OCC incorporate any of the presumptions for acting in concert detailed in 12 CFR 5.50(f)(2)?

Yes, the OCC should define "acting in concert," with the definition drafted to avoid inadvertently capturing ordinary arm's-length commercial relationships between stablecoin issuers and their technology, custody, clearing, or compliance providers. Such relationships, when provided under standard written agreements at market rates with each party independently supervised and maintaining operational and financial independence, should not trigger control presumptions under the Change in Bank Control Act framework. The proposed two-prong definition would benefit from a rebuttable presumption of non-concert for such standardized commercial arrangements, preserving specialization and competition while still capturing genuine concerted control schemes.

3. Is the definition of "control" sufficiently clear? If not, how should the OCC further clarify the term? Should the OCC expressly incorporate any of the presumptions of control from the Bank Holding Company Act (or its implementing regulations), adapted to apply to permitted payment stablecoin issuers? Should the definition of control incorporate the concept of "acting in concert?" Should the definition incorporate any provisions from the regulations implementing the Change in Bank Control Act or consolidation under GAAP?

The Bank Holding Company Act's (BHC) rebuttable presumptions provide useful reference points but should be adapted rather than adopted wholesale. The clarity of the proposed rule would be improved by three stablecoin-specific refinements. First, ordinary operational coordination under standard commercial service agreements between an issuer and its technology, custody, or clearing providers should not constitute "controlling influence" where services are available to multiple unaffiliated issuers on comparable terms with each party independently regulated. Second, GAAP consolidation should be expressly declared non-dispositive for control analysis; venture-backed entities commonly consolidate for accounting purposes while maintaining separate regulatory identities. Third, the OCC should develop a stablecoin-specific control framework drawing selectively from BHC Act principles while recognizing features of the ecosystem (standardized service arrangements, protocol-embedded compliance, multi-issuer service models, etc.) that do not map cleanly onto traditional bank acquisition scenarios.

4. The term "customer" is broadly defined to mean a person that purchases (through any consideration) the products or services of another person. Is the scope of this definition too broad? With respect to customers of permitted payment stablecoin issuers, should the definition expressly include only persons with direct interactions with a permitted payment stablecoin issuer? Alternatively, should the definition include all downstream payment stablecoin holders (i.e., not just customers with direct interactions with the permitted stablecoin issuer)? Please address any significant impact or burden the proposed definition or contemplated alternative definitions may have or add given other requirements in the proposed rule, such as the customer notification requirements in proposed § 15.13. Because the term is used in several different contexts throughout the proposed rule, should the definition of "customer" be refined with respect to certain requirements (e.g., customer notification)?

Yes, the proposed definition is materially overbroad. A single "customer" definition cannot appropriately serve notification, redemption, AML, and insolvency-priority purposes simultaneously. The OCC should adopt a tiered framework. Tier 1: Direct Customers, who acquire stablecoins directly from the issuer and are known through the issuer's customer identification program, should receive full notification, redemption, and disclosure rights. Tier 2: Indirect Holders, who acquire through intermediaries and are known to the intermediary but not necessarily the issuer, should receive notification through the intermediary and redemption rights exercisable via the intermediary or directly upon identification. Tier 3: Transaction Beneficiaries, ultimate recipients who may never hold the stablecoins, have no direct notification or redemption rights but are protected by intermediary compliance obligations and Travel Rule data embedded in the transaction. For § 15.13 notification purposes, "customer" should refer to Tier 1 only; extending notification obligations to downstream beneficiaries would be operationally infeasible without enhancing consumer protection.

5. Section 2 of the GENIUS Act (12 U.S.C. 5901) does not define "depository institution." Is the definition of "depository institution" in the proposed rule sufficiently clear? Are there particular types of institutions for which it would be unclear whether the type of institution is a depository institution and which agency is the primary Federal payment stablecoin regulator for the type of institution? What additional clarifications would be helpful?

The OCC should clarify whether "depository institution" refers strictly to FDIC-insured institutions or extends to other charter types with deposit-like authorities. Providing explicit examples and a clear delineation of supervisory responsibility, especially in cases where institutions operate under hybrid or special-purpose charters, would promote consistent application of the rule and reduce the risk of regulatory gaps or overlapping oversight.

6. Is the scope of the term "digital asset" sufficiently clear? If not, how should it be clarified?

The scope of the term "digital asset" would benefit from additional clarification to ensure consistent application across supervisory, prudential, and consumer-protection contexts. As drafted, the definition may be interpreted too broadly, potentially capturing tokenized representations of traditional assets, internal settlement tokens, or other instruments that do not present the risks the GENIUS Act is intended to address. The OCC could strengthen clarity by explicitly distinguishing between (1) payment stablecoins covered by the rule, (2) tokenized deposits and other on-ledger bank liabilities, and (3) digital representations of traditional financial assets that do not function as standalone mediums of exchange. Providing clear exclusions and examples would reduce ambiguity, support consistent compliance, and ensure the rule focuses on the assets most relevant to financial-stability risk.

7. The proposed rule does not use the term "digital asset service provider." Is the scope of the term digital asset service provider under the statute sufficiently clear? If not, how should it be clarified? Are there specific activities that should be expressly excluded from digital asset service provider activities, consistent with the statutory definition? Should additional guidance on the exclusions from the definition of "digital asset service provider" or the meaning of "engaging in the business" of providing digital asset service provider activities be clarified? If so, how should the OCC further clarify these terms? Should the OCC clarify that only the provision of financial services that directly relate to digital asset issuance would result in an entity becoming a digital asset service provider?

The OCC should clarify that digital asset service providers (DASPs) supervised by a federal regulator shall, when acting in that capacity, have the authority to carry out the activities contemplated in the GENIUS Act definition of DASP without the need for further approval. The OCC should further enumerate the activities, including permitted financial services.

The OCC should clarify that the statutory exclusion for developers of distributed ledger protocols and self-custodial software interfaces extends to network infrastructure operators that do not take custody of digital assets, do not intermediate value, and do not exercise discretionary control over transfers, analogous in function to SWIFT in correspondent banking. The DASP perimeter should focus on entities exercising substantive control. Extending DASP status to infrastructure operators whose members are themselves regulated banks or licensed financial institutions duplicates supervision already covered by the June 2023 Interagency Guidance on Third-Party Relationships. "Engaging in the business" should be interpreted functionally, focused on substantive financial service activity rather than on the fact of operating on distributed ledger infrastructure.

8. Is the term "director" sufficiently clear, including with respect to Federal branches? How should the OCC further clarify the term?

The term is not sufficiently clear as applied to Federal branches. The OCC should clarify that branch-level senior officers are not automatically "directors" solely because they exercise local management authority. The distinction between corporate directors with fiduciary duties to the

institution's shareholders and branch managers executing policy under delegated authority from the head office should be preserved. For Federal branches seeking to issue stablecoins through a subsidiary, "director" should mean members of the subsidiary's board with binding governance authority, not the branch's country officer or regional manager. The OCC should also clarify that independent directors required for audit and risk committees under Section 4 need not be US citizens but must be subject to US jurisdiction for enforcement purposes.

9. Is the term "distributed ledger" sufficiently clear? Should the term "public digital ledger" be further clarified? What additional clarifications would be helpful? Should certain permissioned or semi-permissioned digital ledgers be considered "public?" If so, how should the definition of "public" delineate between different types of permissioned or semi-permissioned blockchains?

The rule should scope in stablecoins recorded on private-permissioned ledgers. The rule should clarify that payment stablecoins may be recorded on a private or permissioned network in which the layer 1 foundational technology is a public distributed ledger protocol.

10. Is the definition of "eligible financial institution" appropriately scoped? How could the term be further refined? Are there particular elements of the definition that should be excluded or should be addressed elsewhere in the proposed rule?

The definition is appropriately scoped in principle but would benefit from two refinements. First, the current definition focuses on regulatory supervision and contractual compliance but does not address technology and operational resilience. Entities holding reserve assets and private keys should demonstrate: (i) multi-layered custody architecture with segregated hot, warm, and cold wallet systems; (ii) hardware security module or multi-party computation key management; (iii) disaster recovery and business continuity protocols tested at least annually; and (iv) independent SOC 2 Type II audits. Reserve custody is a technology-risk discipline as much as a regulatory-compliance one. Second, the custody agreement requirement under section 10(b) should be supplemented with a public attestation requirement: eligible financial institutions should publish annually an independent auditor's report on their custody controls, available to all issuers they serve, to reduce duplicative due diligence and support market-based accountability.

11. Is the definition of "money" appropriately scoped? Should the OCC use the exact language of the statute, instead of using the proposed definition?

The OCC should not rely on the bare statutory language alone; the proposed expansion to expressly include "monetary value" and the commitment to issue public determinations represent material improvements. The public-determination mechanism would benefit from additional procedural structure: a defined review window (e.g., 60 days), a published request template, and a public registry of determinations issued. Without such structure, the mechanism risks becoming opaque rather than a predictable compliance framework. The OCC should also clarify that determinations issued are binding on all primary Federal payment stablecoin regulators to prevent interagency inconsistency.

12. Is the term "nonpublic personal information" appropriately scoped? How could the term be further refined or clarified?

The definition is overbroad as applied to the stablecoin ecosystem and should be refined to distinguish between retail customer relationships and institutional counterparty transactions. Under the current proposed definition, a PPSI settling transactions with another regulated financial institution would treat all information about that counterparty (wallet addresses, transaction volumes, corridor preferences, operational data) as "nonpublic personal information." This is anomalous: interbank settlement data has historically been governed by contractual confidentiality and commercial sensitivity frameworks, not by consumer-privacy regimes designed for retail financial relationships. The OCC should adopt a bifurcated approach. For retail customers (natural persons holding stablecoins for personal use), the current definition is appropriate and should be retained with full privacy protections, including data-use limitations applicable under Section 16 of the Act. For institutional counterparties (regulated banks, payment companies, and qualified financial institutions transacting with the issuer in a B2B capacity), information should be classified as "confidential counterparty information" rather than "nonpublic personal information" and protected by contractual non-disclosure obligations and standard banking confidentiality practices but not triggering the full consumer-privacy compliance apparatus. Travel Rule data transmitted as part of interbank settlement merits special treatment and should be subject to BSA/AML confidentiality frameworks rather than nonpublic personal information frameworks, ensuring compliance data flows freely to regulators without creating unintended privacy barriers.

13. The term "outstanding issuance value" refers to the total consolidated par value of all of an issuer's payment stablecoins. Should the definition also include the par value of non-consolidated affiliates? If so, what changes should be made to the reserve asset requirements to ensure 1:1 backing across all affiliated entities?

It is worth considering whether "outstanding issuance value" should be defined to also include the par value of payment stablecoins issued by non-consolidated affiliates. Otherwise, groups may be able to evade certain requirements of the GENIUS Act by structuring their stablecoin activities through multiple affiliated PPSIs.

14. Is the term "payment stablecoin" sufficiently clear? If not, how should the definition be amended to provide additional clarity as to whether a particular stablecoin is a "payment stablecoin" under the Act? Please describe the types of stablecoins that the OCC should clarify do not meet the definition of a "payment stablecoin" under the Act and therefore would be outside the scope of the Act's coverage. Should there be additional clarity around what it means that a payment stablecoin is a digital asset "that is, or is designed to be, used as a means of payment or settlement?" For example, are there certain settlement scenarios that the OCC should clarify are not "designed to be, used as a means of payment or settlement?"

The definition of "payment stablecoin" should encompass any stablecoin used to fund a payment mechanism (e.g., a card transaction), as such stablecoins are intended to be used in payments.

BAFT advocates for clarity on the legal model of a payment stablecoin in line with the 'debt model,' in which a payment stablecoin is defined as an obligation of the issuer.

Internal materials consistently define payment stablecoins by functional use as a means of payment or settlement with third parties outside a closed banking ecosystem. Clarification would be helpful to explicitly exclude algorithmic stablecoins, yield-bearing stablecoins, and tokens designed primarily for trading, liquidity pools, or internal settlement. Clarifying that 'means of payment or settlement' excludes internal netting, sandbox/test tokens, and closed-loop intra-group settlement would improve certainty.

15. Is the exclusion of a digital asset that "is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology" from the definition of "payment stablecoin" sufficiently clear? Should the OCC clarify which tokenized products this exclusion may apply to?

Internal guidance clearly treats tokenized deposits as deposits irrespective of whether DLT is used. Clarification would be helpful that the exclusion applies to tokenized current accounts, wholesale tokenized deposits, and intra-bank settlement tokens that remain on-balance-sheet bank liabilities and are subject to existing prudential and deposit frameworks.

The deposit exclusion should be clearly delineated. Tokenized current accounts, wholesale tokenized deposits, and similar instruments that remain bank liabilities subject to existing prudential frameworks should be within the exclusion. The OCC should confirm that closed-loop tokenized deposit arrangements offering payment services across multiple institutions cannot, through network design, function as payment stablecoin systems while avoiding the GENIUS Act's reserve, disclosure, and supervisory requirements. Both instrument categories can support the objective of keeping dollar liquidity within the United States banking system, and the framework should enable broad participation by banks of all sizes.

16. Section 2 of the GENIUS Act (12 U.S.C. 5901) does not exclude insured shares from the definition of "payment stablecoin." Should insured shares be excluded in the implementing regulations?

The exclusion is conceptually sound but insufficiently clear in scope. The OCC should clarify that it applies to tokenized deposits issued by insured depository institutions that maintain 1:1 backing with traditional fiat deposits held on the institution's balance sheet, not to digital representations issued by non-bank entities that merely denominate their liabilities in dollars. The critical distinction is regulatory backing: a tokenized deposit is FDIC-insured (or NCUA-insured) and subject to existing prudential regulation; a payment stablecoin is neither. The OCC should publish a non-exhaustive list of tokenized products within the exclusion: tokenized demand deposits, tokenized savings deposits, tokenized certificates of deposit, and tokenized money market deposit

accounts. The exclusion should not extend to digital representations of wholesale funding instruments or to liabilities of non-depository institutions. Products marketed as "tokenized deposits" but issued by entities without deposit insurance or bank regulatory supervision should be treated as payment stablecoins subject to the full requirements of the Act.

17. Is the term "permitted payment stablecoin issuer" sufficiently clear? How should the definition be amended to provide additional clarity as to whether a particular entity issues a payment stablecoin and is subject to the requirements of the GENIUS Act?

The definition of "permitted payment stablecoin issuer" (PPSI) would benefit from additional clarity regarding the status of federally licensed U.S. branches or agencies of foreign banks. In particular, the rule should clarify that an uninsured federal branch or agency that is subject to OCC supervision and comprehensive consolidated supervision by its home-country regulator may qualify as a PPSI without the need to operate through a separately capitalized U.S. subsidiary.

Internal regulatory analysis and prior market experience indicate that other major jurisdictions, including the United Kingdom and Hong Kong, recognize the standing of foreign bank branches where supervisory outcomes and governance standards are equivalent to those applied to domestic banks. Internal materials emphasize that regulatory treatment should be based on supervisory effectiveness and risk management outcomes rather than corporate form alone. Clarifying this point would promote consistency with international practice, avoid unnecessary structural duplication, and support safe participation by well-supervised global banks.

18. Is the term "person" sufficiently clear? Should the OCC further clarify the definition, including with respect to the meaning of "association" or other components of the definition?

The term is not sufficiently clear for the stablecoin ecosystem. The OCC should clarify the meaning of "association" to distinguish between governable legal entities and technical protocol consortia that lack collective decision-making authority over issuer operations. Under the current proposed definition, a network of regulated banks and technology providers that jointly access standardized settlement infrastructure — each independently supervised, connected via standardized APIs, with no shared balance sheet or unified governance board — could theoretically be classified as an "association," triggering collective control analysis and BHC Act implications for relationships that are purely operational and contractual. "Association" should require: (i) a formal organizational structure with collective governance mechanisms and binding decision-making authority; (ii) shared economic purpose evidenced by pooled capital or profit-sharing arrangements; and (iii) coordinated action toward a common commercial objective beyond mere technical interoperability. Entities connecting to shared infrastructure under arm's-length service agreements, each retaining independent operational and regulatory status, should not meet this definition. The OCC should also address algorithmically governed protocols: such protocols should not be treated as "persons" or "associations" for control purposes; rather, the entities that deploy, maintain, and hold administrative override capability should be identified as the relevant regulated persons.

19. Is the term "private key" sufficiently clear? How could the term be further clarified? Should the OCC define the term to mean the unique alphanumeric sequence that allows an individual to prove ownership of an account on a distributed ledger, including for the purpose of transferring a particular unit of a digital asset?

The term should be further clarified and tied to key-management infrastructure standards, not merely defined as an alphanumeric sequence. A string of characters without context says nothing about how it is generated, stored, used, or protected, and for stablecoin reserve custody, those operational dimensions determine security. The OCC should adopt a two-layer definition. Core definition: a private key is a cryptographic credential that enables the holder to sign transactions on a distributed ledger, thereby demonstrating control over associated digital assets. Custody-grade key management: for entities providing custodial services under section 10, the OCC should require private keys to be managed in accordance with institutional key-management standards, including (i) multi-party computation or hardware security module generation and storage; (ii) geographic distribution of key shards with no single point of compromise; (iii) role-based access controls requiring M-of-N authorization for any signing operation; (iv) automated key-rotation protocols; and (v) independent audit of key-management controls on at least an annual basis. This tiered framework allows non-custodial users to manage keys as they choose while permitted custodians must meet objective, auditable infrastructure standards. The OCC should also clarify that administrative override keys, which are used to freeze, redirect, or recover assets under regulatory order, constitute a distinct category subject to enhanced controls including dual-control protocols and real-time regulatory notification.

20. Should the definition of "principal shareholder" or any other definitions explicitly incorporate governance instruments other than securities providing voting rights with respect to the activities of the issuer? In particular, are there governance instruments that may not qualify as securities that the OCC should incorporate or instruments common to partnerships that the OCC should consider incorporating?

Yes, the definition of "principal shareholder" should explicitly address non-security governance instruments that provide influence over issuer operations, with a distinction between financial governance and technical or operational governance. Financial governance instruments, such as profit-sharing agreements, liquidation preferences, reserve composition veto provisions, and redemption policy approval rights, directly affect the safety and soundness of stablecoin issuance and should be included in the control analysis regardless of whether they are securities under the Howey test. Technical or operational governance instruments (protocol upgrade participation rights, compliance parameter calibration, node admission standards) are operational tools typically distributed across multiple independent participants in a network and should not automatically trigger control presumptions. Treating every technical governance right as evidence of control would discourage open-architecture models, concentrate risk by incentivizing issuers to internalize all technical functions, and deter participation by independent providers whose specialization supports system resilience. For partnership structures, the OCC should similarly

distinguish between general partnership interests (including financial governance, included in control analysis) and limited partnership or profit interests without governance authority (not included).

21. Is the term "senior management" as used in proposed part 15 sufficiently clear? Should the OCC define the term, for example, to include all or a select subset of executive officers?

The term "senior management" in proposed part 15 would benefit from additional clarification to ensure consistent application across institutions of different sizes and governance structures. Without a clear definition, it may be unclear whether the term encompasses all executive officers, only those with direct responsibility for stablecoin-related activities, or a narrower subset of individuals with risk, compliance, and operational authority. To promote uniform expectations, the OCC should define "senior management" to include executive officers with responsibility for risk management, operations, finance, compliance, and technology functions relevant to permitted payment stablecoin activities, while allowing institutions to map titles and roles to this definition based on their organizational structure. This would reduce ambiguity and ensure accountability is appropriately assigned.

22. The GENIUS Act does not define "stablecoin holder." Should the OCC define the term? If so, should the OCC define the term to mean the person that beneficially owns the payment stablecoin? Should the OCC instead define the term based on possession via digital wallets or control of cryptographic keys? What considerations relating to custody should the OCC bear in mind if it chooses to define the term? What interactions with other requirements in the proposed rule should the OCC consider if it chooses to define the term?

The OCC should consider interactions with state property laws in defining ownership of payment stablecoins and any limitations of federal preemption in that respect.

23. Should the OCC refine the definition of trading volume? Should the term be limited to trades that occur on exchanges? Should it include transactions that occur outside of an exchange? Should the OCC define "exchange" for purposes of this definition? If so, should the OCC define it to mean a person engaged in the business of making a market in digital assets (including payment stablecoins)? Should any definition include decentralized exchanges? What impediments are there to permitted payment stablecoin issuers collecting data concerning trading volume?

Yes, the definition should be refined to distinguish exchange-based trading volume from settlement-based volume. These metrics serve different regulatory purposes. Exchange-based volume occurs where stablecoins are bought and sold (often for speculative purposes) and is relevant to market manipulation surveillance. Settlement-based volume occurs when stablecoins serve as payment rails for underlying transactions, such as cross-border remittances, interbank transfers, trade finance. Counting a large interbank transfer as "trading volume" would be analytically misleading. The OCC should define "trading volume" narrowly as transactions where the stablecoin itself is the asset being exchanged on exchanges, OTC desks, and comparable

venues, and should create a separate reporting category for "settlement volume." "Exchange" should cover any person engaged in facilitating the purchase and sale of digital assets for consideration, expressly excluding clearing and settlement operations between regulated institutions that do not take proprietary positions. On decentralized exchanges, issuers face material impediments to collecting volume data due to pseudonymous on-chain addresses; the OCC should not impose obligations issuers are technically incapable of meeting, and should instead develop blockchain analytics partnerships to supplement issuer-reported data.

24. Should the OCC define United States customer to mean a customer that resides in the United States, as proposed, or use a different definition? For example, should the definition be limited to United States citizens or include both citizens and residents of the United States? Should the definition be limited to permanent residents of the United States?

The proposed definition - "a customer that resides in the United States" - is appropriately narrow but requires three refinements. First, "resides" should be defined with a 90-day physical presence test in any rolling 12-month period, supplemented by indicia: US mailing address, tax identification number, or bank account. Conversely, a rebuttable presumption should apply that a US citizen residing abroad for more than 183 days is not a "United States customer" unless they maintain US domicile or tax residency. Second, the definition should not be limited to citizens or permanent residents. Stablecoins function as payment instruments, and the US payment system includes temporary residents, visa holders, and authorized workers. A residence-based standard better serves the Act's objectives. Third, for institutional customers, the definition should pivot to "organized under US law or having its principal place of business in the United States." A foreign-domiciled fund with a US-based manager should be treated as a US customer for reserve custody purposes but not for consumer-privacy restrictions. The OCC should also clarify that a customer residing in the US but accessing stablecoins through a foreign-qualified intermediary remains a US customer of the ultimate issuer, with notification obligations flowing through the intermediary chain.

25. Are there activities not contemplated in proposed § 15.10 that permitted payment stablecoin issuers must be able to engage in for purposes of the GENIUS Act? If so, please describe them and any appropriate limits for these additional activities.

Generally speaking, there should not be opportunities for payments regulatory arbitrage through the use of payment stablecoins: If the payment activity is the same as a traditional method, then the same regulation should apply.

Prior regulatory responses support a narrow, activity-linked approach. Activities incidental to issuance and redemption, operational resilience, liquidity management, compliance, and customer support may be necessary. Any additional activities should be closely connected to stablecoin issuance and subject to clear limits to avoid scope creep.

While the combination of 15.10(a) and 16(b) attempts to provide controlled flexibility, it’s important to ensure it does not introduce loopholes / turn into unregulated expansion into riskier activities.

There are a host of services that "directly support" payment stablecoin issuance. Some have no clear analogue in traditional banking (hosted multi-asset wallets, key management , node validators, smart contract management). These may introduce novel operational, technological, and financial risks. While it may not be possible to create an exhaustive list of permitted activities, we recommend defining risk management and control framework for new services which introduce novel risks, ensuring that new services directly support core functions, follow consistent safety and soundness standards including ops resiliency, cybersecurity, liquidity management , third party due-diligence and governance. Activities functionally equivalent to traditional banking services are subject to the same regulatory standards and supervisory expectations.

26. Should the OCC clarify that a permitted payment stablecoin issuer may retain an asset manager under a separately managed account under proposed § 15.10(a)(8)?

Yes, the OCC should explicitly clarify that PPSIs may retain SEC-registered investment advisers to manage reserve assets under separately managed accounts. Reserve management requires specialized expertise in short-duration fixed income, liquidity analysis, and regulatory compliance that many bank treasury departments do not maintain in-house. Without express permission, issuers may either manage reserves sub optimally or internalize functions better performed by specialists. The OCC should impose three conditions: (i) the asset manager must be SEC-registered and subject to the Investment Advisers Act fiduciary standard; (ii) the SMA must be structured so reserve assets remain the property of the issuer and are not commingled with other client assets; and (iii) the issuer must maintain real-time visibility into reserve composition and liquidity positioning. The asset manager should not be permitted to exercise discretion over redemption timing or to substitute reserve assets without issuer pre-approval. These safeguards preserve the operational efficiency benefits of specialized management without compromising issuer accountability for reserve safety and redemption capacity.

27. Are there other limits or conditions the OCC should consider with respect to payment stablecoin issuers acting as principal or agent with respect to any payment stablecoin? Should the OCC specify the activities contemplated under the GENIUS Act for which a permitted payment stablecoin issuer may act as principal or agent in payment stablecoins under section 16(b) of the Act (12 U.S.C. 5915(b))?

The language in 16 B is currently quite broad to be useful. OCC should outline a list of permitted activities (Issuance and redemption, custody of reserves, wallet services, settlement and payment processing), distinguish clearly between principal and agent roles and tie each activity to risk controls (capital, liquidity, operational risk). Without that specificity, §16(b) doesn't achieve its purpose of regulatory clarity.

OCC should:

- Clarify whether non-hosted/external wallets are permissible and set clear boundaries to keep payment control within the regulated entity.

- Clarify how reserve requirements apply to embedded payments, including virtual account structures.

- Clarify virtual accounts are “for benefit of” arrangements: no direct customer relationship with the reserve-holding bank; the issuer/intermediary remains the counterparty.

- Clarify no deposit or pass-through insurance for stablecoin holders unless explicitly structured and disclosed

28. Do permitted payment stablecoin issuers need to hold crypto-assets other than payment stablecoins for other purposes beyond paying transaction fees or testing a distributed ledger? If so, under what circumstances would a permitted payment stablecoin issuer need to hold such assets?

Internal precedent supports holding non-stablecoin crypto-assets only where operationally necessary, such as paying network fees or DLT testing. Holdings should be temporary, purpose-limited, non-speculative, and capped based on reasonably expected near-term operational demand.

Overly restrictive limits could stifle innovation, hinder adoption, and create operational inefficiencies. In particular, payment stablecoin issuers may need to hold certain crypto assets to support specific operational activities (e.g., gas fees).

The Office of the Comptroller of the Currency (OCC) should consider permitting broader asset holdings within well-defined, ring-fenced conditions that safeguard reserve integrity and prevent spillover or contagion risks. For example:

- Clear segregation between reserve assets and non-reserve assets;
- Capital requirements applied to non-reserve holdings;
- Quantitative limits on higher-risk exposures; and
- Robust liquidity frameworks and stress testing requirements

Additionally, regulators should establish clear parameters for categorizing issuer risk (e.g., low, medium, high). This includes defining thresholds for non-core risk exposure - specifically, how much non-core activity can be undertaken before a payment stablecoin issuer is no longer considered a low-risk or narrowly focused entity.

Limits on crypto asset holdings should be aligned with anticipated operational use, supported by appropriate buffers, caps, and risk management requirements.

29. Should the final rule include specific provisions addressing an issuer's holding of non-payment stablecoin crypto-assets to pay transaction fees, such as limitations on the amount of non-payment stablecoin crypto-assets that a permitted payment stablecoin issuer may hold at any time? If so, how should those limits be calibrated? Should any limit be based on anticipated fees, a percentage of assets, or be set at a certain value threshold?

See above comment in Question #29.

30. Should there be any limit on what methods of payment a permitted payment stablecoin issuer can accept when assessing fees, including fees associated with the purchasing or redeeming of stablecoins? Should the final rule include provisions addressing a permitted payment stablecoin issuer's potential assessment of fees in crypto-assets other than payment stablecoins and how long issuers can hold onto such crypto-assets? Are there specific forms of payment outside of fiat and payment stablecoin that permitted payment stablecoin issuers will need to accept that the OCC should provide additional clarity on?

Flexibility may be needed to accept limited non-fiat methods (e.g., network tokens) for operational reasons. Clear limits on duration and amount held, along with prohibitions on speculative retention, would mitigate risk. No broader obligation to accept additional crypto-assets beyond operational necessity is indicated.

Even operational crypto exposure (fees, holdings) can create contagion channels. Suggest the approach be consistent with international standards and guidance outlined in the Financial Stability Board's "High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements" (July 2023), which emphasizes that stablecoins with potential systemic reach should be subject to comprehensive, bank-like risk safeguards and supervision across the entire arrangement, not solely at the reserve level. Any crypto exposure outside reserves should be incidental, temporary, and operational only, not a source of profit, investment strategy, or balance sheet risk. This approach would align with the FSB's principle that systemic stablecoin arrangements should be regulated in a manner consistent with their risk profile and potential cross-border financial stability implications.

31. Should the OCC include an approval process for the activities listed in the Section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)), including digital asset service provider activities and activities incidental to payment stablecoin activities or digital asset service provider activities?

The OCC should clarify that digital asset service providers (DASPs) supervised by a federal regulator shall, when acting in that capacity, have the authority to carry out the activities contemplated in the GENIUS Act definition of DASP without the need for further approval. The OCC should further enumerate the activities, including permitted financial services.

Prior regulatory engagement supports supervisory approval for digital asset service provider activities and other incidental activities to ensure alignment with safety, soundness, and consumer protection objectives. Leveraging existing approval frameworks would reduce duplication.

32. Should the OCC clarify proposed § 15.10(a)(8) by providing specific examples of activities that directly support the activities in proposed § 15.10(a)(1) through (4)? Are there specific examples of activities that directly support the activities in proposed § 15.10(a)(1) through (4) that should be clarified? Should the OCC distinguish between what it means for an activity to

directly support the activities in proposed § 15.10(a)(1) through (4), and therefore, satisfy the test in proposed § 15.10(a)(8) as opposed to what it means for an activity to be incidental to the activities in proposed § 15.10(a)(1) through (7) provided in section 4(a)(7)(B) of the GENIUS Act? Should the OCC provide an approval process related to digital asset service provider activities and/or incidental activities?

The OCC should clarify any differences between the limitations on permitted activities applicable to PPSIs and permitted activities of DASPs.

33. The proposed rule would permit a permitted payment stablecoin issuer to hold non-payment stablecoin crypto-assets to pay certain fees (e.g., network fees). Should the rule include an express limitation on the amount of such crypto-assets that the permitted payment stablecoin issuer may hold? For example, the rule could provide that the amount of such crypto-assets may not exceed reasonably expected near-term demand.

BAFT members support explicit quantitative or purpose-based limits, such as holdings not exceeding reasonably expected near-term operational demand. This approach aligns with proportional risk management practices seen in other jurisdictions.

34. Should the OCC explicitly provide that managing foreign exchange risk is a permissible activity for the issuers of stablecoins that are not denominated in the United States dollar? If so, should the OCC include limitations on the activity (e.g., that the permitted payment stablecoin issuer may not over-hedge its position and may not use foreign exchange risk management as a pretext to engage in speculation)? If the OCC permits this activity, what requirements should the OCC impose to mitigate risks? For example, should there be a capital add-on for foreign exchange risk?

The OCC's question addresses FX risk management for US-chartered PPSIs issuing non-USD stablecoins. BAFT offers two observations. First, the category of US-chartered non-USD PPSIs appears structurally limited to banks with pre-existing global operations and non-USD funding bases; smaller US banks typically operate with USD deposit and lending bases and would face substantial cost and infrastructure barriers to non-USD issuance. BAFT respectfully suggests the OCC consider whether that concentration outcome is intended. Second, and more broadly, Q34 reflects one specific mechanism by which FX considerations enter the regulated stablecoin ecosystem. A larger share of FX-related activity flows through a different mechanism: cross-border transactions where a USD stablecoin and a non-USD stablecoin issued under a foreign regulatory regime interoperate through on-chain swaps or off-chain fiat FX. In that configuration, FX exposure sits with the market participant executing the conversion, not with the US PPSI, and the matter is more appropriately addressed through the foreign-issuer registration framework under Section 18 and through interoperability standards. On the specific prudential design of FX risk management for US-chartered non-USD PPSIs, BAFT defers to commenters with direct operational and balance-sheet exposure.

35. Could the prohibition against paying interest or yield solely in connection with the holding or use of a permitted payment stablecoin be clarified? If so, how? Would it be helpful to include a de minimis exception to the prohibition to provide certainty with respect to arrangements that are not designed to violate the prohibition and that do not have a meaningful economic impact? If so, is there any specific guidance the OCC should provide on what de minimis means?

In line with the industry's extensive discussions on this issue, BAFT favors as broad and clear a prohibition on the indirect payment of interest, yield, rewards, etc. as possible.

BAFT also supports clear bank on indirect payment of yield/interest/rewards - consistent with industry consensus.

36. Does the presumption with respect to the prohibition against paying interest or yield solely in connection with the holding, use, or retention of a permitted payment stablecoin appropriately address concerns relating to evasion? Is the presumption with respect to the prohibition against paying interest or yield solely in connection with the holding, use, or retention of a permitted payment stablecoin appropriately scoped? Is the presumption sufficiently clear? How could the presumption be clarified? Should the OCC clarify the standard of review under which it would consider written materials to rebut the presumption related to interest or yield and specify whether the OCC's determination is appealable? Should the OCC propose any safe harbor for arrangements that the OCC believes do not violate the statutory prohibition?

In line with the industry's extensive discussions on this issue, BAFT favors as broad and clear a prohibition on the indirect payment of interest, yield, rewards, etc. as possible.

The OCC should provide clarity around or examples of arrangements that could be considered evasion of statutory restrictions. The NPR includes a general anti-evasion provision (15.10(c)(6)) but doesn't offer broader examples beyond the yield/interest context, leaving uncertainty regarding what other "arrangements" might be deemed evasive.

BAFT supports clear bank on indirect payment of yield/interest/rewards - consistent with industry consensus.

The following loopholes should be noted:

- Marketing & promotional rewards;
- Partnership or affiliate platforms;
- Non-resident holder gap;
- Bundled rewards (not “solely” holding);
- Indirect tokenomics; and
- “Cash-back” style incentives

37. Should the prohibition on interest and yield in proposed § 15.10(c)(4) be broader to prevent issuers from directly or indirectly paying interest or yield to payment stablecoin holders (rather than presuming that certain arrangements with affiliates or related third parties violate the prohibition)? Are there examples of potentially evasive behavior that the OCC should expressly include in a prohibition? If the OCC were to expand the prohibition, are there activities that should be expressly carved out of such an expansion?

In line with the industry's extensive discussions on this issue, BAFT favors a broad and clear prohibition on the indirect payment of interest, yield, rewards, etc.

Internal materials highlight risks where economic benefits replicate interest-like outcomes. A broader prohibition covering direct and indirect economic equivalents, including affiliate-funded rewards or reserve-income-funded incentives, would enhance clarity. Non-financial loyalty benefits and fee rebates unrelated to balances could be carved out.

BAFT supports a clear ban and prohibition on indirect payment of yield/interest/rewards - consistent with industry consensus.

38. Should the prohibition on interest and yield in proposed § 15.10(c)(4) clarify the terms "pay," "interest," "yield," "solely," or any other terms? If so, what clarifications would be helpful? What types of rewards, if any, should be subject to the prohibition?

In line with the industry's extensive discussions on this issue, BAFT favors a broad and clear prohibition on the indirect payment of interest, yield, rewards, etc.

BAFT supports clear ban and prohibition on indirect payment of yield/interest/rewards - consistent with industry consensus.

BAFT asks for clarification on §15.10(c)(4) as an economic-substance, anti-circumvention standard: prohibit any return linked to stablecoin holding or use, regardless of label, structure, payment channel, or contract terms, and avoid detailed lists that create arbitrage opportunities.

39. What would the economic impact of a narrow prohibition on paying interest or yield solely in connection with the holding, use or retention of a payment stablecoin be relative to a broader prohibition (i.e., one that includes relationships with affiliates or third parties)? What impact would either prohibition have on bank deposits?

In line with the industry's extensive discussions on this issue, BAFT favors a broad and clear prohibition on the indirect payment of interest, yield, rewards, etc.

BAFT supports clear ban and prohibition on indirect payment of yield/interest/rewards - consistent with industry consensus, as well as a broad prohibition that ensures consistent competition, prevents distribution-layer arbitrage, and avoids retail deposits being diverted into less regulated stablecoin channels, protecting insured deposits and a level playing field.

40. Is the scope of the prohibition against pledging, rehypothecating, or reusing reserve assets sufficiently clear? Are there specific types of transactions, relationships, or structures for which it would be helpful to clarify whether the prohibition applies? For example, should the OCC clarify whether the prohibition would prevent establishing a collateral trustee that would hold a security interest in reserve assets for the benefit of stablecoin holders? What arguments weigh for and against finding that the prohibition would prohibit these arrangements? If a permitted payment stablecoin issuer sets up a collateral trustee arrangement where the issuer grants a security interest in the reserve assets, does this arrangement sufficiently protect the reserve assets in the event of insolvency or bankruptcy? Should a permitted payment stablecoin issuer be required to make particular disclosures if it uses such an arrangement? What should those disclosures include?

The prohibition is sufficiently clear as a general principle but requires clarification for collateral trustee structures. The OCC should expressly permit collateral trustee arrangements where the issuer grants a perfected security interest in reserve assets to an independent trustee for the benefit of stablecoin holders, provided four conditions are met: (i) the trustee is a regulated entity subject to Federal or state banking agency supervision; (ii) the security interest is perfected under Article 9 of the Uniform Commercial Code and is not subordinated to any creditor of the issuer; (iii) the issuer retains no unilateral right to withdraw or substitute reserve assets without trustee consent; and (iv) the trustee has a statutory duty to liquidate reserve assets and distribute proceeds to holders upon issuer insolvency. Such arrangements strengthen holder protection by creating a bankruptcy-remote interest insulated from issuer creditor claims. The OCC should require issuers using collateral trustees to disclose the identity and regulatory status of the trustee, the scope of the security interest, the process for holder claims against the trust, and any fees deducted from reserve income for trustee services.

41. Should the OCC specify what "creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins" means under proposed § 15.10(c)(5)(iii)? Should the OCC pre-approve repurchase agreements by rule as proposed in § 15.10(c)(5)(iii)(B)? Alternatively, should the OCC allow for broad and open-ended approvals of the sale of reserves as purchased securities in repurchase agreements or should approvals be limited to specific types of transactions? What factors should the OCC consider prior to granting approval of the sale of reserves as purchased securities in repurchase agreements under proposed § 15.10(c)(5)(iii)(B)?

The OCC should clarify that "creating liquidity to meet reasonable redemption expectations" means maintaining a portfolio of reserve assets that can be monetized within T+1 under normal market conditions and within T+0 under stressed conditions. This standard should be calibrated to the issuer's historical redemption velocity and stress-tested against scenarios including 10% daily net outflows. On repurchase agreements, the OCC should pre-approve repos collateralized by short-term Treasury securities and overnight reverse repos with the Federal Reserve by rule, as these instruments present minimal credit and liquidity risk. For repos collateralized by other permitted reserve assets, the OCC should grant broad but bounded approval: repos with primary dealers and investment-grade banks, with haircuts of at least 2% for Treasuries and 5% for agency

securities, and maximum tenor of 30 days. The OCC should consider (i) counterparty credit quality and regulatory status; (ii) collateral liquidity and price transparency; and (iii) the issuer's demonstrated capability to manage repo rollovers and collateral substitution. Repos with non-bank counterparties, leveraged structures, or non-standard collateral should require case-by-case approval.

42. Should permitted payment stablecoin issuers be required to provide disclosures stating that stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States? If so, should the OCC impose any requirements on the manner in which disclosures are made? For example, should the OCC require that disclosures be made on the permitted payment stablecoin issuer's website, at point of direct sale by the issuer, alongside other types of disclosures, or in some other manner?

It would be helpful for the OCC to provide sample disclaimers or representations that it would consider to be sufficiently clear in terms of mitigating misrepresentation risk. While the proposed rule mentions that a PPSI may not cure defects through a general disclaimer, it would be helpful to understand what factors the OCC would consider (clear, conspicuous placement; affirmative consent; etc.).

43. Is any further clarity needed regarding the prohibition on the use of deceptive names, marketing, and representations in proposed § 15.10(c)(1) through (3)? For example, should the OCC specify what kind of images or branding are likely to violate the prohibition? Should the OCC require permitted payment stablecoin issuers to affirmatively state that payment stablecoins are not legal tender, issued by the United State, or guaranteed or approved by the Government of the United States? Should the OCC explicitly require permitted payment stablecoin issuers to disclose that payment stablecoins are not subject to depositor share insurance?

It would be helpful for the OCC to provide sample disclaimers or representations that it would consider to be sufficiently clear in terms of mitigating misrepresentation risk. While the proposed rule mentions that a PPSI may not cure defects through a general disclaimer, it would be helpful to understand what factors the OCC would consider (clear, conspicuous placement; affirmative consent; etc.).

44. Sec. 4(a)(1)(A)(vi) includes "securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v)" as eligible reserve assets for payment stablecoins issued by permitted payment stablecoin issuers. However, many or all Government money market funds are investment companies registered under section 8(a) of the Investment Company Act of 1940. Should the provision relating to securities issued by investment companies registered under section 8(a) of the Investment Company Act, or other registered Government money market funds, be clarified? Does section 4(a)(1)(A)(vi) permit securities issued by

investment companies registered under section 8(a) of the Investment Company Act of 1940 that are not Government money market funds to be reserve assets for payment stablecoins issued by permitted payment stablecoin issuers? Are there any registered Government money market funds that are not investment companies registered under section 8(a) of the Investment Company Act? Does section 4(a)(1)(A)(vi) permit securities issued by registered Government money market funds that are not registered under section 8(a) of the Investment Company Act to be reserve assets for payment stablecoins issued by permitted payment stablecoin issuers?

Yes, this provision should be clarified. For reserve eligibility, the rule should make clear that the qualifying fund must be a government money market fund operated under Rule 2a-7, not merely any investment company registered under Section 8(a) of the Investment Company Act of 1940. Under US law, money market funds are registered open-end management investment companies that file under the Investment Company Act, and a "government money market fund" is a defined subset that must invest at least 99.5% of total assets in cash, government securities, or fully collateralized government repos. Using "Section 8(a)-registered investment company" without tying eligibility to Rule 2a-7 government-fund status risks over-inclusion. The safest drafting is therefore that only Rule 2a-7 government money market funds whose portfolios are limited to GENIUS Act-permitted underlying assets should qualify. That is the narrowest and least contestable reading, and it best aligns with the Act's high-quality and high-liquidity reserve objective.

45. Should the provisions relating to repurchase agreements and reverse repurchase agreements be clarified? For example, should the OCC provide that deposits can serve as collateral for repurchase agreements? If so, what limitations, if any, should the OCC include with respect to the use of deposits as collateral?

The final rule should not impose additional mandatory buffers or haircuts beyond the statutory 1:1 par backing for repo and reverse repo positions. Temporary fair-value haircuts on short-duration Treasuries or repo collateral during rate volatility could force procyclical asset sales reminiscent of recent bank stress episodes. The rule should permit amortized cost valuation for assets with remaining maturity of 90 days or less, with a presumption of compliance for simpler portfolios held by smaller or bank-affiliated PPSIs operating under consolidated prudential supervision.

46. Should the proposed rule require a buffer or impose haircuts on certain reserve assets to ensure that reserve asset values do not fall below outstanding issuance values? The GENIUS Act requires permitted payment stablecoin issuers to maintain identifiable reserves "on an at least 1 to 1 basis." What measures should the proposed rule include to ensure that issuers are able to maintain this minimum? Without a buffer or other measures, the fair value of a permitted payment stablecoin issuer's reserve assets could fall below the required minimum if there are, for example, sudden increases in interest rates. While proposed § 15.13(a)(3)(i) would include a requirement to manage interest rate risk, should there be a more express requirement for a buffer (for example, 1% of reserve assets)? For example, the proposed rule

could require permitted payment stablecoin issuers to maintain an amount of reserve assets sufficient to stay above the outstanding issuance value in light of risks facing the permitted payment stablecoin issuer, including interest rate risk and risks associated with the capability to access and monetize reserve assets. Are there other considerations the OCC should take into account if it chose to calibrate such a buffer? As an alternative to requiring such a buffer, should the OCC provide guidance on what level of buffer is generally appropriate as a matter of prudent risk management?

The final rule should not impose mandatory buffers or haircuts beyond the statutory 1:1 par backing. Temporary fair-value fluctuations on short-duration, high-quality reserve assets could force procyclical behavior reminiscent of recent bank stress episodes. The rule should permit amortized cost valuation (with impairment testing and maturity limits) for reserves held to meet redemption obligations, particularly for the simpler reserve portfolios maintained by regional and smaller community banks holding stablecoin reserves in-house.

In other words:

- Keep the 1:1 reserve rule, but require continuous, bank-grade controls and verification consistent with prudential standards.

- Mandate robust internal controls (independent validation, segregation of duties, dual/multi-party approvals, strong governance over issuance systems; SOX/Basel-aligned).

- Require frequent, standardized reconciliation of issuance vs reserves, with independent assurance and, where appropriate, automated/real-time monitoring to prevent operational mismatches.

47. Should the OCC expressly require that a certain percentage of reserve assets be held in custody either at an affiliate or at a third party? What are the potential costs and benefits of this approach, including with respect to operational risk?

Non-bank PPSIs should generally be prohibited from self-custody of reserve assets. By setting fixed custody percentages, it adds constraints and can increase concentration risk. also, a risk-based custody framework should be required.

48. Is the term "deposits or insured shares payable on demand" sufficiently clear? If not, how should the OCC clarify the term (i.e., what types of accounts should expressly be included within the term)?

The OCC should make it as clear as possible in the regulatory text that reserves in the form of cash can be held as a general deposit and do not need to be held in custody. The OCC should clarify "deposits or insured shares payable on demand" to ensure consistent interpretation across institutions and account types. The OCC should include demand deposit and insured share accounts with immediate/same-day access and no material restrictions; exclude products with

liquidity/credit/market risk (e.g., time deposits, constrained brokered deposits, gating/notice/conditional access).

49. Should the proposed rule define "reserve in tokenized form", to enhance clarity regarding proposed § 15.11(b)(8)? If so, should the OCC define "reserve in tokenized form" to refer to a digital asset, as defined in proposed § 15.2, that represents another asset and provides full legal rights to that underlying asset? What modifications to this definition or the rule's related terminology would enhance clarity?

The OCC should define "reserve in tokenized form" with attention to the legal substance of the underlying asset rather than the technical implementation. A workable definition should cover digital assets that represent another reserve-eligible asset and provide full legal rights to that underlying asset, consistent with the proposed § 15.2 digital asset definition. Definitional clarity in this area supports continued innovation in reserve custody while preserving the supervisory visibility the framework requires.

In short:

- Define "reserve in tokenized form" as a digital record of an underlying reserve asset held with a regulated custodian, without changing legal title, custody, or redemption rights.

- State that tokenization doesn't create a new asset layer or add credit/counterparty risk; "proof-of-reserves" should mean ongoing reconciliation and independent assurance within 1:1 and custody safeguards.

- Ensure any non-USD/FX exposure is explicitly disclosed and managed prudentially, not hidden by tokenized structures.

50. In the provision in proposed § 15.11(b)(5) regarding reverse repurchase agreements, is the proposed rule sufficiently clear in its reference to "overcollateralization in line with standard market terms?" If not, what clarifications would be appropriate?

The reference to "overcollateralization in line with standard market terms" in § 15.11(b)(5) would benefit from clarification. Standard market terms for Treasury-backed reverse repo typically involve 2-5% overcollateralization with daily mark-to-market; for broader collateral types, standard terms vary more widely. The final rule should clarify whether the OCC intends issuers to follow prevailing market practice for the specific collateral type or to meet a defined minimum overcollateralization threshold, and should permit flexibility for issuers whose repo counterparties are themselves well-supervised depository institutions.

51. Should the OCC provide additional detail on what securities could be in scope for "any other similarly liquid Federal Government-issued asset" under § 15.11(b)(7)? For example, should Treasury securities with remaining maturity of two years or less be permitted under § 15.11(b)(7)? What would be the implications for liquidity or interest rate risk of allowing these types of securities to be held as reserve assets? If the OCC were to permit two-year

Treasury securities to be used as reserve assets, should the OCC impose any additional requirements, such as requiring the weighted average maturity of Treasury securities held as reserves to be no more than 93 days (or some shorter timeframe) or requiring additional reserve asset diversification requirements (e.g., minimum amount of reserve assets held as deposits or minimum number of depository institutions holding the permitted payment stablecoin issuer's reserve assets) for permitted payment stablecoin issuers that hold Treasury securities with a remaining maturity between 94 days and two years?

The OCC should not allow longer-maturity Treasuries as permitted reserve assets.

52. Should the proposed rule clarify that Treasury Floating Rate Notes (FRNs) and Treasury Inflation-Protected Securities (TIPs) be included as permissible reserve assets, assuming they otherwise meet the requirements of the proposed rule, including maturity requirements? Is there any reason these securities should be excluded? Should Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) be included? Are there other instruments that should be considered as included within the GENIUS Act's phrase "Treasury bills, notes, or bonds"? If these securities are included, should there be additional requirements—for example, both weighted average life and weighted average maturity limits to accommodate interest rate resets in FRNs?

The final rule should confirm that Treasury Floating Rate Notes (FRNs) and Treasury Inflation-Protected Securities (TIPS) are permissible reserve assets where they otherwise meet the rule's requirements (including maturity). Both instruments are direct Treasury obligations with deep liquidity, well-understood risk profiles, and established custody arrangements. Treasury STRIPS should similarly be recognized as permissible. Excluding these instruments would unnecessarily constrain reserve portfolio construction without corresponding risk-reduction benefit.

53. Should the proposed rule's requirements for reserve assets incorporate requirements to reflect potential interactions with the larger market for Treasury securities? For example, should the proposed rule include requirements to prevent any disruptive or negative effects that the management or liquidation of Treasury reserve assets might have on markets?

A 20-day weighted-average-maturity limit is a reasonable calibration but should be paired with amortized cost valuation for reserves held to meet redemptions, to prevent temporary mark-to-market losses from triggering apparent reserve shortfalls during normal rate volatility. The narrow daily-liquidity definition limited to cash and Federal Reserve balances is overly restrictive; same-day and next-day high-quality instruments should be included in the daily-liquidity bucket. Scaling and tailoring for smaller issuers — including those that operate with simpler reserve portfolios under consolidated prudential supervision — would reduce operational burden without loss of safety-and-soundness protection.

54. The proposed rule would, consistent with the GENIUS Act, allow as reserve assets funds held as demand deposits at an insured depository institution (including any foreign branches or agents, including correspondent banks). Should the proposed rule add definitions for these

terms to make them clearer or impose restrictions on the use of foreign branches or agents and correspondent banks? For example, should the proposed rule require that stablecoins denominated in United States dollars only be backed by demand deposits at U.S.-based depository institutions (i.e., reserve assets could not include Eurodollar deposits)? Should the OCC include any additional requirements with respect to reserve assets held abroad, such as applying a haircut to the reserve assets, imposing a capital charge, or including additional policies and procedures to manage the risks associated with holding reserve assets abroad?

The OCC should provide clarity regarding the prudential treatment of bank deposits serving as stablecoin reserve assets.

The proposed rule should not restrict the use of federally licensed, uninsured U.S. branches of foreign banks for holding eligible demand deposits within the 10% daily liquidity reserve. Such branches are subject to OCC supervision and operate under capital, liquidity, and risk-management standards aligned with international prudential frameworks.

Internal policy materials reflect that liquidity risk management should focus on asset quality, immediate availability, and supervisory oversight rather than deposit insurance status alone. In other jurisdictions, regulators have adopted principles-based approaches that allow liquidity to be held at well-supervised foreign bank branches, provided transparency and supervisory access are maintained. Limiting eligible institutions to insured depository institutions could unnecessarily constrain liquidity management and concentrate risk.

Because the GENIUS Act does not specify which of the definitions in section 3 of the FDI Act applies, the statute is ambiguous as between the two. The GENIUS Act provides that reserves for payment stablecoins may include demand deposits held at an IDI. As a result, the statute is ambiguous as to whether demand deposits held at an uninsured branch of an FBO may be used as reserves backing a payment stablecoin.

As part of its rulemaking, the OCC should interpret the definition of IDI to include uninsured branches of an FBO (the FBO Interpretation), which would be consistent with its legal authority and the policies underlying the GENIUS Act.

55. Should the OCC develop a formal process to consider and approve securities under § 15.11(b)(7)? Should the OCC allow permitted stablecoin issuers or other parties to request that the OCC consider a specific type of security? Should any determinations on additional securities approved under this authority be made public?

A formal process for approving additional securities under § 15.11(b)(7) would support framework stability and predictability. The process should permit permitted payment stablecoin issuers, custodians, and other interested parties to request consideration of specific security types, with the OCC issuing determinations that are published to provide clarity to the broader market. Public

determinations support consistent treatment across issuers and reduce compliance uncertainty about the eligibility of specific instrument classes.

56. The proposed rule would require a permitted payment stablecoin issuer to maintain reserve assets, the fair value of which must equal or exceed the outstanding issuance value at all times. Should the OCC impose a different standard, such as requiring the fair value of reserve assets to equal or exceed the outstanding issuance value at the end of each day or at the end of each business day?

The broad definition of "eligible financial institution," and the clarification that deposits at such institutions qualify as reserve assets even where the institution does not provide custody for other reserves, are practical provisions. They are particularly useful for integrated bank-affiliated PPSIs holding reserves (including cash) at the parent or affiliate bank under consolidated supervision, and for regional and smaller community banks supporting stablecoin issuers as in-house reserve holders. The provision's usefulness is, however, limited by the downstream 40% concentration limit and related diversification requirements in § 15.11(c). For smaller issuers operating with simple reserve models, explicit tailoring or presumptive compliance under Option A would support continued participation.

57. The proposed rule's requirements for reserve asset diversification and concentration include two options: (1) a flexible, principles-based baseline requirement plus a quantitative safe harbor or (2) quantitative requirements applicable to all permitted payment stablecoin issuers. Which option is more appropriate? How should either option, including the quantitative limits included in each option, be modified? For example, should the requirement or safe harbor's provision regarding holding reserve assets as deposits or insured shares payable on demand or money standing to the credit of an account with a Federal Reserve Bank be set at five percent, 10 percent, 15 percent or 20 percent? Should this requirement be set at a different percentage (e.g., 10 percent) for small issuers and a larger percentage (e.g., 15 percent) for larger issuers? Should the requirement or safe harbor's provision regarding maintaining reserve assets as demand deposits, money standing to the credit of an account with a Federal Reserve Bank, or amounts receivable and due unconditionally within five business days on pending sales of reserve assets or other maturing transactions be set at 20 percent, 25 percent, or 30 percent? Are the proposed maxima for various types of reserve assets that may be held at an eligible financial institution appropriately calibrated? Would a shorter or longer weighted average maturity be appropriate? Should larger issuers have a shorter weighted average maturity requirement than smaller issuers? If the final rule includes quantitative requirements for all permitted payment stablecoin issuers, should there be additional risk management requirements to ensure that permitted payment stablecoin issuers appropriately manage diversification and concentration risk? In particular, the risk management requirements could include a requirement that permitted payment stablecoin issuers must measure and manage the risk

that their gross exposure to any one institution or a small number of institutions may impair their ability to satisfy redemption demands.

The principles-based reserve asset diversification requirements – with a quantitative safe harbor – are preferable, as they would give more flexibility to PPSIs whenever they need to rebalance their reserve assets and/or react to market conditions.

58. The reserve asset diversification and concentration limits in proposed § 15.11(c) would not distinguish reserve assets held at Federal Reserve Banks and would therefore include requirements (or conditions of a safe harbor) that would limit the reserve assets held at any one Federal Reserve Bank. In light of the low credit risk associated with Federal Reserve Banks, should the final rule eliminate these requirements or conditions? Specifically, should the OCC exempt reserve assets held at a Federal Reserve Bank from the conditions in § 15.11(c)(2)(iii) and § 15.11(c)(2)(iv) of Option A and the requirements in § 15.11(c)(3) and § 15.11(c)(4) of option B?

BAFT supports Option A (principles-based with optional quantitative safe harbor) for smaller PPSIs. The proposed 40% concentration limit and related quantitative requirements in § 15.11(c) appear calibrated primarily for large or non-bank issuers and are overly prescriptive for smaller issuers and integrated bank-affiliated structures. For issuers operating under consolidated prudential supervision with in-house reserve arrangements at the parent or affiliate bank, a simple cash-heavy model at a well-supervised institution is often the safest, lowest-cost, and most operationally reliable approach. Explicit tailoring and presumptive compliance under Option A for these structures would support continued participation without compromising safety-and-soundness protections.

59. The reserve asset diversification and concentration limits in proposed § 15.11(c) would limit the reserve assets, including deposits, at any one financial institution. Should there be an exception to some or all of these requirements for a subsidiary of an OCC-regulated depository institution approved to be a permitted payment stablecoin issuer if the OCC-regulated depository institution has less than a certain amount of total assets (e.g., $10 billion, $30 billion, $50 billion)? For example, should a permitted payment stablecoin issuer that is a subsidiary of an OCC-regulated depository institution with less than a certain amount of total assets be permitted to hold a larger percentage, or all, of its reserve assets as deposits at the OCC-regulated depository institution? Should any such exception be subject to any conditions? For example, should it only be available if the OCC-regulated depository institution is well-capitalized?

BAFT supports Option A (principles-based with optional quantitative safe harbor) as the preferred framework for larger issuers as well, with scaled application recognizing different operational profiles. For larger bank-affiliated PPSIs, integrated structures under consolidated supervision support efficient reserve management through existing prudential frameworks. Option A preserves

this flexibility while allowing larger issuers electing the safe harbor to demonstrate compliance through its quantitative elements.

60. Option A for proposed § 15.11(c) would require that a permitted payment stablecoin issuer must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, or price risks. Are there other risks that should be added to this list, or removed from it? If the final rule adopts mandatory quantitative diversification and concentration requirements, should the requirement to monitor and manage these risks be codified as a separate risk management requirement?

The principles-based reserve asset diversification requirements – with a quantitative safe harbor – are preferable, as they would give more flexibility to PPSIs whenever they need to rebalance their reserve assets and/or react to market conditions.

61. The OCC invites comment on the extent to which additional diversification requirements are necessary. Is it necessary to require that permitted payment stablecoin issuers maintain more than one type of reserve asset? Would it be sufficient for the OCC to require that permitted payment stablecoin issuers maintain only one secondary, backup reserve asset?

Additional quantitative diversification requirements beyond those already proposed are not necessary and risk layering burden without corresponding risk-reduction benefit. For integrated bank-affiliated PPSIs holding reserves under consolidated supervision, existing prudential oversight addresses the diversification considerations the rule articulates. Option A's principles-based framework, supported by existing supervisory frameworks for eligible financial institutions, provides adequate protection across the range of issuer operational profiles.

62. To diversify the maturity profile of reserve assets, should permitted payment stablecoin issuers be required to maintain a minimum amount of their reserve assets in cash or equivalents or assets that can be converted more readily into short-term liquidity, for example within a daily or weekly timeframe, akin to the requirements for money market funds in SEC Rule 2a-7 or short-term investment funds in 12 CFR 9.18(b)(4)(iii)?

Maturity profile requirements should be flexible and pair with amortized cost valuation for short-duration reserves held to meet redemptions. Rigid maturity diversification bands applied alongside fair-value testing can produce operational burden without corresponding risk-reduction benefit for simple reserve portfolios. Option A's principles-based framework, with the optional safe harbor available for issuers electing it, appropriately accommodates the range of issuer operational profiles.

63. Should the proposed rule include other measures to encourage reserve assets to be held in the form of insured deposits or insured shares? Proposed § 15.11(d) would include a requirement for larger permitted payment stablecoin issuers to maintain a minimum percentage of assets as insured deposits or insured shares. While it may be difficult for larger permitted payment stablecoin issuers to hold reserve assets as insured deposits due to

deposit insurance limits and the finite number of insured depository institutions in the United States, should permitted payment stablecoin issuers be required to hold some minimum amount of reserves as insured deposits in order to provide extra protection for stablecoin holders? Should the thresholds in proposed § 15.11(d) be set at different levels: for example, apply to issuers with an outstanding issuance value of $1 billion, $10 billion, $50 billion, or $100 billion or more? Should covered larger issuers be required to maintain a smaller or larger percentage of reserve assets as insured deposits or insured shares (for example, 0.1 percent, 0.25 percent, 1 percent, or 2 percent)? Should the cap be higher or lower (for example, $100 million, $250 million, or $1 billion)?

Short-duration assets are appropriate for reserve portfolios, but liquidity calculation should not rely solely on rigid fair-value testing. The daily and weekly liquidity buckets should be broadened to include same-day and next-day high-quality instruments, and amortized cost should be permitted for short-duration holdings to ensure genuine monetization capacity during normal rate moves. Option A should provide flexibility for smaller issuers and integrated bank-affiliated structures with simpler in-house cash or short-term Treasury holdings to demonstrate liquidity adequacy through principles-based analysis.

64. How should the OCC calibrate the insured deposit requirement for permitted payment stablecoin issuers? Should it be as a percentage of assets or an absolute number? If a percentage, what percentage should that be? If an absolute number, what should that be? Should there be a cutoff for permitted payment stablecoin issuers above or below a certain size threshold that should be required to place insured deposits? If so, why? What would be the implications of such a cutoff? What is the total amount of insured stablecoin deposits that the banking system in the United States can or should reasonably absorb? What is the total amount of insured stablecoin deposits that an individual community bank is likely to hold?

The insured deposit requirement should be calibrated to recognize the distinction between reserves held at regional and smaller community banks (where prudential supervision and the broader banking relationship provide additional protection) and reserves held at other institutions. Option A's flexibility allows this calibration without requiring the rule to prescribe specific percentages that may not fit all operational profiles.

65. There are approximately 4380 total insured banks in the United States. Should the proposed rule include other measures to spread insured stablecoin deposits throughout the banking system? If so, how broadly should insured deposits from permitted payment stablecoin issuers be distributed? For example, should the final rule be calibrated so that essentially every bank in the United States could hold some amount of insured deposits from permitted payment stablecoin issuers if consistent with their risk appetite and risk management abilities? If so, why? If not, why not?

The final rule should be calibrated to encourage broad distribution of stablecoin-related deposits across the United States banking system, including community and regional banks. Framework

design that concentrates reserve deposits at a small number of large institutions would limit the stablecoin ecosystem's ability to support correspondent banking relationships that have contracted materially over the past fifteen years. The principal operational obstacle to broad distribution is compliance cost; standardized shared compliance and clearing infrastructure is the mechanism by which broad distribution becomes feasible for banks of all sizes.

66. Deposit placement services could be used to facilitate compliance with these diversification requirements, as long as permitted payment stablecoin issuers are able to maintain the operational ability to access the deposits, consistent with proposed § 15.11(a). Please describe any risks associated with using such services or other intermediaries and how permitted payment stablecoin issuers could best mitigate these risks.

Deposit placement services are a practical mechanism for achieving diversification without unnecessarily fragmenting operational relationships, and should be expressly recognized under Option A as a permissible means of demonstrating compliance. For regional and smaller community banks supporting stablecoin issuers, deposit placement services offer a path to diversification that preserves the banking relationship benefits of in-house reserve holding.

67. Could reserve diversification requirements that encourage diffusion of deposits cause risks to the banking system (for example, increasing run risks at banks or replacing more stable deposits with deposits that more likely to be withdrawn quickly and in large volumes)? Could such diversification requirements raise operational risks for permitted payment stablecoin issuers or banks? How difficult would it be for permitted payment stablecoin issuers to liquidate such deposits in a stressed environment? If deposit insurance rules change, so that even larger permitted payment stablecoin issuers could be able to hold all their required deposits as insured, should all deposits held as reserve assets be required to be insured?

Reserve diversification requirements that force diffusion of deposits across many institutions could produce unintended financial-stability consequences by reducing the stable deposit base at individual banks below levels that support their credit and liquidity management. This risk is particularly acute for regional and smaller community banks where stablecoin-related deposits may represent a meaningful portion of their funding base. Option A's flexibility is preferable to rigid diffusion mandates.

68. Should the proposed safe harbor (or alternatively, the liquidity requirements directly) require a permitted payment stablecoin issuer to maintain at least 20 percent of required reserve assets at insured depository institutions with less than $30 billion in total assets (either directly or indirectly through a deposit broker)? Would such an approach help ensure appropriate reserve asset diversification, particularly as these smaller insured depository institutions are unlikely to be counterparties to the permitted payment stablecoin issuer in repurchase agreements or reverse repurchase agreements?

A safe harbor structured to direct a meaningful share of reserves to insured depository institutions below a defined size threshold would support the broad-distribution objectives the rule articulates and would produce genuine counterparty diversification where such institutions are unlikely to serve as repo/reverse repo counterparties to PPSIs. The specific calibration of the threshold and percentage merits views from commenters with direct reserve-holding exposure. BAFT notes that shared compliance and deposit-placement infrastructure is the operational mechanism by which any such safe harbor remains practically usable for smaller issuers and smaller receiving institutions alike.

69. How would the proposed rule affect the amount of deposits maintained in the United States banking system? Would the proposed rule reduce the number of deposits maintained in the United States banking system and therefore affect the ability of United States banks to lend? What, if any, measures should the proposed rule include to mitigate such concerns? Should the proposed rule include a minimum percent of reserve assets as deposits in order to offset potential reductions in overall deposit levels?

The OCC should provide clarity regarding the prudential treatment of bank deposits serving as stablecoin reserve assets.

Reserve composition and distribution decisions have material implications for aggregate bank deposits in the United States banking system. Three structural factors interact: reserve composition (deposit-heavy versus securities-heavy affects recycling into bank funding), distribution across institutions (concentration versus breadth affects incremental lending capacity), and the framework's ability to bring currently-offshore or non-bank transaction flows into US banks. The preamble would benefit from explicit discussion of these interactions. BAFT notes them as architectural observations and defers to commenters with direct reserve-holding exposure on specific composition calibration. BAFT's request for clarity on prudential treatment of bank deposits serving as reserve assets remains a useful priority.

70. One option in the proposed rule would include flexible baseline diversification and concentration requirements, coupled with an optional quantitative safe harbor. Should the default requirement for permitted payment stablecoin issuers include quantitative limits for asset diversification? For example, the OCC could impose quantitative limits on the maximum amount of uninsured demand deposits that permitted payment stablecoin issuers can maintain with a single insured depository institution, in addition to any restrictions imposed by the FDIC pursuant to its authority under the Act. Permitted payment stablecoin issuers might be required to maintain no more than a specified percentage (for example, one percent, five percent, or 10 percent) as uninsured demand deposits at a single depository institution. Examples of other quantitative limits could include the following.

BAFT prefers Option A over Option B. Option B's flexible baseline plus sub-limits approach still imposes quantitative constraints that may not fit the operational profiles of regional and smaller community banks holding reserves in-house. Option A's principles-based framework with optional

safe harbor better accommodates the diversity of issuer size and structure while preserving safety-and-soundness protections.

71. Should the OCC adopt the proposed safe harbor option (Option A) for proposed § 15.11(c)? Does the proposed safe harbor adequately address differences in business models, while addressing risks associated with asset concentration? Should the proposed safe harbor include different quantitative thresholds? What other features should the safe harbor incorporate, if adopted?

The principles-based reserve asset diversification requirements – with a quantitative safe harbor – are preferable, as they would give more flexibility to PPSIs whenever they need to rebalance their reserve assets and/or react to market conditions.

72. Should the OCC adopt any other restrictions on reserve asset concentration? If so, should they be based on gross exposures to particular counterparties? Or should the restrictions be more prescriptive? For example, should the rule prohibit a permitted payment stablecoin issuer from entering into a reverse repurchase agreement with any counterparty that holds deposits that serve as reserve assets for the permitted payment stablecoin issuer? Are the reserve asset concentration requirements appropriately calibrated? Should the OCC require that no more than 5, 10, or 15 percent of a permitted payment stablecoin issuer's reserve assets may be deposits or insured shares held at a single depository institution?

Additional concentration restrictions beyond those already proposed are not necessary under Option A. Integrated bank-affiliated structures under consolidated supervision appropriately justify higher concentration at the parent or affiliate bank because existing prudential oversight addresses the concentration-related safety-and-soundness considerations. Restrictions calibrated primarily to non-integrated structures may foreclose operating models that are both practical and safe.

73. Should the OCC's concentration requirements include requirements to not have more than a specified portion of reserve assets at a single custodian? Would this requirement impose undue burden? For example, would requiring the use of more than one eligible financial institution as custodian of Treasury securities and collateral for reverse repurchase agreements impose undue burden or complexity on the management of reserve assets? What are the costs and benefits of such an approach, including from an operational risk perspective?

Maximum-percentage concentration requirements at the individual-institution level should not be uniformly prescribed. For integrated bank-affiliated PPSIs holding reserves at the parent or affiliate bank under consolidated supervision, high concentration at a single well-supervised institution is often the safest and most operationally reliable arrangement. Option A's flexibility supports appropriate assessment of concentration relative to the issuer's operational profile and the prudential standing of the holding institution. BAFT 's position aligns with the reasoning in our response to Q72.

74. Should the proposed rule include measures to ensure that a permitted payment stablecoin issuer is not overly reliant on short-term lending transactions to meet immediate liquidity needs? In the absence of such a restriction, a permitted payment stablecoin issuer hypothetically might maintain a reserve asset portfolio entirely of Treasury securities and rely on overnight repo transactions to generate the daily liquidity amounts required by the proposed rule. This arrangement could leave the permitted payment stablecoin issuer vulnerable to disruptions in repo markets. Should the proposed rule require excluding short-term repayment obligations from daily and weekly liquidity? For example, the proposed rule could require, for daily liquidity, deducting payments due on overnight borrowings and, for weekly liquidity, deducting any payments due within the next five business days? If such a restriction is included, should repayment deductions be offset by any expected inflows?

Measures to ensure a PPSI is not a major depositor at a single bank should not be uniformly imposed. For integrated bank-affiliated PPSIs and regional community banks holding reserves in-house, stablecoin reserves can constitute a meaningful portion of the bank's deposit base by design, and this arrangement is addressed through existing prudential oversight at the bank level. Option A's principles-based approach is preferable to rigid caps that may foreclose effective in-house reserve arrangements. BAFT 's position aligns with the reasoning in our response to Q72.

75. Consistent with the Act, the proposed rule would allow physical currency, including coins, to serve as reserve assets. Nevertheless, given the limitations on transferring physical currency, particularly difficulties that may arise in deploying physical currency quickly to meet sudden demands for redemptions, should the proposed rule impose limits on how much physical currency can serve as reserve assets? For example, the proposed rule could require that physical currency constitute no more than 5 percent or 10 percent of a permitted payment stablecoin issuer's reserve assets. Should the proposed rule impose special requirements to make sure that physical currency is safeguarded (for example, against theft or fire)? For example, should there be periodic verification or inspection requirements for physical currency used as reserve assets?

Limits on physical currency as reserve assets are appropriate given the practical difficulties of deploying physical currency to meet redemption demand at scale. The rule should permit physical currency only within defined limits (for example, capped as a small percentage of total reserves and subject to geographic distribution requirements to support redemption responsiveness), while recognizing that for smaller issuers some operating-balance physical currency may be practical.

76. The proposed rule would generally require reserve assets to be valued at fair value for the purpose of determining compliance with the proposed rule's reserve asset requirements. Should United States coins and currency be required to be valued at par for purposes of the proposed rule's reserve asset requirements?

The final rule should not rely exclusively on fair-value accounting for reserve assets. Even ultra-short Treasuries can show temporary unrealized losses during normal rate volatility. Amortized

cost valuation (with impairment testing and appropriate maturity limits) should be permitted for reserves held to meet redemption obligations. Exclusive fair-value reliance can create accounting-driven apparent shortfalls that produce procyclical behavior without corresponding safety benefit. This modification is particularly important for smaller issuers and integrated bank-affiliated PPSIs operating with simpler reserve strategies under consolidated supervision.

77. Should the proposed rule include special limits on Treasury bonds and notes that may be more thinly traded and therefore more likely to sell at a discount? The GENIUS Act would allow permitted payment stablecoin issuers to hold as reserve assets Treasury notes and bonds so long as they have a maturity of 93 days or less. Older and off-the-run Treasury securities may be more difficult to sell and may only be marketable at a discount.[128] Should the proposed rule limit the portion of reserve assets that Treasury bonds and notes can comprise (for example, 20 percent of total reserve assets)?

The OCC should not allow longer-maturity Treasuries as permitted reserve assets.

78. Should the final rule specify the manner in which banks must "measure and manage" credit, liquidity, interest rate, price risk, and concentration risk under proposed § 15.11(c)? For example, should the OCC adopt related record retention or other requirements?

Credit risk management requirements should focus on actual counterparty and redemption risk rather than on temporary fair-value fluctuations. For bank-affiliated and smaller PPSIs holding reserves primarily at supervised insured depository institutions, consolidated prudential oversight already addresses credit risk effectively at the holding-institution level. Additional fair-value haircuts layered on top of this framework could undermine liquidity during stress without producing corresponding risk-reduction benefit.

79. Should permitted payment stablecoin issuers that are subsidiaries of national banks or Federal savings associations be required to make arrangements to borrow via the discount window or from other contingent funding sources, such as Federal Home Loan Banks? The ability to borrow from contingent funding sources, including the discount window, may depend on, among other things, the policies and regulations of the Federal Reserve System, and the OCC welcomes comments on how permitted payment stablecoin issuers may, or may not, be able to utilize liquidity provided by contingent funding sources.

For PPSIs that are subsidiaries of national banks or federal savings associations — particularly integrated structures where the subsidiary is fully consolidated into the parent bank — the final rule should provide favorable consolidated treatment in parent capital calculations. Stablecoin reserves are highly liquid and segregated, matched against stablecoin liabilities, and should not create duplicative capital burdens on the parent bank. Favorable consolidated treatment supports bank-affiliated issuance structures and is particularly important for regional banks supporting stablecoin activity through subsidiary arrangements.

80. Should the proposed rule include special measures to ensure that reverse repurchase agreements are appropriately overcollateralized? Proposed § 15.11(b)(5) would permit the inclusion, as reserve assets, of reverse repurchase agreements "subject to overcollateralization in line with standard market terms." As one possibility, the proposed rule could include no special measures, and the examination and supervision process could be used to evaluate if particular payment stablecoin issuers are failing to overcollateralize their reverse repurchase agreements in line with standard market terms. As another possibility, the proposed rule could include more express requirements, for example, that overcollateralization haircuts cannot be less than 0.5 percent.

Reverse repo counterparty risk is appropriately addressed through a combination of overcollateralization (as contemplated by § 15.11(b)(5)) and counterparty credit assessment as part of the issuer's risk management framework. Special prescribed measures beyond these are not necessary. Examination-based oversight, supported by the reporting framework in § 15.11(e)-(f), provides the OCC with appropriate ongoing visibility into reverse repo activity without layering additional requirements that may not fit the range of issuer operational profiles.

81. Should permitted payment stablecoin issuers be required to conduct stress tests, including stress tests to manage liquidity and interest rate risks? The GENIUS Act permits the inclusion of bilateral reverse repurchase agreements as reserve assets "with [counterparties] that the issuer has determined to be adequately creditworthy even in the event of severe market stress." How should issuers evaluate the impact of "severe market stress"? Should diversification requirements be based on the outcome of any stress tests? For example, permitted payment stablecoin issuers could be required to maintain a minimum amount of readily available reserve assets (for example, demand deposits and reserve balances) based on the results of liquidity stress tests? In particular, permitted payment stablecoin issuers could be required to maintain—or could elect to maintain as part of the proposed safe harbor—an amount of readily available reserve assets at least sufficient to meet outflow levels predicted by an internal liquidity stress test.

PPSIs should be required to conduct capital and liquidity stress tests in line with payment run-off best practices, adopt written liquidity plans, and establish recovery and resolution plans.

82. Should permitted payment stablecoin issuers be required to adopt written plans or policies and procedures related to liquidity planning? For example, should permitted payment stablecoin issuers be required to adopt their own concentration restrictions, including limits on deposit concentrations at insured depository institutions, that are tailored to their own business model, operations, and risk profile? Similarly, should permitted payment stablecoin issuers be required to adopt liquidity management plans, which would include provisions to assign responsibility for liquidity risk management and address contingency funding needs?

PPSIs should be required to conduct capital and liquidity stress tests in line with payment run-off best practices, adopt written liquidity plans, and establish recovery and resolution plans.

83. Subclause 4(a)(1)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(i)) provides that reserve assets can include "money standing to the credit of an account with a Federal Reserve Bank." Should diversification requirements include special measures for reserve bank balances if permitted payment stablecoin issuers are able to maintain them?

The OCC should limit how much of a PPSI's reserve assets may be held at a Reserve Bank, in case a PPSI obtains master account access.

84. For permitted payment stablecoin issuers that are subsidiaries of national banks or Federal savings associations, should the proposed rule contain special requirements to ensure that reserve assets are appropriately maintained and controlled within the larger corporate structure? Or should the proposed rule require that a permitted payment stablecoin issuer have dedicated liquidity management personnel who have independent control over the liquidity management functions of the permitted payment stablecoin issuer (and its reserve assets)?

For PPSIs that are subsidiaries of national banks or federal savings associations subject to the LCR or NSFR rules — particularly fully integrated structures — the final rule should provide favorable treatment that excludes or discounts stablecoin reserves and matching liabilities from duplicative liquidity calculations at the parent level. Stablecoin reserves are highly liquid and segregated against matched stablecoin liabilities; without favorable treatment, duplicative LCR or NSFR burdens on the parent bank create disincentives to bank-affiliated issuance contrary to the framework's safety-and-soundness objectives.

85. Should the liquidity management standards in proposed part 15 change depending on the standards for timely redemption? For example, should the rule require less stringent liquidity standards (for example, less readily available funds required) if permitted payment stablecoin issuers have a longer time to redeem tendered stablecoin?

Liquidity management standards should scale with PPSI size and operational profile. For smaller banks operating integrated bank-affiliated structures, simpler principles-based liquidity management with reserves held at the own or affiliate bank is both safer and more operationally reliable than the prescriptive requirements that may be appropriate for larger or more complex issuers. Option A's principles-based framework accommodates this scaling naturally.

86. Should the proposed rule include additional measures to address de-pegging in the secondary market? For example, should the proposed rule bar a permitted payment stablecoin issuer from issuing new payment stablecoins if a permitted payment stablecoin issuer's payment stablecoins trade in secondary markets at some price that is a set amount less than par (e.g., trading at or below $0.99, $0.80 or some other amount) for some sustained period of time (e.g., 24 hours)?

Principles around who bears the loss in de-peg scenarios should be made clear. If there is a runoff event, stress occurs, and there is a de-peg, does the issuer, holder, or receiver take the risk of a non-par value redemption? Are PPSIs required to backstop the loss?

87. Should other liquidity rules be amended to accommodate the changes made by the proposed rule and the GENIUS Act? For example, should the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) rules be amended so that depository institutions are unable to include high quality liquid assets (HQLA) held by permitted payment stablecoin issuer subsidiaries as eligible HQLA in their own LCR and NSFR calculations? Similarly, should any outflows associated with a permitted payment stablecoin issuer subsidiary be excluded from a parent entity's LCR calculations? Should the stablecoin activities of permitted payment stablecoin subsidiaries be fully excluded from the LCR calculations of parent entities? Or should there be a limited outflow commensurate with the possibility that a parent entity may provide support to a permitted payment stablecoin issuer subsidiary (for example, 1 percent, 5 percent, or 10 percent or outstanding issuance value)? Should the LCR rule be amended so that depository institutions holding uninsured deposits, particularly large balances, that represent reserve assets from permitted payment stablecoin issuers must assign a higher outflow to such deposits? Should the LCR rule be amended in light of any other implications of the Act, such as how it may apply to custodians under section 10 of the Act?

Existing bank liquidity rules (LCR, NSFR) should be amended to accommodate the framework. For PPSIs that are subsidiaries of national banks or federal savings associations, the final rule should provide favorable treatment recognizing that stablecoin reserves are highly liquid, segregated, and matched against stablecoin liabilities. Without such amendment, duplicative treatment of subsidiary-level HQLA at both the subsidiary and parent levels could create disincentives to bank-affiliated issuance that run contrary to the framework's safety-and-soundness objectives.

88. For purposes of incorporating "average tenor and geographic location of custody of each category of reserve instruments" in the composition report required under § 15.11(e), what, if any, specific content and structure should the OCC require? For example, should the report include information about deposit concentration and CUSIPs of securities? Should the required content include the composition of the reserve assets by type of assets and maturities and by counterparty issuer? For purposes of stating the geographic location of custody, should it suffice to state the country of custody? Or should more granular information be required? Should the OCC require that the composition report conform to the specified template? Are there specific methods for calculating tenor that the rule should require or explicitly permit? For example, should the rule define average tenor as the weighted average maturity or life of the asset? Should the monthly composition report (for both permitted payment stablecoin issuers and foreign payment stablecoin issuers) require the issuer to distinguish between insured and uninsured deposits?

The OCC should prescribe a standardized template and data schema for the monthly reserve asset composition report. Standardization enables shared reporting infrastructure to serve multiple

issuers from a single operational integration, reducing per-issuer cost and producing cross-issuer comparability useful for both supervision and market discipline. The schema would benefit from alignment with open standards such as ISO 20022 where applicable. Specific data elements (CUSIP-level securities disclosure, tenor measures, counterparty concentration, insured/uninsured deposit breakdown, custody location) are considerations that commenters with direct reporting obligations are better placed to calibrate.

89. Are there any additional steps that the OCC should take to encourage transparency while minimizing burden with respect to the reserve asset composition report?

Additional transparency and reduced burden are compatible through two structural choices: standardized reporting formats enabling shared regtech infrastructure across multiple issuers, and a clear distinction between aggregate data that can be published in real time (outstanding issuance, total reserve value, composition by category) and counterparty-specific data that should remain in confidential supervisory reporting. The supervisory data architecture the OCC designs should preserve authority to publish aggregate metrics at continuous cadence where operational feasibility supports it. Smart contract-based and API-based attestation mechanisms enable this at marginal operational cost.

90. What modifications to the reporting requirements, including the reserve asset composition report, would be appropriate for arrangements where one issuer issues multiple stablecoins under different brands (e.g., white label arrangements), if that arrangement is permitted in the final rule? Are there any additional disclosures that the issuer should provide in order to ensure that the report is not misleading?

The monthly reserve composition report supports transparency and market confidence, but modifications should be scaled by issuer size and complexity. For smaller issuers and integrated bank-affiliated PPSIs operating under consolidated supervision, overly prescriptive templates or frequent changes produce compliance burden with limited incremental supervisory value. Aligning the report with existing Call Report practices where substantively possible would reduce redundancy between overlapping reporting streams and reduce operational cost without loss of supervisory effectiveness.

91. Should the report be required to list and name any depository institutions holding reserve assets? Should the report be required to list and name other eligible financial institutions holding reserve assets? Should the proposed rule include additional measures to ensure that reserve assets are appropriately traceable and linked to their corresponding stablecoin so as to avoid any difficulties in resolving claims to reserve assets?

The reserve composition report should not require public naming of specific depository institutions holding reserves. Public identification creates counterparty pressure, exposes commercial relationships in ways that distort competition, raises security concerns, and could discourage smaller banks from participating as reserve-holding institutions. Aggregate disclosure of key risk characteristics, such as FDIC insurance status, institution type (national/state), regulatory

jurisdiction, and size tier, provides sufficient information for market discipline while preserving appropriate commercial confidentiality. For integrated bank-affiliated PPSIs under consolidated supervision, naming the parent or affiliate bank should be optional or presumptively not required.

92. For purposes of the composition report and reserves in tokenized form, should the permitted payment stablecoin issuer be required to disclose the location of custody of both the reserve instrument in tokenized form on a ledger and any real-world asset that the reserve in tokenized form represents? What related reporting requirements would be appropriate?

For tokenized reserves, public disclosure should be limited to high-level information — security identifier (CUSIP/ISIN where available), blockchain or ledger type, and custodian category. The final rule should not require public disclosure of wallet addresses, private key arrangements, or smart contract details, which creates meaningful security risk (including targeted attack vectors) without commensurate supervisory benefit. Real-time or on-demand attestation mechanisms — already feasible through regtech infrastructure — offer superior ongoing verification without the security drawbacks of static public disclosures. Supervisory-level disclosure of granular detail in confidential reports is appropriate; public disclosure is not.

93. Should the values and information in the monthly report be required to be as of a particular date or time? Alternatively, should permitted payment stablecoin issuers publish on their websites a report showing the real-time values of the items required in the monthly composition report? Having the most recent information will make the more report more useful, and the OCC invites comment on how much real-time reporting is feasible and whether it may only be feasible for certain items. Should the monthly report be required to include both month-end figures (for the previous month) and some information that can be presented in real-time (for example, the value of reserves or outstanding issuance value)? Are there potential challenges in providing assurance over real-time information presented in a monthly report?

A tiered reporting approach is feasible, with the monthly composition report remaining the baseline for comprehensive reconciled disclosure. Certain aggregate metrics (outstanding issuance, total reserve value, composition by category) are amenable to real-time publication from on-chain data at marginal cost; daily publication is feasible for aggregated counterparty and custody-location data; monthly cadence remains appropriate for reconciled attestations and full tenor analysis. Real-time metrics derived from on-chain data are verifiable by anyone with ledger access; off-chain-derived metrics should be labeled as reported-pending-reconciliation. Standardized infrastructure makes these capabilities feasible across issuers of different sizes.

94. Should the OCC require permitted payment stablecoin issuers to publish the monthly certification on their websites, in addition to publishing the monthly reserve asset composition report? Should the OCC specify the content and form of the certification?

Yes. The OCC should require issuers to publish the monthly certification on their websites together with the monthly reserve composition report, using a standardized OCC-prescribed format.

Standardization supports comparability across issuers and clarity about what has actually been certified. At a minimum, the certification should identify: the reference date, outstanding issuance value, aggregate reserve fair value, whether reserves met the minimum backing requirement, the assurance standard used, the certifying parties, and any qualifications or exceptions. Website publication of attestation results is consistent with international supervisory practice in developed jurisdictions.

95. Should the monthly composition report be published at some point before the examination by a registered public accounting firm? For example, a permitted payment stablecoin issuer could publish the report five days after the end of the previous month and have the report examined 30 days after the end of the previous month and disclose any discrepancies uncovered by the examination. Would the benefits of more timely availability of these reports outweigh the potential costs associated with the risk of subsequent changes as a result of the examination that would be completed at a later date?

For the formal monthly composition report, the public report should be published together with, or after, the accountant's examination and certification. Publishing the report before examination creates risk of market confusion, multiple versions, and credibility gaps if later corrections are required. If the OCC wants more timely transparency, the rule can require a separate preliminary "unaudited management information" update — clearly labeled as such — on the issuer's website, while reserving the formal "monthly composition report" label for the examined and certified version. This split is consistent with sound disclosure design and with continuous-disclosure-plus-later-attestation models used internationally.

96. Is the requirement in proposed § 15.11(f) to have information disclosed in the previous month-end report examined by a registered public accounting firm sufficiently clear? If not, what additional clarity should the OCC provide with respect to the examination by a registered public accounting firm? Should the examination be performed at the "reasonable assurance" level or at some other standard? What additional standards, if any, should the OCC apply to ensure that the examination is accurate and appropriate? Should the engagement letter between the permitted payment stablecoin issuer and the registered public accounting firm require the registered public accounting firm to attest to whether the permitted payment stablecoin issuer is in compliance with the reserve asset requirements in § 15.11 (or a subset thereof), based on the information available to the registered public accounting firm? What criteria should be used for the examination? Would assurances from the management of the permitted payment stablecoin issuer regarding the information in the issuer's weekly or monthly report be sufficient? If not, what other criteria should be included?

More clarity is needed. The OCC should specify that the engagement is an examination-level attestation providing reasonable assurance (high assurance), not a review (moderate assurance) and not agreed-upon procedures. PCAOB attestation standards distinguish examination from review on this basis, and where public confidence in compliance is central, the stronger level is appropriate. The engagement should cover not only arithmetic accuracy but also, as of the

reference date, the issuer's compliance with key reserve requirements: 1:1 backing, permissible asset categories, fair-value measurement, segregation and identifiability, and reconciliation between supply and reserves. Criteria should include management assertions supplemented by independent custodian and bank confirmations, blockchain supply reconciliation, and an OCC-prescribed reporting template. Testing on at least one additional date in the period is a useful enhancement for significant issuers.

97. Should permitted payment stablecoin issuers be required to monitor the financial condition of depository institutions holding reserve assets? Should the financial condition of a depository institution holding an issuer's reserve assets be considered in whether issuers have met their deposit concentration obligations?

Yes to both. Concentration limits should not be purely mechanical. International supervisory practice expressly requires issuers to review custodians regularly and to monitor their financial condition on an ongoing basis. The OCC should require issuers to monitor counterparty condition continuously and to treat concentration as risk-sensitive, not purely percentage-sensitive. A nominally compliant exposure can still be imprudent if concentrated in a weakened depository institution.

98. Are there additional considerations that the OCC should take into account with respect to proposed § 15.11(g)(1), including whether it is appropriate that the permitted payment stablecoin issuer must not issue new stablecoins until it remediates a shortfall in reserve assets? For example, should there be some period of time (e.g., one or two days) where an issuer should be able to issue stablecoins despite a shortfall? Is the requirement in § 15.11(g)(3) set appropriately at 15 days or should the period be longer or shorter (e.g., 5 days, 10 days, 20 days, 25 days, 30 days)?

The OCC's approach is sound: when reserves are deficient, the issuer should be prohibited from net new issuance until the shortfall is cured. A grace period for continued net issuance would undercut the core 1:1 backing principle. The rule should, however, preserve narrow operational exceptions that do not increase net exposure, such as technical burns and mints for migration across ledgers. The 15-day period before mandatory orderly redemption or wind-down is a reasonable outer limit, but the OCC should expressly reserve power to accelerate the timeline for material shortfalls and require immediate notice and a remediation plan. SEC money market fund rules offer a useful analogue: when liquidity falls below minimum thresholds, acquisition flexibility is restricted until compliance is restored rather than permitting continuation of risk growth.

99. Should the proposed rule include restrictions on expenses that may be charged against reserve assets? Is it worth making clear that permitted payment stablecoin issuers may not charge general corporate expenses against reserve assets? While there may be a narrow set of expenses that can be paid from reserve assets (for example, interest on a repurchase agreement or fees paid to an investment company holding reserve assets), the OCC expects that paying most other expenses from reserve assets would be inconsistent with the

requirement for permitted payment stablecoin issuers to maintain identifiable reserve assets backing outstanding issuance value on a 1 to 1 basis.

Yes. The final rule should state expressly that general corporate expenses may not be charged against reserve assets. Reserve assets exist to support redemption claims, not to fund the issuer's operating model. Comparable international frameworks require reserve assets to remain legally and operationally segregated and at least equal to claims. The OCC should allow only a narrow category of directly attributable reserve-management or transaction costs, subject to prior policy disclosure and controls ensuring the reserve never falls below required coverage.

100. Has the OCC appropriately defined "timely" for purposes of redemption in proposed § 15.12(b)(1)(i) as not exceeding two business days? If not, what may be a more appropriate timeframe? For example, should the OCC consider other timeframes ranging from one calendar day to seven calendar days timely? Should the OCC consider some timeframe longer than seven calendar days timely? Should the OCC define "timely" in a manner that scales with the liquidity of the underlying reserve assets or other factors? How should any definition of "timely" appropriately balance considerations of price stability and run risk?

Instead of "timely redemption" running from the time of the redemption request, it should run from the time the redemption request is made and the holder has furnished all information for the issuer to conduct the necessary AML checks.

101. Should the OCC include a safe harbor for failing to timely redeem a payment stablecoin in certain circumstances that may be outside of the permitted payment stablecoin issuer's control (e.g., disruptions to payment or banking systems for which the permitted payment stablecoin issuer is not responsible)?

The OCC should clarify the consequences for the PPSI of not meeting a redemption request in a "timely" manner – e.g., increased capital requirements; fines; intensified supervision; rescission of the PPSI's approval.

102. Should the OCC consider a longer redemption period "timely" in times of stress? If so, how long should the OCC extend the redemption period and what metrics and data should the OCC look to in order to determine whether an extension is warranted? For example, in the proposed rule, if a permitted payment stablecoin issuer faced redemption demands in excess of 10 percent of its outstanding issuance value over one day, the time period for timely redemption is generally extended to seven calendar days. Would other metrics be more appropriate? Should the OCC automatically extend the time period for timely redemption in the event of a spike in redemption requests? Should the issuer be required to notify the OCC if it exceeds the threshold for extending the redemption period, as proposed? Should the issuer be required to inform the public upon automatic extension of the time period? Should the extension of the time period to seven calendar days be such that notwithstanding a permitted payment stablecoin issuer being able to demonstrate that it can redeem requests in an orderly fashion and through a fair and transparent process, the permitted payment stablecoin

issuer would not be able to redeem sooner than seven calendar days? Should the permitted payment stablecoin issuer be able to make the determination that it can redeem through a fair and transparent process on its own without OCC approval or should the standard otherwise be changed? Should the extended redemption time period apply to outstanding and subsequent redemption requests as proposed?

The OCC should not finalize the provision that "timeliness" is extended to seven calendar days if the PPSI receives a redemption demand exceeding 10% of outstanding issuance value in a 24-hour period, as this provision would create incentives to run early. The industry should explore other alternatives to address large redemption spikes.

103. Should the OCC define "redemption" for purposes of the proposed rule? If so, should it be defined broadly to mean that, for example, the permitted payment stablecoin issuer has initiated payment to the payment stablecoin holder in return for a tendered payment stablecoin? Are there reasons to define "redemption" more narrowly? For example, should the OCC define redemption to mean that the permitted payment stablecoin issuer's payment to a stablecoin holder in exchange for stablecoin has settled?

Yes, the OCC should define redemption, and the better definition is the narrower one: redemption should mean that the issuer's obligation has been finally satisfied in funds, not merely initiated. A mere payment instruction does not necessarily give the holder usable value and leaves room for timing disputes. This is consistent with the substance of the redemption right as recognized in comparable international frameworks, which focus on the holder's right to receive value at par rather than on the issuer's internal initiation of a payment process. The OCC could define redemption as completed when funds are made finally and irrevocably available to the holder or the holder's designated regulated intermediary.

104. Are there limitations that the OCC should impose on redemption fees, e.g., to discourage run risk or to encourage price stability?

The OCC should clarify that all requirements related to redemption fees and disclosures should apply only to PPSIs. BAFT wants to avoid a scenario where the OCC has scoped in any potential banking services that involve the interoperability of tokenized deposits with payment stablecoins.

105. Should the OCC require permitted payment stablecoin issuers to deliver notice to current customers whenever they change fees, as proposed? Are there any specific methods or modes of communication that the OCC should require? If so, which modes of communication would be most effective and appropriate?

The OCC should clarify what it means by "all fees" in the proposed disclosure requirements – e.g., what fees exactly; do these only apply to fees charged by the PPSI, rather than those charged by third parties as well?

106. Should the OCC include specific additional provisions regarding fee disclosures in the regulation text? If so, what additional requirements should be included? Should the OCC

specify how section 5 of the FTC Act (15 U.S.C. 45) relating to unfair or deceptive acts or practices could apply to how the OCC evaluates the disclosures? To whom should issuers have a responsibility to deliver disclosures regarding changes in fees? Should it be all payment stablecoin holders (e.g., include retail holders who purchased from an exchange or secondary market), or should it be a narrower subset of holders (e.g., only holders who purchased directly from the payment stablecoin issuer)? Are there obstacles that would make it impractical to deliver change in fee notices to all payment stablecoin holders?

The OCC should clarify what it means by "all fees" in the proposed disclosure requirements – e.g., what fees exactly; do these only apply to fees charged by the PPSI, rather than those charged by third parties as well?

The OCC should clarify that all requirements related to redemption fees and disclosures should apply only to PPSIs. BAFT wants to avoid a scenario where the OCC has scoped in any potential banking services that involve the interoperability of tokenized deposits with payment stablecoins.

107. The OCC has proposed several categories of disclosure in the proposed rule and requested comment as to whether it should propose additional categories. Taken collectively, would these disclosures provide potential customers of permitted payment stablecoin issuers with the appropriate information to inform their use of stablecoins? Are there any steps the OCC should take to ensure that potential customers are not confused or overwhelmed by these disclosures, especially in light of the relative unfamiliarity many potential customers may have with stablecoins? For example, should the OCC take any steps to unify required disclosures so that they are all provided to customers at a specific point during the relationship? If so, how should the OCC ensure that the most pertinent information is sufficiently emphasized? Is there anything else the OCC should do to ensure that potential customers are appropriately informed in regard to stablecoins issued by permitted payment stablecoin issuers? Are there any technical aspects of distributed ledgers or blockchain the OCC should take advantage of in relation to disclosures? For example, should certain disclosures be automated through smart contracts, such as with wrappers or other techniques?

The NPR recognizes a multi-participant ecosystem but does not clearly delineate the regulatory responsibilities for all such parties (e.g., issuers; custodians; wallet providers; distribution platforms). Greater clarity regarding responsibilities would support more effective risk management and supervisory oversight.

While the NPR details issuer responsibilities and sets custodian requirements, it lacks clear and consolidated guidance on the specific regulatory responsibilities for other ecosystem participants, such as distributors and wallet providers.

The NPR does not address specific mechanisms or allocated responsibilities for dispute resolution among stablecoin holders, issuers, or other ecosystem participants. Lack of uniformity might adversely impact public confidence and trust in payment stablecoins.

A unified, infrastructure-level approach to disclosure would support both consumer understanding and reduced industry compliance burden. Payment stablecoins move across wallets, exchanges, payment applications, and direct issuer channels, and inconsistent disclosures across channels erode market confidence. The OCC should prescribe a standardized disclosure framework deliverable programmatically through smart contract metadata, standardized API endpoints, or on-chain attestations, so that channels retrieve and display authoritative disclosures on demand. A tiered structure — plain-language summary at acquisition, full disclosure on demand — addresses overwhelm concerns. This architectural approach partially addresses BAFT's concern on ecosystem-participant responsibility allocation.

108. Currently, many stablecoin issuers have issuance policies that may limit direct interaction with retail stablecoin holders. What are the potential impacts of these policies on retail stablecoin holders during a liquidity event? Should the OCC explicitly require permitted payment stablecoin issuers to redeem stablecoins presented by any stablecoin holder that has undergone appropriate on-boarding including customer screening, as proposed? Should the OCC require permitted payment stablecoin issuers to redeem payment stablecoins presented by a stablecoin holder that has an account relationship at a regulated financial institution? Is additional clarity needed as to for whom a permitted payment stablecoin issuer is obligated to redeem a permitted payment stablecoin? Should the OCC impose any additional rules addressing minimum amounts for redemption? For example, should the OCC prohibit redemption minimums or set the minimum at some point other than one payment stablecoin?

The OCC should provide clarity without requiring every issuer to maintain a fully direct retail account model. The governing principle should be that no lawful holder is left without a viable redemption path during stress. Restricting direct interaction with retail holders can create delays, basis risk, dependence on distributors, and unequal treatment if an intermediary fails or pauses service. Comparable international frameworks recognize redemption as a holder's right at par. The OCC should require that any holder who can satisfy onboarding — either directly with the issuer or through a designated regulated intermediary — must have an enforceable path to redemption at par. Issuer-level redemption minimums higher than one token should generally be avoided, though intermediaries may aggregate operationally so long as retail holders are not effectively blocked from par redemption.

109. How should the OCC ensure that the standards in proposed § 15.13 are "principles-based" while providing sufficient clarity to permitted payment stablecoin issuers? Should the requirements in proposed § 15.13 be more high level or more detailed?

PPSIs should be required to conduct capital and liquidity stress tests in line with payment run-off best practices, adopt written liquidity plans, and establish recovery and resolution plans.

Internal guidance favors principles-based standards supported by supervisory guidance rather than prescriptive rules, allowing flexibility while maintaining strong governance, operational resilience, and financial risk controls.

110. Should certain of the risk management requirements only apply to large permitted payment stablecoin issuers? If so, which requirements should only apply to large permitted payment stablecoin issuers, and what would be the appropriate threshold for determining that a permitted payment stablecoin issuer is a large issuer (e.g., $10 billion in outstanding issuance value)?

Internal materials support proportionality, with enhanced requirements for larger or more systemically significant issuers. Thresholds based on outstanding issuance value (e.g., $10bn) could be appropriate, consistent with approaches in other markets.

Risk management requirements should be scaled to size and systemic footprint. BAFT supports the proportionality approach BAFT members have articulated, including the multi-factor measure of systemic relevance (outstanding issuance supplemented by transaction volumes, peak redemption capacity, user concentration, interconnectedness). Specific threshold calibration merits views from commenters with direct PPSI exposure. BAFT 's contribution is to note that scaled requirements should not become a barrier to entry: standardized and shared compliance and risk management infrastructure is the operational mechanism by which proportionate requirements remain feasible for smaller issuers, and the availability of such infrastructure is relevant to calibration.

111. Which standards from 12 U.S.C. 1831p-1 and 12 CFR part 30 appendices A and B should or should not apply to permitted payment stablecoin issuers? Are there other standards not in 12 U.S.C. 1831p-1 and 12 CFR part 30 appendices A and B that should apply to permitted payment stablecoin issuers?

The OCC should apply most governance, internal-control, audit, outsourcing, ICT-risk, and compliance standards reflected in 12 U.S.C. 1831p-1 and 12 CFR part 30 Appendices A and B, but should not import bank-lending standards mechanically. Stablecoin issuers do not share the credit intermediation model of banks; their critical risks are reserve safeguarding, redemption liquidity, operational resilience, ICT and cyber risk, financial crime, outsourcing and third-party concentration, conflicts, and governance failures. That direction is consistent with international prudential practice for digital-asset issuers, which emphasizes documented governance frameworks, clear allocation of responsibilities, risk culture, internal controls, ICT resilience, reserve monitoring, redemption preparedness, and disclosures and audits.

112. Do the proposed risk management requirements appropriately provide for clear management roles, responsibilities, and accountability? If not, how should the proposed risk management requirements be revised?

The proposed requirements are directionally sound but should be more explicit on roles and accountability. At a minimum, the final rule should assign clear responsibility to: the board (or equivalent governing body), senior management, treasury and reserve management, risk management, compliance (including BSA and sanctions), internal audit, and ICT and security. International prudential practice increasingly requires this expressly — documented organizational structure, lines of responsibility, effective reporting to the management body, independent control functions, and board-approved ICT risk-management frameworks. The OCC should require written charters, escalation protocols, reporting lines, and board-approved responsibilities rather than leaving these matters implicit.

113. Should permitted payment stablecoin issuers be required to adopt and adhere to a risk appetite statement?

Yes. A board-approved risk appetite statement should be required. It is standard in prudential governance and particularly important for stablecoin issuers because the key risks — redemption and liquidity risk, reserve composition, depository and custodian concentration, outsourcing and ICT dependency, and legal and compliance risk — must be translated into operational limits. International governance practice for digital-asset issuers expressly ties risk strategy and risk culture to the responsibilities of the management body. For OCC purposes, the risk appetite statement should be concise but operational, setting limits, escalation triggers, and board tolerance for reserve-asset concentration, redemption stress, ICT incidents, and third-party failures.

114. Should permitted payment stablecoin issuers be required to regularly (e.g., on at least an annual basis), review their risk management framework and make any changes to appropriately align risk management activities with their business objectives and strategies?

Yes. The framework should require review at least annually, and also promptly after any material change — for example, a new blockchain, new custodian or depository, significant growth in outstanding issuance, a major outsourcing arrangement, a significant incident, or a change in redemption channels. International prudential practice requires financial entities to review ICT risk-management frameworks on a regular basis and governance arrangements periodically, especially after material developments. For stablecoin issuers, annual review alone is insufficient; the rule should expressly add a material-change or significant-incident trigger.

115. Should the proposed rule's requirements with respect to interest rate risk management be modified? If so, how? For example, should permitted payment stablecoin issuers have in place the appropriate policies, procedures and internal controls for their interest rate risk management programs? Should permitted payment stablecoin issuers develop appropriate measurement of interest rate risk as part of their interest rate risk management programs? Should permitted payment stablecoin issuers establish risk appetite and limit structure as part of interest rate risk management programs? Should permitted payment stablecoin issuers incorporate stress testing as part of their interest risk management programs? Should

permitted payment stablecoin issuers be allowed to use assets that do not qualify as reserve assets as part of an interest rate risk hedging program? If so, should there be restrictions on the types of instruments used for hedging purpose? Additionally, should the maturities of the hedging instruments be matched with the maturities of the qualified reserve assets?

Yes, the interest rate risk provisions should be strengthened and made more explicit. Even if reserve assets are short-dated, interest-rate movements can still affect fair value, monetization capacity, and confidence. International prudential standards for stablecoin-like issuers require reserve assets to have minimal market and credit risk, be rapidly liquidatable, and be overcollateralized where needed, with robust governance supporting prompt redemption. Comparable international liquidity standards focus on resilient liquidity profiles and short-dated assets. The OCC should therefore require: board-approved IRR policies; measurement methodologies; limits and escalation; scenario analysis and stress testing; and integration with redemption and liquidity planning. If hedging with non-reserve assets is permitted, it should be narrowly limited, fully documented, and prohibited from increasing redemption, counterparty, or basis risk. A conservative alternative is to prohibit such hedging unless the OCC specifically approves it.

116. What types of credit risk may permitted payment stablecoin issuers face, and how should permitted payment stablecoin issuers manage these risks? Should the proposed rule include specific requirements or standards related to management of credit risk? If so, what specific requirements or standards should the OCC consider including?

Permitted payment stablecoin issuers face multiple forms of credit risk even without engaging in lending. These include: depository and institution risk on uninsured deposits; custodian and sub-custodian risk; reverse-repo counterparty risk; money market fund look-through risk; settlement and intermediary risk in the redemption chain; and concentration risk that amplifies any of the foregoing. International prudential standards recognize that reserve assets must have minimal credit risk and that reserve management and redemption arrangements must remain robust under stress; they also address concentration, depositary quality, liquidity, and reserve resilience. The OCC should expressly require issuer-level identification, counterparty approval standards, concentration limits, ongoing monitoring, independent review, and contingency plans for replacement of failed or impaired counterparties.

117. Are the risk management requirements in proposed § 15.13(a)(8) necessary in light of the requirements in proposed § 15.11?

Yes. Sections 15.11 and 15.13(a)(8) are complementary rather than duplicative. Section 15.11 establishes the structural reserve requirements; Section 15.13(a)(8) is needed to require the issuer to measure, monitor, validate, and manage the associated risks on an ongoing basis. A rule that says "hold safe reserves" is not sufficient; the issuer must also have the capability to know, in near real time, whether it is within limits, whether counterparties remain sound, and whether reserves can actually be monetized under stress.

118. Are there areas that fall under the categories of technological, operational, compliance, or other risk management principles-based requirements and standards that should be included in § 15.13 but were omitted from the proposed rule? Should proposed § 15.13(b) expressly address risks relating to smart contracts, encryption, tokenized assets, or any other technology or procedure? Are there standards which were included but are not applicable to permitted payment stablecoin issuers? The proposed rule would require the appointment of a qualified Information Technology and Security Officer. Should the rule also require the appointment of a qualified Chief Risk Officer and Chief Audit Executive? The OCC is considering all possible combinations of the standards in proposed § 15.13 and invites comments on which combination of standards is appropriate as well as whether to remove any of the individual standards in proposed § 15.13.

The OCC should clarify expectations where a bank performs multiple roles (PPSI, reserve asset custodian, wallet provider, payment intermediary) and provide guidance on segregation of duties, governance controls, and conflict-of-interest mitigation. The OCC should also consider whether the NPR sufficiently mitigates anti-competitive risk.

The NPR mandates "appropriate segregation of duties" and internal controls (15.13(a)(1)(i)) and addresses insider/affiliate transactions (15.13(a)(6)). However, explicit guidance for how a single institution performing multiple roles should manage conflicts of interest, beyond general internal controls, are not provided.

119. Should the OCC consider operational risk management principles-based requirements and standards to address the situation where an issuer needs to transfer payment stablecoins across different blockchains to satisfy a redemption demand? If so, what kind of requirements and standards should the OCC consider to address this situation? For example, should there be specific requirements relating to locking, minting, or burning payment stablecoins to facilitate a transfer?

Cross-chain transfer operations are core clearing and settlement functions and should meet standards comparable to traditional payment clearing infrastructure. Two architectural approaches are distinguishable: bridge-based (stablecoins locked on origin chain, wrapped tokens minted on destination through a third-party bridge) and native multi-chain (native issuance on multiple chains, with cross-chain settlement coordinated through the network's infrastructure). For any cross-chain mechanism the rule should require: audited, transparent locking/minting/burning with operational accountability; defined settlement finality; continuous BSA/AML, sanctions, and Travel Rule compliance across the full lifecycle; auditability supporting supervisory examination; and operational resilience including fallback and kill-switch capabilities. Standardized clearing between regulated members and native multi-chain architectures offer advantages in preserving gross settlement, audit trails, and compliance continuity.

120. Should the OCC include consumer protection-related compliance risk management principles-based requirements and standards in § 15.13? If so, are there specific standards the OCC should institute?

Yes. The OCC should include consumer-protection-related compliance risk-management requirements in Section 15.13, kept technology-neutral and focused on process. At a minimum, the framework should cover: clear and prominent disclosures; complaint handling; fair and timely redemption communications; oversight of distribution partners and white-label arrangements; controls against misleading marketing; recordkeeping; and escalation of consumer-impact incidents. This layer reduces conduct risk without turning Part 15 into a full retail consumer code.

121. Are there additional requirements concerning data privacy that it would be appropriate for the OCC to include in proposed part 15? Please describe in detail any such standards.

Yes. The OCC should add baseline data-privacy and data-governance requirements. Stablecoin activities combine financial data, blockchain identifiers, sanctions and AML controls, and often complex outsourcing or cross-border processing. A defensible approach is to align with existing US financial privacy law — GLBA and Regulation P — and with internationally accepted principles: purpose limitation, data minimization, lawful basis and notice, access controls, retention limits, security and confidentiality, incident response, and governance for third-party and cross-border data handling. AML and CFT requirements also interact with privacy and data-protection frameworks. The rule should not duplicate all privacy law, but should require issuers to maintain a board-approved privacy and data-governance program proportionate to their business model.

122. Are there particular measures necessary to manage compensation-related concerns at permitted payment stablecoin issuers, notably risks associated with compensating any party with stablecoins issued by a permitted payment stablecoin issuer?

Yes. Compensation-related safeguards are appropriate, especially where compensation is paid in, linked to, or economically tied to the issuer's own stablecoins. Such arrangements can create incentives to maximize issuance growth, reduce redemption friction, underprice reserve or liquidity risk, or tolerate weak controls in pursuit of transaction volume. International governance standards increasingly tie remuneration to sound risk culture and the long-term interests of the firm. The OCC need not prohibit all such arrangements, but it should require a board-approved compensation policy addressing conflicts, risk adjustment, deferral or hold-back where appropriate, clawback and malus triggers, and independence for control functions.

123. Should the OCC include additional requirements concerning permitted payment stablecoin issuers' management of their ability to satisfy redemption requests and to monetize reserve assets, including by analyzing reasonably anticipated redemption scenarios?

Yes. The final rule should add explicit requirements for issuers to manage their ability to satisfy redemptions and to monetize reserve assets under both normal and stressed conditions. These

should include at least: scenario analysis for idiosyncratic and market-wide redemption shocks; operational playbooks; settlement cut-off and channel mapping; periodic testing of monetization arrangements; contingency funding sources where available; and governance triggers for escalation. A ruleset that defines reserve assets but does not require testing of monetization capacity leaves a material practical gap.

124. Should the OCC include additional requirements relating to the maintenance of safeguards to prevent the payment of compensation, fees, and benefits that are excessive or that could lead to material financial loss to the permitted payment stablecoin issuer?

Yes. The OCC should include safeguards against compensation, fees, or benefits that are excessive or that could materially weaken the issuer. This is not a purely corporate-governance concern; for a stablecoin issuer, weak remuneration discipline can directly undermine operational resilience, reserve integrity, and redemption confidence. International compensation principles are designed to reduce incentives for excessive risk-taking, and international governance practice expects remuneration structures to align with the entity's risk profile and long-term soundness. The OCC could adopt a principles-based rule requiring issuers to maintain remuneration and expense controls proportionate to size and significance, with heightened expectations for significant issuers.

125. Are the proposed requirements with respect to insider and affiliate transactions appropriately tailored? If not, how should they be modified? Should the OCC consider more prescriptive quantitative or qualitative requirements related to insider and affiliate transactions?

Rules between related parties should be clearly defined where a national trust bank custodian is holding reserves on behalf of a related PPSI.

The OCC should clarify what constitutes "excessive" in the context of insider/affiliate transactions. While recognizing the need for flexibility, it would be useful if the OCC could establish clear thresholds or issue more detailed guidelines.

Intraday facilities used by PPSIs from their affiliates should be subject to Reg W–type provisions.

The OCC should clarify expectations where a bank performs multiple roles (PPSI, reserve asset custodian, wallet provider, payment intermediary) and provide guidance on segregation of duties, governance controls, and conflict-of-interest mitigation. The OCC should also consider whether the NPR sufficiently mitigates anti-competitive risk.

The NPR mandates "appropriate segregation of duties" and internal controls (15.13(a)(1)(i)) and addresses insider/affiliate transactions (15.13(a)(6)). However, explicit guidance for how a single institution performing multiple roles should manage conflicts of interest, beyond general internal controls, are not provided.

126. Should the OCC include any requirements relating to the concentration of management at unaffiliated permitted payment stablecoin issuers? For example, should the OCC include limits on the number of unaffiliated permitted payment stablecoin issuers for which an individual may serve as an executive officer or senior management official? Should any such limits be tied to the outstanding issuance value of the permitted payment stablecoin issuer?

A blanket numerical cap on the number of unaffiliated issuers one person may manage is probably too rigid for all firms, but the OCC should impose a sufficient-time-and-conflicts standard and reserve the right to impose numerical limits for significant issuers. This approach is consistent with prudential governance norms internationally, which commonly do not prohibit multiple directorships entirely but cap them and require sufficient time commitment. Fit-and-proper practice similarly emphasizes time commitment and the ability to discharge duties effectively. For the OCC, a tiered approach would be appropriate: require all issuers to assess time commitment, conflicts, and concentration of key-person dependency; for significant issuers, consider numeric limits consistent with comparable international practice.

127. Should the OCC require permitted payment stablecoin issuers to acquire insurance against certain risks? For example, should permitted payment stablecoin issuers be required to hold cyber insurance policies? If so, what should be the minimum coverage requirements? Should the OCC require some minimum level of property and casualty insurance? If so, what should the minimum level of coverage be? What disclosures, if any, would it be appropriate for a permitted payment stablecoin issuer to make with respect to its insurance coverage and to whom should those disclosures be directed (e.g., investors or payment stablecoin holders)? What implications with respect to other applicable disclosure regimes should the OCC consider when deciding whether to impose any disclosure requirements with respect to insurance coverage? To what extent are the terms and conditions for property and casualty (or other types of) insurance coverage for permitted payment stablecoin issuers becoming more standardized? What steps, if any, should the OCC take to encourage standardization to increase certainty and consistency with respect to insurance coverage across jurisdictions?

Internal discussions recognize increasing market practice for cyber, crime/fidelity, and E&O insurance. Requirements should focus on supervisory visibility rather than fixed coverage amounts, given evolving market terms. Disclosure primarily to regulators rather than retail holders would be appropriate.

128. Should the OCC provide that, with respect to a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution, the permitted payment stablecoin issuer is deemed to comply with the risk management requirements of proposed part 15 if it complies with the risk management requirements applicable to its parent insured depository institution?

No, not as an automatic deeming provision. A subsidiary stablecoin issuer can and should leverage the parent insured depository institution's enterprise-wide risk framework where appropriate, but

that should not produce automatic compliance with Part 15. Stablecoin issuance introduces entity-specific risks — reserve segregation, redemption operations, distributed-ledger dependencies, wallet and key control, ICT incidents, white-label distribution, and specific conflicts that may not be fully captured by a parent bank's general framework. International prudential practice places responsibilities on the issuing entity itself. The OCC could instead provide that the subsidiary may rely on parent frameworks only where demonstrably adapted to the issuer's business model, risks, and legal obligations, and subject to issuer-level accountability.

129. Should the OCC alter the proposed reporting or examination requirements? If so, how? Is there additional information that should be included in the required reports or information that is not included in the proposed rule? Is there information included in the required reports or information that should not be included in the proposed rule?

The proposed framework is broadly sound but would benefit from being more explicitly risk-based and stablecoin-specific. In addition to the proposed reporting, the OCC should consider standardized reporting for: daily and weekly net issuance and redemption volumes; failed or delayed redemptions; reserve concentration by depository and custodian; legal and entity mapping of custody chains and sub-custodians; key outsourcing dependencies; and material incidents affecting issuance, custody, or redemption. The OCC should minimize duplication by reusing Call Report or FFIEC 002 data where appropriate.

130. Proposed § 15.14(d) sets forth criteria under which a permitted payment stablecoin issuer could qualify for an extended examination cycle. Are those criteria properly calibrated? Is the timeframe for an extended examination cycle appropriate? Should the OCC consider decreasing or increasing the range for an extended examination cycle? Should the OCC consider both monthly trading volume and outstanding issuance value when determining whether to employ an extended examination cycle? Are there other factors that should be included, such as redemption rates, asset composition, or creditworthiness? If so, how should the OCC consider those factors?

The OCC should in no circumstance wait multiple years to examine a PPSI.

Minimum exam requirements should be set for more material PPSIs. This is especially important for issuers of payment stablecoins where there is potential for heightened engagement with consumers.

131. In proposed § 15.14(h), the OCC proposes to collect confidential weekly data from permitted payment stablecoin issuers to minimize the examination burden on permitted payment stablecoin issuers. The weekly data would include information relating to: (1) outstanding issuance value, (2) reserve assets, (3) redemptions, (4) minting and issuance, (5) exchanges on which the stablecoin trades, (6) the 100 persons that hold or trade the stablecoin the most, (7) data concerning securities held as reserve assets (including information regarding reserve assets' CUSIPs, yield, weighted average maturity and weighted average life), and (8) information regarding repurchase agreements and reverse repurchase

agreements (including information regarding the counterparty, clearing agency, collateral, and interest). Has the OCC identified in the proposed form the appropriate data fields and categories of information to collect from a permitted payment stablecoin issuer on a weekly basis to understand the operations and risks unique to its business model? If not, are there data fields that the OCC should not request on a weekly basis and are there any additional data fields beyond those proposed that the OCC should collect on a weekly basis from a permitted payment stablecoin issuer to better assist in understanding the operations and risks unique to its business model? Should the OCC collect secondary market transaction data (e.g., trading price and volume)? Or should the OCC only collect primary market transaction data? Would it be too burdensome for permitted payment stablecoin issuers to provide the proposed weekly data to the OCC electronically on a daily or real-time basis? Should the OCC collect additional data regarding the custody of reserve assets (or other covered assets)? Should the data collected be made public? If, so, on what timeframe should the data be made public? To what extent, if any, would a permitted payment stablecoin issuer be anticipated to track the information required under the form referred to in proposed § 15.14(h) on a regular or real-time basis for its own use in the absence of a requirement to report it? To what extent would the proposed weekly and quarterly reporting requirements tend to reduce the frequency at which the OCC would need to examine permitted payment stablecoin issuers? Are there other reporting requirements that the OCC could request that might reduce the frequency at which the OCC would need to examine permitted payment stablecoin issuers?

The final rule should prescribe standardized data schemas and transmission protocols for the weekly submission (XBRL-based formats, ISO 20022-aligned structures, or standardized API endpoints). Standardization enables shared reporting infrastructure to serve multiple issuers from a single integration, reducing compliance cost — particularly for smaller issuers — and improving data quality and comparability for the OCC. The rule should preserve OCC authority to require higher-frequency feeds for specific elements (outstanding issuance, aggregate reserve value, certain transaction activity metrics) where natively digital and operationally feasible. Secondary market data collection should focus on aggregate market integrity metrics rather than transaction-level detail. The weekly and quarterly framework, supplemented by real-time feeds where feasible, can meaningfully reduce the frequency at which on-site examination is required.

132. In proposed § 15.14(i), the OCC requires all permitted payment stablecoin issuers to submit a quarterly report of financial condition. Should the OCC tailor this requirement for permitted payment stablecoin issuers under a certain threshold? If so, what should the threshold be? For permitted payment stablecoin issuers under the threshold, should the OCC require less frequent reporting (e.g., every six months) and/or change the data issuers under the threshold are required to submit (e.g., require less data)? If a permitted payment stablecoin issuer, or its insured depository institution parent, currently files a Call Report, should it also be required to submit the quarterly report required under proposed § 15.14(i)? If so, why? If not, why not? If a permitted payment stablecoin issuer, or its insured depository

institution parent, currently files a Call Report, should the quarterly report under proposed § 15.14(i) be attached to the Call Report as an appendix as opposed to a separate filing? If so, why? If not, why not? Are there changes that should be made to the Call Report to ensure appropriate reporting while limiting duplicative reporting requirements? Should reports required under proposed § 15.14(i) and proposed part 15 more generally be coordinated and developed on an interagency basis across the federal payment stablecoin regulators?

The OCC should preserve quarterly reporting as the baseline for all issuers, and use proportionality primarily to reduce the number of data fields rather than the reporting frequency — at least until the regime has operating history. Stablecoin confidence can deteriorate quickly, so a six-month cadence is too sparse as a default. Where an issuer or its parent already files a Call Report or FFIEC 002, the OCC should avoid duplication by using a stablecoin-specific appendix or schedule rather than a wholly separate filing. Interagency coordination is strongly advisable so that reporting definitions, taxonomy, and timing align across the OCC, the Federal Reserve, and the FDIC where relevant. FFIEC reporting demonstrates the value of common forms and common timing conventions.

133. In addition to requiring a monthly report of a permitted payment stablecoin issuer's reserve asset composition, should the OCC also require a permitted payment stablecoin issuer to publish a report of the reserve asset composition as of a day randomly selected each month by the permitted payment stablecoin issuer's registered public accounting firm?

Yes, in substance. The OCC should require the auditor to test reserve adequacy as of at least one randomly selected business day in the period, because that is an effective anti-window-dressing safeguard. For public disclosure, however, the OCC could accept a concise statement of compliance on the random test date rather than requiring a full second public reserve report.

134. How can the OCC best minimize duplication of reports, including for permitted payment stablecoin issuers subject to the audit requirement contained in proposed § 15.14(l)? Should the OCC include in the rule text its interpretation of "applicable auditing standards" under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) to mean those that would apply if the permitted payment stablecoin issuer were subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m, 78o(d))? Should the OCC also include in the rule text that the standards would be enforced by the OCC for permitted payment stablecoin issuers subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii))? Should the OCC also include in the rule text that it may at any time request that a registered public accounting firm provide to the OCC certain additional information or documents relating to information provided by the permitted payment stablecoin issuer and that the registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii))?

The best way to minimize duplication is to make clear that the audit requirement uses a single primary audit standard set — the standards that would apply if the issuer were subject to Exchange Act reporting — and to reuse that work for OCC purposes rather than building a parallel regime. The OCC should codify that interpretation. The OCC should also state that it may obtain additional documents and, where necessary, working papers from the registered public accounting firm subject to confidentiality protections, because effective supervision depends on being able to evaluate the reliability and scope of the external audit. PCAOB standards already distinguish assurance levels clearly, and OCC confidentiality rules already protect nonpublic supervisory information. The key is to make OCC access risk-based rather than routine, so the rule supports supervision without creating unnecessary duplication.

135. Should the OCC apply the requirement in section 6(a)(2)(D) of the GENIUS Act (12 U.S.C. 5905(a)(2)(D)) to all permitted payment stablecoin issuers, rather than only to Federal qualified nonbank payment stablecoin issuers, as proposed?

Yes, as a supervisory matter the requirement should apply to all OCC-supervised PPSIs. BSA and sanctions risk is not meaningfully reduced by charter type. Stablecoin-specific AML and CFT expectations are being applied internationally across issuer categories rather than solely to nonbanks. The better approach is uniform substantive coverage with proportional, non-duplicative collection of information. In practice, if a bank subsidiary's parent already provides equivalent information through existing supervisory channels, the OCC can rely on that to avoid duplicate reporting.

136. The OCC is proposing that Federal qualified payment stablecoin issuers report to the OCC the total aggregate value of their assets under custody (as part of the quarterly report described in § 15.14(i) of the proposal). For purposes of this calculation, the OCC is proposing that the private keys used to issue payment stablecoins, as discussed in Section 10 of the GENIUS Act, should be valued at a nominal $1.00 valuation. This reporting convention would prevent double-counting of the private key and the associated payment stablecoin reserves. What are the advantages and disadvantages of this approach? Are there specific risks or information gaps related to the custody of these private keys that would not be identified by this reporting convention, including for example, where the covered custodian of the private key used to issue payment stablecoins is not also the custodian of all of the associate payment stablecoin reserves? Are there alternative methods to avoid double-counting? For example, what are the advantages and disadvantages of valuing the private key used to issue a payment stablecoin at the par-value of issuance of the associated payment stablecoin less the fair market value of any associated payment stablecoin reserves that the covered custodian holds under custody?

The OCC's proposed $1 nominal value convention is sensible and preferable to assigning an economic value to issuance keys. The principal risk of these keys is operational and control risk, not market value, and a nominal value cleanly avoids double-counting. The reporting framework should not stop there, however. A $1 convention can obscure important control risks if the key

custodian is different from the reserve custodian or if signing authority is concentrated. The OCC should supplement the nominal value approach with non-financial reporting fields: custody model (self, third-party, or MPC), number and location of key shards or signers, whether the key custodian also holds reserves, concentration of operational dependency, and any incidents affecting key control. The OCC's 2025 crypto-asset safekeeping guidance emphasizes safe and sound safekeeping rather than book-value-based measurement, and the reporting convention should reflect that.

137. Is the change in control requirement in proposed § 15.14(m) appropriately calibrated for permitted payment stablecoin issuers? If not, what changes should the OCC incorporate into this provision? Are there elements of 12 CFR 5.50 that should or should not be incorporated into § 15.14(m)? Should the regulation explicitly provide the consequences for failing to meet the requirements of proposed § 15.14(m)? For example, should the OCC include a paragraph that would provide that, if a person acquires control, as the term is used at 12 CFR 5.50, of a permitted payment stablecoin issuer without following the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank before the time for the OCC's review as provided in 12 CFR 5.50 has expired or after the OCC has disapproved the acquisition of control, the permitted payment stablecoin issuer: (i) must, within 15 calendar days of the acquisition of control, provide all information required under 12 CFR 5.50; and (ii) may be subject to supervisory or enforcement actions relating to any concerns arising from the change in control, consistent with applicable law?

The proposed approach is directionally appropriate, and anchoring to the existing 12 CFR 5.50 framework is sensible — it provides a familiar 60-day prior notice structure. The final rule should clarify, however, that "control" for stablecoin issuers must capture functional control, not only voting securities. Functional control can arise through contractual governance rights, administrative keys, privileged smart-contract controls, or other mechanisms that can materially affect issuance, reserve management, or redemption. The rule should also state explicit consequences for noncompliance to improve enforceability and deter attempts to bypass review. The example remedial paragraph in the NPRM is reasonable.

138. For purposes of determining whether a State qualified payment stablecoin issuer has crossed the $10 billion outstanding issuance value threshold, should the $10 billion threshold be based on a point of time or using a rolling average over some period of time (e.g., the previous four calendar quarters)? Should the $10 billion threshold take into account the outstanding issuance value of any payment stablecoins issued by non-consolidated affiliates of the State qualified payment stablecoin issuer?

The $10 billion outstanding issuance value threshold in § 15.15 is a reasonable trigger for requiring larger state-qualified issuers to transition to federal oversight. The final rule should clarify how OIV is calculated and how trading volume (if any) contributes to the measurement. Regional and smaller community banks supporting stablecoin issuers through in-house reserve holding or custody arrangements should not face disproportionate burden when supporting issuers that

cross this threshold. A principles-based approach under Option A accommodates varying bank sizes and business models.

139. Under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)), a State qualified payment stablecoin issuer with total outstanding issuance in excess of $10 billion must transition to the Federal regulatory framework within 360 days or else cease issuing new payment stablecoins until its total outstanding issuance is below the $10 billion threshold. Should the OCC adopt a regulation that would provide a mechanism for nonbank State qualified payment stablecoin issuers that have transitioned to the Federal regulatory framework to transition back to the applicable State regulatory framework if the issuer's outstanding issuance value has decreased below $10 billion? If so, should the mechanism explicitly include factors designed to prevent evasion of the enforcement of the GENIUS Act? For example, what factors should the OCC consider to determine whether a State qualified payment stablecoin issuer intentionally reduced its outstanding issuance value to avoid imminent and adverse OCC enforcement or supervisory actions (e.g., the timing or value of the issuer's decrease in its outstanding issuance)? Should the OCC use its waiver authority under section 4(d)(3) of the GENIUS Act to permit issuers that have transitioned to the Federal regulatory framework to transition back to the applicable State regulatory framework?

The 360-day federal transition timeline may be insufficient for smaller state-qualified issuers and the regional or community banks supporting them through in-house reserve holding arrangements. The rule should permit risk-based extension on a case-by-case basis, particularly where supporting banks demonstrate strong existing state supervisory relationships and operational readiness. Uniform application of the 360-day timeline may produce transition-related disruption without corresponding supervisory benefit.

140. Are there any technical, operational, or other factors that would prevent a State qualified payment stablecoin issuer from providing written notification within five calendar days as proposed under § 15.15(b)? Should the OCC consider alternate timeframes, including shorter timeframes (e.g., within one day) or longer timeframes (e.g., within ten days) for providing written notification?

Technical and operational factors that can impede federal transition include: system integration requirements across multiple blockchain networks; reconciliation of reserve custody arrangements across state and federal frameworks; customer notification and consent workflows at scale; and coordination with existing business partners on contractual amendments. The final rule should include scaled requirements and extended timelines for state PPSIs facing these barriers, consistent with the general flexibility principles Option A supports.

141. Should the OCC require that the State qualified payment stablecoin issuer provide additional information in its notice under § 15.15(b)? Should the OCC require a State qualified payment stablecoin issuer to provide specific reports or information in connection with a

waiver request, such as the examples listed in the supplementary information? If so, please provide examples.

Additional waiver application information beyond what is already required should be minimized. The OCC already has access to the issuer's state supervisory history and Call Report data. Additional requirements should focus on information that is genuinely not available through existing supervisory channels rather than duplicating information the OCC can access directly.

142. The OCC is considering whether to implement standards when evaluating the past operations and exam history of a nonbank State qualified payment stablecoin issuer. For example, the OCC may require that, for an issuer to be eligible for a waiver, it must not have been cited for violations or have outstanding supervisory concerns relating to fraud, cybersecurity, technology infrastructure, and operational disruptions within the past examination cycle. Should the OCC consider standards related to an issuer's supervisory ratings?

The OCC should place significant weight on the state supervisory history of the applicant when evaluating waiver requests. State qualified PPSIs with strong supervisory histories and well-established exam records should receive presumptive consideration for waivers, subject to appropriate OCC review. This approach avoids duplicating supervisory effort and recognizes the substantive equivalence of state prudential supervision for qualified issuers.

143. Should waivers from OCC supervision for State qualified payment stablecoin issuers that are nonbank entities be subject to renewal over some time period (e.g., one or five years) to ensure that the State qualified payment issuer continues to meet the criteria for the waiver?

Waivers from OCC supervision for state qualified nonbank PPSIs above $50 billion should remain available where state supervisory history supports them, with appropriate OCC review. Categorical exclusion of large state PPSIs from waiver eligibility based solely on size would create disruption without corresponding supervisory benefit where the state supervisory framework has demonstrated adequate oversight capability.

144. Should the OCC reserve the right to discontinue a waiver? If so, is 100 days a reasonable period to provide notice to the State qualified payment stablecoin issuer that is a nonbank entity?

The OCC should retain authority to discontinue waivers where supervisory concerns arise. The 100-day transition period is reasonable for straightforward cases, but the rule should permit risk-based extended timelines where the complexity of transition warrants — for example, where significant operational, custody, or customer-relationship adjustments are required. This flexibility prevents transition-related disruption from compounding the supervisory concerns that triggered discontinuance.

145. Is the requirement to submit an analysis of capital in proposed § 15.15(b)(3) appropriately calibrated? Should the State qualified payment stablecoin issuer that is a nonbank entity be

required to submit the report sooner after reaching $10 billion in outstanding issuance value (e.g., 180 days, 200 days, 250 days)?

The capital analysis requirement in § 15.15(b)(3) should be scaled to the size and operational profile of the applicant. For smaller state qualified PPSIs and for issuers supported by regional and community banks holding reserves in-house, a streamlined capital analysis focused on demonstrating adequate resources for the issuance profile is more appropriate than the comprehensive capital analysis that may be warranted for larger or more complex issuers.

146. Is the timeframe for the initial OCC examination after transition to the Federal regulatory framework in proposed § 15.15(c) appropriate? Should the timeframe be shorter (e.g., three months, four months) or longer (e.g., nine months, 12 months)?

The timeframe for the initial OCC examination after transition should be risk-based rather than uniformly prescribed. For state PPSIs with strong supervisory histories and established operational profiles, an extended timeframe for the initial OCC examination is appropriate and avoids duplicative supervisory effort. For issuers with less-established operational records or supervisory concerns, earlier examination is appropriate. Risk-based calibration supports effective supervision without unnecessary burden.

147. Are there additional criteria or information sources the OCC should consider when determining whether unusual and exigent circumstances exist? For example, the Act does not mandate information sharing agreements between the OCC and State payment stablecoin regulators, and the OCC may have limited visibility into the activities and conditions of State qualified payment stablecoin issuers. Should the OCC consider, for example, whether a State payment stablecoin regulator or a State qualified payment stablecoin issuer has made a request for the OCC to exercise its unusual and exigent circumstances authority? Should the OCC consider significant price fluctuations in the secondary market for the State qualified payment stablecoin issuer's payment stablecoin? Should the OCC consider whether the State qualified payment stablecoin issuer has been, or will imminently be, unable to timely redeem its payment stablecoin? Should the OCC consider whether the State qualified payment stablecoin issuer has incurred significant unanticipated losses? Should the OCC consider whether the State qualified payment stablecoin issuer has deployed nonstandard liquidity management tools?

The OCC should (a) provide examples of events or PPSI activity that would constitute "unusual and exigent circumstances" and/or (b) clarify the standard the OCC would apply to support such a finding. While acknowledging the OCC's role and the need for broad powers, greater clarity on specific triggers and scope of intervention powers should be encouraged.

148. Should the OCC make public when it determines that unusual and exigent circumstances exist? If so, what information should the OCC include (or not include) in any publication regarding unusual and exigent circumstances?

The better answer is not to require automatic public disclosure of the determination itself. OCC supervisory determinations and related information are frequently nonpublic supervisory information, and premature disclosure could itself destabilize a fragile situation. Where OCC action materially affects holders' rights or the issuer's operations — such as a redemption restriction, freeze, or operational halt — a narrow public notice focused on operational effect is appropriate. Any public statement should avoid disclosing confidential supervisory analysis, third-party confidential information, or sensitive operational and security details.

149. Are the proposed definitions for terms relevant to this section appropriate and sufficiently clear? Would it be helpful to define any other terms?

Prior regulatory responses support technology-neutral custody definitions that focus on control and safeguarding outcomes rather than specific technical implementations.

Custody definitions should ensure technology neutrality across custody models relevant to digital assets, including multi-party computation key management, multi-signature arrangements, smart contract-based escrow, and multi-custodian arrangements — consistent with BAFT members' support for technology-neutral definitions focused on control and safeguarding outcomes. Definitions drafted around single-custodian paradigms would channel PPSIs toward legacy custody solutions offered by the largest institutions, producing custody concentration inconsistent with the OCC's fair-competition objectives. Definitional clarification may benefit from attention to "control" in the MPC and multi-signature context, "segregation" in the on-chain address context, and "direct custody" versus sub-custody and multi-custody arrangements.

150. The OCC has interpreted "cash and other property" to refer to the cash and other property that a covered custodian may receive as custodial property of its customers, but only to the extent such cash or other property is received in connection with the provision of custodial services for the Act's three core custody assets. Is this the appropriate approach? Should the OCC take a broader view of what constitutes "cash and other property"? What are the costs and benefits of such an approach? Does the proposal appropriately address the different requirements for noncash covered assets and "cash on deposit" covered assets held at an insured depository institution?

Non-bank PPSIs should generally be prohibited from self-custody of reserve assets.

The OCC should make it as clear as possible in the regulatory text that reserves in the form of cash can be held as a general deposit and do not need to be held in custody.

151. The OCC is proposing to define covered assets in such a way that the requirements of sections 10(a), (b), and (c) of the Act (12 U.S.C. 5909(a)-(c)) would apply to all covered assets and is proposing to apply the substantive requirements of those sections as a connected set of requirements. However, sections 10(a), (b), and (c) of the Act use slightly different wording when describing the assets to which each subsection applies and some of the substantive requirements that apply.[129] The OCC believes that the provisions should be read together

to cover the same set of assets and to provide a cogent and harmonized set of requirements for covered custodians.[130] Instead of the proposed approach, should the OCC use the precise statutory language regarding the scope of assets covered separately in paragraphs (a), (b), and (c)? What are the advantages or disadvantages of doing so?

It is unclear if subpart C is intended to scope in OCC-regulated entities' custody activities for stablecoins issued elsewhere in the world that do not have a U.S. market nexus. BAFT advocates for clarity that the proposal would not extend to those scenarios.

152. Proposed subpart C would implement section 10 of the GENIUS Act (12 U.S.C. 5909) with respect to entities that are regulated by the OCC. Are there issues that the OCC should bear in mind if an OCC-regulated entity holds reserve assets on behalf of a stablecoin issuer that is not regulated by the OCC and may not be familiar with the OCC's implementation of section 10 of the GENIUS Act?

It is unclear if subpart C is intended to scope in OCC-regulated entities' custody activities for stablecoins issued elsewhere in the world that do not have a U.S. market nexus. BAFT advocates for clarity that the proposal would not extend to those scenarios.

Foreign stablecoin issuers may not recognize the requirements and seek to hold assets with a non-OCC regulated custodian, including foreign global custodians, who may appoint a U.S. custodian as a sub-custodian several steps down the chain. The OCC should offer further guidance on how firms should tailor their compliance risk framework to identify and mitigate risks from such arrangements, and consider whether other jurisdictions may have contrary regulation.

153. The OCC is proposing applying these principles-based requirements on covered custodians subject to OCC supervision, rather than requiring OCC-supervised institutions that seek to custody a covered asset to only custody such assets with a custodian that can demonstrate it complies with certain minimum requirements. What are the costs and benefits of this approach, including with regards to administrability, jurisdiction, and the promotion of fair competition?

PPSIs should be required to conduct robust initial and regular due diligence on the custodians they use for their reserve assets to ensure they meet appropriate legal, operational, and organizational standards on an ongoing basis.

Minimum custody requirements should be applied directly to covered custodians through supervisory frameworks, rather than indirectly by requiring issuers to assess or audit custodian compliance. Where custodians are already subject to OCC supervision, direct regulation ensures clarity, accountability, and consistency.

Internal experience and prior regulatory engagement—particularly in the UK—demonstrate that imposing indirect oversight obligations on issuers can create duplicative monitoring, legal uncertainty, and operational inefficiencies without improving outcomes. Applying regulator-led

supervision to custodians aligns with existing practice and allows issuers to rely on regulated institutions with confidence.

154. The OCC proposes principles-based requirements in line with sound custodial management practices that the agency understands are industry standard. Does the proposal accurately capture sound custodial management practices that are industry standard?

The proposal is broadly sound, but the final rule should make several points more explicit. The proposal already tracks the right core themes: segregation, creditor protection, recordkeeping, possession and control, and sub-custodian oversight. These themes are consistent with international supervisory practice, which requires anti-encumbrance, prompt access, segregation, due diligence, ongoing review of custodians, and protection against claims of custodians' creditors. They are also consistent with the OCC's 2025 safe-and-sound crypto-safekeeping guidance. The OCC should keep the principles-based structure and make explicit that reserve custody requires both legal and operational segregation, and that oversight of sub-custodians and private-key control is part of sound custodial management.

155. Does the proposal provide enough detail regarding what steps are appropriate for a covered custodian to protect the covered assets of covered customers from the claims of creditors of the covered custodian? Would more prescriptive or specific requirements be appropriate to implement the requirements of the Act? For example, should the OCC require a covered custodian to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian, including through adopting, implementing, and maintaining written policies, procedures, and internal controls adequate for (A) the safekeeping of covered assets of covered customers; (B) the documentation of covered customer relationships through one or more written custody agreements; (C) recording and verifying the covered assets of covered customers; and (D) the conducting of due diligence in the selection of and periodic monitoring of sub-custodians, in each case commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets in its covered customer relationships? What are the costs and benefits of prescriptive versus a principles-based approach? How would either approach compare or contrast with the non-covered asset custodial business of covered custodians and what efficiencies or challenges might arise from each approach?

PPSIs should be required to conduct robust initial and regular due diligence on the custodians they use for their reserve assets to ensure they meet appropriate legal, operational, and organizational standards on an ongoing basis.

The OCC should provide further clarity regarding the interplay between the segregation requirements for non-bank financial institutions (NBFIs) and the OCC's expectation for the safeguarding of protected assets in case of default. The OCC should include language addressing whether NBFIs can demonstrate true segregation from creditors in case of default.

156. Is it sufficiently clear in a custodial relationship when and for what assets the minimum, principles-based requirements of subpart C would apply? For example, are there circumstances where a custodian may be unaware that stablecoin assets held in an account are being used as collateral and potentially subject to the requirements of subpart C?

Additional clarification would be helpful. The OCC should clarify that subpart C applies whenever an OCC-supervised institution provides custody, safekeeping, or control over covered assets and knows, or reasonably should know, that the assets are covered or are being used as such. For reserve assets, collateral wallets, and issuance keys, the clarification can be implemented through contract, account design, and customer representations. Comparable international frameworks treat both reserve assets and, where relevant, the means of access to digital assets (including private keys) as part of the custody perimeter. A "knowledge or reason-to-know" standard combined with contractual tagging and notice requirements would materially reduce ambiguity.

157. The proposed rule describes how a custodian maintains control of a stablecoin or tokenized stablecoin reserve assets. Is this description appropriately calibrated? Are there other means by which a custodian should be deemed to have demonstrated control over these types of assets?

The OCC should provide further clarity, examples, or a framework illustrating how the principles-based definition of control applies to multi-signature wallets and smart-contract-based custody structures. What are the OCC's expectations for key management, storage, and recovery in a multi-signature setup? What elements of a smart contract's design would satisfy the "control" requirement? Without such guidance, the risk of misinterpretation, compliance costs, and reluctance to adopt advanced solutions remain high.

Internal precedent supports recognizing multiple methods of demonstrating control, including multi-signature arrangements and MPC, provided governance, segregation, and auditability standards are met.

The principles-based description of custodial control is appropriately calibrated, but framework guidance addressing how the control standard applies to the custody models most relevant to digital assets would materially reduce compliance ambiguity. BAFT has observed that ambiguity elevates compliance costs and discourages adoption of advanced solutions; BAFT has also supported recognition of multiple methods of demonstrating control where governance, segregation, and auditability standards are met. These positions are aligned. Guidance should address multi-signature arrangements, MPC key management, and smart contract-based custody — covering key generation, access authorization, audit and recovery procedures, and the relationship between contractual accountability and technical implementation.

158. Are there additional considerations the OCC should take into account regarding a covered custodian's use of an omnibus account? For example, should the OCC consider a high-level principals-based approach to apply generally to a covered custodian's provision of custodial or safekeeping services to covered customers for covered assets while utilizing a

more detailed regulatory framework regarding a covered custodian's use of omnibus accounts? Alternatively, to what extent should the OCC consider proposing that a covered custodian may, for convenience, commingle in a single omnibus account both covered assets and other custodial assets that are not covered assets? What efficiencies and challenges would such an approach raise? Are there additional risk considerations the OCC should consider if it takes such an approach? For example, to what extent should the OCC consider prescribing additional recordkeeping, customer account, disclosure, or other terms or conditions as a precondition to a covered custodian commingling covered assets and non-covered assets?

Custodians should be permitted to maintain in an omnibus account covered assets and non-covered assets for covered and non-covered customers, provided that they can control the assets and provide proper recordkeeping to recognize what portion are covered assets related to covered customers.

Internal responses favor a principles-based approach allowing omnibus accounts with strong segregation, recordkeeping, and disclosure controls. Commingling covered and non-covered assets could raise complexity and would require enhanced safeguards.

159. Regarding the proposed rule governing the withdrawal of custodial covered assets to pay certain commissions, taxes, storage, and other charges, should the OCC require any more prescriptive customer protection requirements, such as those designed to ensure that such withdrawals do not cause any reserve to fall below any minimum coverage of a payment stablecoin? What are the costs and benefits of these or any similar approach? For example, in order to implement an effective compliance system, would such a requirement impose undue burdens on a custodian from withdrawing any permitted funds from a custodial account that contains payment stablecoin reserves?

Yes, but calibration matters. The OCC should require controls ensuring that fee withdrawals cannot silently erode required reserve coverage. The primary prudential obligation should remain with the issuer rather than being shifted entirely onto the custodian. A balanced rule would require: a pre-agreed fee schedule; authorized withdrawal instructions; issuer representations that withdrawals will not breach coverage; and hard-stop controls where the custodian has sufficient visibility into the full reserve pool.

160. Section 10(c)(3) of the GENIUS Act provides a priority regime regarding the claims of covered customers against a covered custodian with regards to any payment stablecoins used as collateral. The section also allows covered customers to expressly waive this priority. What are the potential benefits and drawbacks of such a priority regime, including with regards to whether it may amplify losses to payment stablecoin issuers on payment stablecoin reserves that are custodied by a covered custodian that provides a diversified custodial business should there be a shortfall in a covered custodian's custodied assets? What market practices do commenters believe are likely to arise regarding the use of the

contractual provisions that waive a covered customer's priority regarding payment stablecoins used as collateral that are held in custody? To what extent should the OCC consider either providing guidance on the use of such contractual provisions or requiring covered custodians to use such contractual provisions in their custody agreements? How are customer waivers in relation to covered custodians likely to impact the resolution of permitted payment stablecoin issuers? For example, would they lead to additional complications in determining the priority of claims?

The OCC should clarify what "payment stablecoins used as collateral" are. In addition, the OCC should adjust its expectations for custodians to recognize that a client transferring in stablecoins may not indicate that they are held as collateral.

161. The GENIUS Act provides an exclusion from the custodial requirements to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys. The OCC proposes to clarify that it would not consider certain activities to constitute "solely" providing hardware or software to facilitate custody or safekeeping of payment stablecoins or private keys. Should the OCC consider implementing any other language to prevent the exception from being used to evade the custodial requirements of the Act? Alternatively, could an OCC-supervised institution provide ancillary custodial services to a user of such hardware or software (e.g., facilitating the customer's crypto-asset and fiat currency exchange transactions, transaction settlement, trade execution, recordkeeping, valuation, tax services, reporting, or other appropriate services) while avoiding the minimum, principles-based requirements of the proposal?

Yes. The OCC should add language clarifying that the exclusion is available only where the institution does not possess, control, or have unilateral ability to move, freeze, block, or recover the customer's stablecoins or private keys, and does not market itself as providing custody. Ancillary services such as execution support, reporting, valuation, or tax tools can remain outside subpart C only if the institution truly lacks asset or key control. If the institution holds recovery keys, has co-signing authority, controls omnibus arrangements, or can operationally cause or prevent a transfer, it should not rely on the self-custody exclusion.

162. Are there particular circumstances for which the OCC should provide additional clarification as to the application of subpart C or the applicability of any exception (e.g., regarding payment stablecoins locked in a smart contract for purposes of "wrapping" the payment stablecoin for use on an unsupported blockchain)?

Yes. Additional clarification would be valuable for at least the following cases: wrapping and bridging arrangements; smart-contract lockups; MPC and distributed signing; escrow and recovery services; omnibus wallets; settlement agents; white-label structures; and any arrangement where one party controls the underlying token while another controls the wrapper or redemption mechanism. For wrapped stablecoins in particular, the OCC should clarify that the entity

controlling the underlying locked asset — or the administrative keys that can unlock or redirect it — may be acting as a custodian of covered assets. A pure software interface with no such control should remain outside subpart C.

163. In order to ensure that a permitted payment stablecoin issuer is able to meet redemptions on a timely basis, should the OCC require that any custody agreement a covered custodian enters into with a permitted payment stablecoin issuer provide for prompt release of any custodied covered assets to the covered customer's control? For example, should a custody agreement require that a covered custodian have the ability to transfer control of covered assets comprising payment stablecoin reserves, or execute and settle at the covered customer's direction any such assets, within a specific timeframe? What are the costs and benefits of any such approach?

The OCC should not require that any custody agreement a covered custodian enters into with a PPSI must provide for prompt release of custodied covered assets. This should be part of the service standards agreed between the covered custodian and covered customer, not a regulatory obligation on the custodian.

164. To what extent are Schedule RC-T of the Call Report, in the case of national banks, Federal savings associations, or Federal branches, and the portions of the reports required under proposed § 15.14 relevant to custodial activities, in the case of non-bank Federal qualified payment stablecoin issuers and applicable State qualified payment stablecoin issuers, appropriate to ensure that the OCC possesses the information necessary to supervise covered custodians? If other forms of reporting would be helpful, what are they? If other types of information would be helpful, what are they? What are the costs and benefits of more detailed reporting requirements?

The OCC should not impose additional, distinct reporting obligations on custodians; instead, it should leverage existing custody reporting mechanisms (e.g., Call Report data). Additional reporting or attestation obligations related to reserve composition should be imposed on the covered customer (the PPSI), who has greater visibility across multiple custodians.

165. To the extent a covered custodian with fiduciary powers provides fiduciary services to a covered customer in connection with the customer's covered assets, are the existing requirements in 12 CFR part 9 or 150, as applicable, appropriate to implement the GENIUS Act? Are there any efficiencies or challenges generated between the requirements in the GENIUS Act, the requirements proposed in subpart C, and the fiduciary activities requirements in 12 CFR part 9 or 150? Should the OCC consider leveraging the compliance regime in 12 CFR part 9 in connection with the portion of a covered custodian's provision of custodial or safekeeping services for covered assets that is conducted in a fiduciary capacity?

Internal materials suggest leveraging existing fiduciary regimes (12 CFR Part 9 or 150 equivalents) where custody services are provided in a fiduciary capacity, to avoid duplication while ensuring robust client protections.

166. Does the proposed approach regarding custody of covered assets proposed in subpart C, or any alternative approach discussed in comments or suggested by commenters, pose any concerns regarding fair competition between covered custodians and entities that are otherwise permissible custodians under section 10(a) of the GENIUS Act but which are not supervised by the OCC?

The proposed custody framework should ensure competitive neutrality between OCC-supervised custodians—including uninsured federal branches of foreign banks—and other permissible custodians that are not supervised by the OCC. Uninsured federal branches are subject to OCC oversight and should not face reduced custodial eligibility compared to domestic national banks or trust companies.

Internal regulatory analysis highlights the risk that differential treatment based solely on insured status could lead to regulatory-driven shifts in custody activity, rather than decisions based on risk, operational capability, or governance strength. Ensuring parity would support fair competition and align custodial eligibility with supervisory substance rather than institutional form.

Differential treatment among permissible custodians under Section 10(a) should be based on supervisory substance (governance, risk management, operational capability) rather than formal charter distinctions that do not track differences in risk. BAFT has raised the specific concern on uninsured federal branches of foreign banks. The broader principle extends to non-GSIB domestic custodians: framework design should preserve the practical viability of community banks, regional banks, and smaller trust companies as custodians, recognizing that compliance requirements calibrated to the largest institutions can foreclose smaller participation. Third-party infrastructure providers should be able to support custodians across regulatory regimes without duplicative compliance requirements.

167. Should the OCC explicitly provide in regulation that the application process under proposed § 15.30 supersedes all other filing requirements in OCC regulations related to issuance of stablecoins?

Yes, the OCC should explicitly provide that the Section 15.30 application process supersedes other OCC filing requirements related to stablecoin issuance. Without this clarification, applicants face the risk of dual or overlapping filing obligations under the Bank Service Company Act, the FDI Act section 4(c)(8) procedures, or other OCC regulations not designed for stablecoin-specific activities. The supersession should be explicit and comprehensive: a substantially complete application under § 15.30 should constitute the exclusive OCC filing requirement for stablecoin issuance activities, including custody of reserve assets, technology vendor relationships, and digital asset operations incidental to issuance. The OCC should clarify that supersession does not

affect (i) BSA/AML program registration with FinCEN; (ii) securities registration requirements where applicable; or (iii) state money transmitter licensing where not preempted.

168. Should the OCC establish any other factors in § 15.30 to ensure the safety and soundness of the applicant permitted payment stablecoin issuer? Should the OCC include as a factor the applicant's ability to conduct its proposed activities in a safe and sound manner? Are there other, more specific, criteria relating to safety and soundness that the OCC should consider?

Yes, the OCC should add three specific safety-and-soundness factors beyond the proposed criteria. First, technology infrastructure resilience: demonstrated disaster recovery capability, independent SOC 2 Type II or equivalent audit, multi-layered key management, and geographic distribution of critical systems. Technology failure in a stablecoin issuer creates immediate redemption suspension and systemic contagion, making infrastructure adequacy as important as capital adequacy. Second, compliance architecture maturity: protocol-embedded compliance for Travel Rule, sanctions screening, and transaction monitoring rather than compliance layered as a retrofit. Third, the applicant's ability to provide real-time regulatory visibility into reserve composition, transaction flows, and counterparty exposure through standardized API connectivity or dashboard access. The OCC should include as a general factor the applicant's ability to conduct proposed activities in a safe and sound manner, but should supplement this with the specific criteria above to provide objective benchmarks rather than purely subjective discretion. Applicants with demonstrated operational history under comparable regulatory regimes should receive proportionate consideration as evidence of operational viability.

169. The OCC specifically requests comment on the proposed standards for issuing a waiver under proposed § 15.30(f) and whether the OCC should consider any other facts in deciding to grant a waiver.

The proposed waiver standards should be supplemented with three additional considerations. First, the OCC should grant waivers for requirements that are technically infeasible for a specific applicant given its existing infrastructure, provided the applicant proposes a functionally equivalent alternative that meets the underlying regulatory objective. Second, the OCC should consider whether the applicant has demonstrated substantive compliance with comparable regulatory requirements that achieve equivalent outcomes, without requiring reconstruction of systems where differences are purely format-related rather than substantive. Third, the OCC should distinguish waivers sought during initial application (appropriately subject to stricter scrutiny) from waivers sought post-approval to accommodate product evolution or market expansion. The OCC should establish a public waiver registry (with commercially sensitive information redacted) to promote regulatory consistency and market transparency, and waiver decisions should be precedential unless the OCC expressly states otherwise, preventing arbitrary differential treatment of similarly situated applicants.

170. How should the OCC evaluate whether reserves held by foreign payment stablecoin issuers in the United States are sufficient to meet the demands of United States customers?

Will foreign payment stablecoin issuers be able to reliably determine which of their customers are United States customers? Should the amount of reserves held in the United States be required to exceed by some margin (e.g., 50 percent) the estimated one-month redemptions by United States customers? Should the amount of reserves held in the United States be based on the estimated number of United States holders of the payment stablecoin issued by the foreign payment stablecoin issuer? Is some other method appropriate for determining the amount of reserves that must be held in United States institutions? How are foreign payment stablecoin issuers likely to determine whether their customers are located in the United States? Are they likely to have access to sufficient information to make this determination? Is the scope of United States institutions in which a foreign payment stablecoin issuer may hold reserve assets appropriately calibrated? Should it include any other eligible financial institutions?

Foreign stablecoin issuers may not recognize the requirements and seek to hold assets with a non-OCC regulated custodian, including foreign global custodians, who may appoint a U.S. custodian as a sub-custodian several steps down the chain. The OCC should offer further guidance on how firms should tailor their compliance risk framework to identify and mitigate risks from such arrangements, and consider whether other jurisdictions may have contrary regulation.

171. Should the OCC require different or additional information to be reported by foreign payment stablecoin issuers? If so, what additional information should the OCC require? How frequently should the OCC require such information? Should any additional information be made public? Should the OCC expressly require foreign payment stablecoin issuers to provide the same reports, publish the same reports, and make and publish the same certifications as permitted payment stablecoin issuers? If not, what modifications to the reporting, publication, and certification requirements would be appropriate for foreign payment stablecoin issuers?

Foreign PPSIs registering with the OCC should be subject to reporting and certification requirements substantively equivalent to those applicable to US PPSIs, covering reserve composition, attestations, and supervisory data feeds. Equivalence supports a uniform compliance baseline across the regulated stablecoin ecosystem, prevents regulatory arbitrage, and produces comparable data for supervisory and market discipline purposes. The OCC should prescribe standardized reporting formats and data schemas so that reporting by foreign PPSIs can be generated, transmitted, and compared through the same infrastructure used by US PPSIs, rather than through bespoke foreign-issuer reporting arrangements. Additional reporting on matters specific to cross-jurisdictional operations — such as the jurisdictions in which the foreign PPSI conducts issuance and the scope of activities subject to home-regime supervision — would support supervisory visibility without imposing duplicative burden.

172. In proposed § 15.30 related to approval of permitted payment stablecoin issuers and in proposed § 15.32 related to the registration of foreign payment stablecoin issuers, should the OCC require that a permitted payment stablecoin issuer or a foreign issuer be allowed to only

issue a single type (i.e., brand) of payment stablecoin? What other arrangements designed to ensure legal separateness with respect to the reserve assets backing a particular brand of payment stablecoin should the OCC consider? For example, should the OCC require a permitted payment stablecoin issuer (or its parent company) to hold reserves in a special purpose, bankruptcy remote vehicle that is fully capitalized by the issuer and has no liabilities. What are the merits of these arrangements relative to requiring each issuer to issue only one brand of payment stablecoin? If the OCC requires a separate issuer for each brand of payment stablecoin, should the OCC streamline the approval process for certain applicants (e.g., by only requiring the applicant to provide notice if the parent or affiliate of the new issuer has previously received approval to act as a permitted payment stablecoin issuer)? In the absence of a restriction on issuing more than one brand of stablecoin, how would issuers ensure that reserve assets are properly legally and operationally allocated to the backing of each brand of stablecoin? Are there any other issues or challenges that permitted payment stablecoin issuers could encounter in complying with the Act in the absence of such a restriction? If the OCC were to impose any of the requirements on issuers as described above, how would these requirements interact with State qualified payment stablecoin issuers that transition to the Federal regulatory framework that are not subject to the approval process by the OCC? To ensure equitable treatment across OCC-regulated entities, should the OCC, for example, prohibit all permitted payment stablecoin issuers from issuing more than one brand of payment stablecoin (per legal entity) in § 15.10?

The OCC should not prohibit PPSIs from issuing more than one "brand" of payment stablecoin. Instead, the OCC should address the potential risks by (a) ensuring the legal separateness of reserve assets sufficient to back each individual brand one-to-one and (b) requiring public and supervisory reporting on a brand-by-brand basis.

GENIUS-compliant payment stablecoins should not be used to book-end, or become a back door for, non-compliant stablecoins. There could be scenarios where on-ramping is into a compliant coin, transfer is a non-compliant coin, and off ramp is a compliant coin again. This practice should be limited generally and outright prohibited in the case of affiliate coins.

BAFT supports BAFT 's position that PPSIs should not be prohibited from issuing multiple brands of payment stablecoin, with risks appropriately addressed through legal separateness of reserve assets and brand-by-brand public and supervisory reporting. This flexibility supports consortium-issuance structures in which a licensed issuer hosts branded stablecoins for other regulated financial institutions under a single charter, enabling smaller banks to participate in the stablecoin ecosystem without each independently bearing full charter infrastructure costs. The final rule should clarify that shared reserve-pool arrangements across multiple brands are permissible provided segregation, accountability, and per-brand reporting standards are maintained. BAFT notes that GENIUS-compliant brands must not be used to back-end or on-ramp non-compliant stablecoins, as BAFT has noted, and supports supervisory mechanisms addressing that concern.

173. Proposed §§ 15.31 and 15.32 refer to foreign payment stablecoin issuers holding reserve assets in United States financial institutions, consistent with section 18(a)(3) of the Act (12 U.S.C. 5916(a)(3)). Should the OCC further define "financial institution" for the purposes of these provisions? For example, the OCC could determine that the reserves must be held at State chartered depository institutions, insured depository institutions, national banks, or trust companies. These are the entities where permitted payment stablecoin issuers' stablecoin reserves may be commingled in an omnibus account under section 10(c)(2)(A) of the GENIUS Act (12 U.S.C. 5909(c)(2)(A)). Should the regulation state that the reserve assets must be held with United States eligible financial institutions?

For purposes of foreign payment stablecoin issuers (FPSIs) holding reserve assets in the United States, the term "financial institution" should expressly include federally licensed U.S. branches or agencies of foreign banks. These entities are OCC-supervised and subject to comprehensive consolidated supervision by home-country regulators.

Internal experience across jurisdictions supports recognizing institutions based on supervisory outcomes and prudential standards, not solely organizational form. Restricting eligible institutions to insured depository institutions or trust companies could unnecessarily limit access to well-supervised custodial and liquidity providers without delivering additional prudential benefit.

174. Should the OCC apply the capital requirements in proposed subpart E to the United States operations of foreign payment stablecoin issuers registered with the OCC? If so, how should the OCC modify these capital requirements to appropriately apply to the United States operations of foreign payment stablecoin issuers?

The capital requirements should be applied to the U.S. operations of foreign issuers.

175. Are there particular requirements that apply to permitted payment stablecoin issuers that should or should not apply to foreign payment stablecoin issuers? Please describe any such requirement and why the requirement should or should not apply.

The OCC should provide explicit guidance on managing potential conflict-of-law risks and cross-jurisdictional regulatory obligations, encompassing both: (1) International Frameworks – clarifying the interaction between the GENIUS Act and foreign regulatory regimes (e.g., MiCA); and (2) Domestic Federal-State Dynamics – detailing mechanisms for coordination and conflict resolution between federal and various state stablecoin regulatory frameworks.

Foreign-bank-owned payment stablecoin issuers should be subject to requirements that are proportionate and consistent with those applied to domestic bank-affiliated issuers, where comprehensive consolidated supervision is in place. Internal regulatory reviews note that jurisdictions such as the UK and EU increasingly emphasize regulatory equivalence and outcomes-based supervision.

Applying materially more onerous requirements to foreign issuers solely based on ownership or domicile could discourage participation by well-supervised global banks without materially improving safety or consumer protection.

176. Section 5 of the GENIUS Act (12 U.S.C. 5904) refers to "substantially complete" applications for permitted payment stablecoin issuers, but section 18 of the Act (12 U.S.C. 5916) does not refer to "substantially complete" applications with respect to foreign payment stablecoin issuers registering with the OCC (section 18 does refer to a "substantially complete" determination request to the Department of the Treasury). For parity, should the implementing regulations refer to a "substantially complete" application for both types of entities?

For parity and regulatory clarity, the implementing regulations should apply the "substantially complete" concept consistently to both US PPSI applications under section 5 and foreign PPSI registrations under section 18. A common standard reduces application-process ambiguity and supports consistent OCC review across the two pathways. The final rule should specify the elements that constitute a "substantially complete" submission — at minimum, core issuer identifying information, reserve and custody arrangements, governance and risk management documentation, and applicable compliance attestations — with flexibility for additional material to be supplied during the review process without restarting the application clock.

177. Are the proposed requirements for capital elements appropriate and sufficiently clear? Should the OCC consider permitting tier 2 capital in the form of subordinated debt, similar to the permitted capital element for a national bank? Should the OCC consider establishing limits on how much capital of each tier should be required or allowed? Alternately, should the OCC adopt a simpler measure of capital, such as anything that qualifies as equity under GAAP, instead of importing the bank framework for capital instruments? Should the OCC use tangible equity (retained earnings, stock, and preferred stock, net of tangible assets) as the measure of capital for a permitted payment stablecoin issuer?

Any self-custody by a PPSI of the reserve assets backing its payment stablecoins should be supported by strong, clear capital requirements on the PPSI.

The proposed capital framework for PPSIs is inadequate. The OCC should adopt a standardized, objective approach that facilitates transparency and comparability.

178. Should the OCC require deductions from regulatory capital for goodwill, certain deferred tax assets, or other illiquid or intangible assets, recognizing that these assets may not provide sufficient loss absorbency during a business disruption, and may experience volatility in value or writedowns that could deplete retained earnings? Please provide any data supporting your views.

The proposed capital framework for PPSIs is inadequate. The OCC should adopt a standardized, objective approach that facilitates transparency and comparability.

179. Are the proposed components and determination of the minimum capital and backstop requirements appropriate for permitted payment stablecoin issuers? Which alternatives, if any, should the OCC consider and why? Should the requirements include any adjustments in recognition of newly acquired or divested businesses, or any other adjustments when calculating total expenses for purposes of the proposed backstop? Please provide any data supporting your views.

The proposed capital framework for PPSIs is inadequate. The OCC should adopt a standardized, objective approach that facilitates transparency and comparability.

The calculation of the operational backstop should include forward-looking considerations to better reflect PPSIs that may scale up quickly.

There is the possibility that the operational backstop requirement could be evaded by having a corporate affiliate of a PPSI incur relevant expenses, or otherwise through strategic structuring and incurring expenses off balance sheet. The requirement should be strengthened to prevent insufficient liquid assets during business disruption.

The backstop should be funded by capital, not debt.

180. Is the $5 million minimum capital requirement for a de novo permitted payment stablecoin issuer appropriate?

How will the OCC determine whether expenses are "reasonable" for de novo PPSIs?

181. Should the OCC incorporate a capital requirement based on the outstanding issuance value or amount and type of reserve assets, including variations of any of the proposals discussed above? For example, should the OCC impose a minimum capital requirement based on a set percentage of outstanding issuance value, as discussed above in this supplementary information? If so, are the minimum capital requirements and thresholds discussed above appropriately calibrated? Please provide any data supporting your views.

Yes, a limited quantitative capital component is defensible, but it should supplement rather than replace the individualized capital framework. International prudential practice uses scale-sensitive own-funds formulas for regulated stablecoin-like issuers — for example, the higher of a fixed floor, a percentage of average reserve assets, and a fraction of fixed overheads, with stress-based increases where warranted. Linking capital to the scale of outstanding obligations or reserve size is not novel. For the OCC, however, a pure percentage of outstanding issuance value should not be the only test. A better design is a hybrid: a floor plus a modest scale-linked component, with additional supervisory add-ons based on reserve concentration, custody model, outsourcing dependence, and operational complexity.

182. Should the OCC adopt a capital requirement based on price risk, credit risk, operational risk, or interest rate risk, including variations on any of the proposals discussed above? Please provide any data supporting your views. For example, should the OCC impose a charge

for credit risk, such as a 2 percent capital charge for uninsured deposits? Should the OCC impose a capital charge to reflect the interest rate risk of certain reserve assets, such as Treasury securities? Should the OCC impose a minimum operational risk capital charge that scales with the size of the issuer, as discussed above (i.e., with a charge of 1 percent for small issuers with a smaller additional marginal charge applying at certain thresholds)? Should any such operational charge be based, in part, on the issuer's recent losses?

Capital requirements should be sensitive to the higher risks presented by PPSIs that engage in a broader range of activities.

183. Should the OCC adopt a capital requirement based on assets held in custody by permitted payment stablecoin issuers? If so, how should that requirement be calibrated? Please provide any data supporting your views.

Any self-custody by a PPSI of the reserve assets backing its payment stablecoins should be supported by strong, clear capital requirements on the PPSI.

184. Should the OCC adopt a capital requirement expressly designed to address costs of litigation, legal risk, or legal costs during insolvency that a permitted payment stablecoin issuer may face? If so, how should such a requirement be calibrated?

A separate bright-line litigation capital charge is probably not the best primary tool. Litigation and insolvency-execution risk are real but highly issuer-specific and difficult to calibrate ex ante. A more defensible approach is to address these concerns through the individualized capital assessment, the operational backstop, and robust wind-down and redemption planning. The OCC should reserve the ability to impose case-specific add-ons where legal risk is material rather than embedding a one-size-fits-all litigation capital formula in the base rule.

185. Should the capital and backstop requirements be calculated based as of the last day of a given quarter, as proposed? Should the amount instead be calculated across some other period of time, such as an average on a monthly, bi-monthly, biannually, or yearly basis?

For any requirement linked to reserve size or issuance size, a pure quarter-end snapshot is not ideal because it can be window-dressed. A better design uses a smoothing measure — at least a monthly average, and preferably a daily or weekly average for more significant issuers — while still evaluating capital composition at quarter-end for accounting simplicity.

186. Is the timing for the stablecoin issuer to meet capital and backstop requirements appropriate? Are the resulting activity limitations for failing to meet those requirements appropriate?

The general structure is appropriate, but the final rule should make clear that the response is severity-sensitive. An immediate prohibition on net new issuance when the issuer falls below required capital or backstop is appropriate; permitting growth while below minimum protection levels would be hard to defend. The OCC should preserve discretion to accelerate supervisory

intervention for material or fast-deteriorating shortfalls, and to allow narrow technical exceptions that do not increase net exposure. This approach is consistent with prudential logic and with SEC money market fund rules, which restrict acquisitions when liquidity is below prescribed thresholds rather than permitting unrestricted continuation.

187. Are there any advantages or disadvantages to setting capital requirements for permitted stablecoin issuers consistent with or different from those set by non-United States regulators? The proposed approach to determining capital requirements is less prescriptive than approaches adopted or proposed in certain foreign jurisdictions. Are there any advantages or disadvantages to setting capital requirements for permitted payment stablecoin issuers consistent with the approaches adopted by those jurisdictions?

The banking agencies should clarify banking organizations' capital treatment of payment stablecoin exposures and other crypto-asset exposures.

There should be parity between PPSIs and non-PPSI banking organizations in respect of the capital treatment of non-payment stablecoin crypto-asset exposures.

188. Are the proposed criteria for imposing an individual additional capital or backstop requirements appropriate and sufficiently clear? For example, should the OCC define what constitutes "excessive volatility?"

The criteria are directionally appropriate, but "excessive volatility" should be clarified with objective, non-exclusive indicators. The OCC need not adopt a single hard numerical test for every issuer, but it should provide supervisory factors such as: unusually large daily or weekly net issuance or redemption swings relative to outstanding issuance value; repeated deviations from par in the secondary market; concentration of redemption counterparties; recurring intraday liquidity stress; and significant operational incidents affecting issuance, reserve access, or settlement.

189. Should the OCC adopt alternative capital calculations for uninsured national trust banks? Should those alternative requirements depend upon whether the trust bank issues a payment stablecoin? Is the proposal to allow trust banks to elect the part 15 framework appropriate, or should the OCC consider establishing an alternative capital requirement? Would the proposed capital requirement create a competitive imbalance between standalone national trust banks and trust departments of insured national banks? Is the proposed requirement that national trust banks that opt into the part 15 framework still largely follow the definition of capital under part 3, subpart C appropriate, or should proposed § 15.40 apply instead? Please provide any data supporting your views.

A national trust bank that is a PPSI should not be permitted to engage in a broader set of activities than other PPSIs, and rules for national trust banks should be consistent with those for other banks.

The OCC should not carry over to all national trust banks the proposed capital framework for PPSIs.

190. Instead of satisfying risk-based or leverage capital requirements, a Federal branch must maintain a capital equivalency deposit. This deposit is calculated in part based on total liabilities of the Federal branch and would include any liabilities associated with a stablecoin program. Are there options the OCC should consider with respect to calculation of the capital equivalency deposit for a Federal branch's stablecoin program?

Yes. The OCC should consider an anti-double-counting approach for stablecoin liabilities that are fully backed by legally segregated, qualifying reserve assets. The purpose of the capital equivalency deposit is to protect depositors and support the sound condition of a federal branch, which is not separately capitalized. Where stablecoin liabilities are matched by ring-fenced, promptly accessible, qualifying reserve assets, the OCC should consider either (i) excluding those liabilities from the CED base, or (ii) allowing credit against the CED calculation for those segregated reserve assets — but not both. Any relief should depend on robust legal segregation, US control and access, high liquidity, and clear evidence that branch creditors cannot reach the reserve pool except as intended. This approach would preserve prudential protection while avoiding unnecessary duplication.

191. The OCC invites comment on whether there is reason to believe that the existing assessment structure in § 8.2, as amended, or the proposed assessment structure under subpart B will not adequately and appropriately enable the OCC to fund its supervisory activities in connection with institutions' GENIUS Act-related activities. Should the OCC consider imposing assessments based on different or additional measurements to account for increased supervision activities it will undertake in connection with supervising the GENIUS Act-related activities of these institutions?

The proposed assessment structure appears directionally reasonable, but the OCC should preserve flexibility to recalibrate after collecting actual supervisory-cost data. A stablecoin-specific regime is new, and supervisory intensity may differ materially across issuers depending on reserve model, custody footprint, outsourcing, cross-border operations, and issuance scale. Existing OCC assessment practice already uses institution characteristics and supervisory burden to differentiate charges. The strongest policy position is not to redesign the framework preemptively, but to commit expressly to re-evaluating it after several assessment cycles using empirical data on examination hours, incident-driven supervision, and specialized staff deployment.

192. The OCC currently expects to receive all information necessary to impose assessments on each national bank or Federal savings association for GENIUS-act related activities as proposed here from existing Call Report data and the supplementary reports proposed in this notice. Is there reason to believe that this is not the case? For example, the OCC currently relies upon Schedule RC-T to capture the "fiduciary and related assets" upon which independent trust banks pay assessments under § 8.6(c). Is there any reason to believe that

the custodial or safekeeping assets attributable to the activities described in 12 U.S.C. 5901 et seq would not be fully represented in Schedule RC-T and therefore in the assessments of national banks and Federal savings associations that remain subject to assessment under § 8.6(c)? Is there any necessary information that might not be captured?

There is credible reason to believe that existing Call Reports and Schedule RC-T may not be sufficient on their own for GENIUS Act assessment purposes. Schedule RC-T captures custody and safekeeping accounts held by the institution, but FFIEC instructions make clear that RC-T excludes arrangements where the institution only provides operational or back-office services and does not itself hold the assets. RC-T reporting frequency is also not uniform across all institutions. For a stablecoin regime — particularly one involving reserve assets, wallet and key safekeeping, sub-custody, tokenized assets, and hybrid operational arrangements — the OCC should retain a stablecoin-specific supplemental reporting requirement rather than relying solely on legacy forms.

193. To the extent the OCC should permit combinations of chartered and non-chartered institutions subject to the agency's jurisdiction to own a stablecoin issuing subsidiary, how should the OCC best ensure that the agency receives full contributions for assessed amounts? Under one option, the OCC could require each owner of a stablecoin issuing subsidiary to specifically report the amount and type of assets attributable to GENIUS Act-related activities listed on their Call Reports, Schedules RC-T, and any reporting pursuant to 12 CFR 15.14 (as applicable) so that the OCC can confirm it has received the proper assessed amount attributable to the issuing subsidiary's GENIUS Act-related activities. The agency under this option would likely retain discretion to decide whether to assign financial responsibility to each owner, or one or more owners (e.g., the majority owner), to eliminate any assessment shortfall that may exist in connection with the subsidiary's activities. However, the OCC seeks comment and information on other methods to ensure that it receives full assessments in connection with an issuing subsidiary owned by two or more institutions subject to OCC jurisdiction.

If the OCC permits a stablecoin-issuing subsidiary to be owned by multiple entities under OCC jurisdiction, the most defensible solution is entity-level reporting plus designated payer responsibility, backed by joint-and-several fallback liability. In practice, the issuer itself should file a consolidated stablecoin activity report under Part 15, each owner should reconcile any relevant balances on its own regulatory reports, and the group should designate one responsible filer and payer for assessments. If that mechanism fails, the OCC should retain authority to recover any shortfall from one or more owners, including the controlling owner. This is operationally clearer than attempting to apportion every assessment ex ante across multiple regulated owners.

194. Should the OCC have a mechanism to account for voluntary over-collateralization of reserve assets? In proposing to discount assessments attributable to an issuer's on-balance sheet required reserve assets, the OCC considered but declined to propose an extension of that discount to over-collateralized reserve assets (or, more broadly, to exclude over-collateralized amounts from assessments overall). As noted, while the OCC does not wish to

disincentivize over-collateralization, the agency is concerned that extending the proposed discount to over-collateralized reserves may encourage some institutions to mischaracterize the status of certain on-balance sheet assets as reserves to minimize their overall assessment. The OCC also preliminarily concludes that assessing voluntary over-collateralized stablecoin reserve amounts at undiscounted rates will not meaningfully influence an issuer's business judgment on whether and to what extent it should voluntarily over-collateralize its on-balance sheet stablecoin reserves. Nevertheless, the OCC seeks comment and any information that would support extending the proposed discount to voluntary over-collateralized reserves. If the agency ultimately concludes that an extension of the discount (or a carve out for voluntary over-collateralization) is appropriate, should the OCC cap the discount (or the carve out) for the voluntary over-collateralization at an amount equal to between one to five percent of required reserves, reflecting the agency's understanding that current stablecoin reserve voluntary over-collateralization typically occurs within this range? If one to five percent is not the correct range, what range would be appropriate?

Voluntary overcollateralization should not be ignored, but the OCC's caution is well-founded. If the agency extends assessment relief to voluntary excess reserves, relief should apply only to clearly identified, independently verifiable, ring-fenced excess reserves and should remain narrow. The principal risk is misclassification — institutions may relabel ordinary assets as "reserve." International prudential standards support overcollateralization only to the extent necessary to cover identifiable risks, not as a basis for relaxed discipline. The most defensible answer is therefore not to provide broad relief now; if the OCC later provides targeted relief, it should do so only within a small capped band and only where excess reserves are operationally segregated, publicly disclosed, and independently attested. A 1-5% band is defensible as a starting range for consultation, but should not be adopted without data.

195. The OCC considered, but preliminarily declines, to set a required stablecoin reserve asset threshold above which the agency would impose either a series of graduated additional discounts or a cap for purposes of calculating assessments. The OCC has occasionally adopted a similar approach when warranted by circumstances. For example, the agency currently places a similar asset-based cap (currently set at $250 billion) on the calculation of the problem bank surcharge paid by banks that require increased supervisory resources. A required stablecoin reserve asset threshold could be appropriate if the OCC were confident that assessment revenues obtained on stablecoin reserve assets above a certain threshold would be disproportionate to the marginal cost of supervising GENIUS Act-related activities attributable to those assets. However, the agency preliminarily concludes it lacks sufficient certainty of its future supervisory needs to determine with confidence the threshold above which this circumstance would arise. The agency nevertheless seeks comment and any information to better assess whether there is a reserve asset threshold above which it would be appropriate to impose either a series of graduated additional discounts or a cap for purposes of calculating assessments.

At this stage, the OCC should not set a hard reserve-size threshold above which additional discounts or caps automatically apply. Such a threshold would require confidence that supervisory cost does not continue to scale — directly or indirectly — with size, complexity, and systemic relevance. For stablecoin issuers, that confidence does not yet exist. International standards increasingly recognize that large issuers require more, not less, attention to redemption, liquidity, operational resilience, third-party risk, and cross-border effects. The more defensible position is to revisit the issue after the agency has observed several supervisory cycles and can compare actual marginal supervisory cost against assessment revenues for large issuers.

196. As noted, the OCC will rely on weekly and quarterly reporting under proposed § 15.14 to determine the appropriate semiannual assessment amount due from each supervised institution in connection to their GENIUS Act-related activities. The OCC requests any information and comment regarding the adequacy of these reports for these purposes. For example, is the OCC using the correct reports? Is there any concern that the OCC will have too few data points to measure rolling reserve assets? Should the OCC require reporting on a rolling daily or weekly basis, directly to the OCC? Should the required reporting be focused on the latest figures, the highest figures, the median, or the mean? Should the OCC leverage the proposed weekly reporting required under proposed § 15.14(h)?

Weekly and quarterly reporting are a sound starting point, but point-in-time reporting alone is not ideal for assessment purposes where reserve balances can fluctuate materially. The OCC should use the proposed weekly reporting under Section 15.14(h) as the primary stablecoin-specific input and calculate assessments from a rolling average or other smoothing measure over the assessment period, rather than from only the latest observation. Daily reporting should not be mandatory for all issuers, because that would add substantial burden, but the OCC should reserve authority to require daily data from large, fast-growing, or stressed issuers. Quarterly reports are useful for financial condition; weekly reports are better for reserve-based assessment calibration; daily reporting should be supervisory-on-demand rather than universal.

197. The OCC considered whether to reduce assessment for institutions subject to subpart B whose GENIUS Act-related activities would be subject to joint or coordinated review as between the OCC and either State permitted stablecoin regulators or foreign payment stablecoin regulators.[131] The appropriateness of assessing one or more classes of institutions subject to subpart B at lower rates would depend on whether the cost of supervising those institutions' GENIUS Act-related activities is in fact shared jointly with another regulator such that the cost to the OCC is meaningfully lower than the cost of assessing national banks and Federal savings associations. Based on the OCC's supervisory experience in similar circumstances involving joint or coordinated circumstances, in the agency's judgement it is not likely that the costs will be any lower. The OCC nevertheless seeks comments or any information that may support adopting alternative assessment methodologies under proposed subpart B for all or a subset of institutions subject to subpart B and subject to joint or coordinated supervision in connection with their GENIUS Act-related

activities, such as applying a discount in the range of 35 to 55 percent to Foreign or State qualified payment stablecoin issuers, or both, to reflect shared supervisory jurisdiction. In addition, the OCC requests comment on whether the 35 to 55 percent range is appropriate.

The OCC should apply a meaningful reduction in supervisory assessments for institutions subject to coordinated or joint supervision, including foreign-qualified issuers. Global banking groups already bear significant supervisory costs across jurisdictions, and duplicative assessments risk effectively double-charging for overlapping oversight.

Internal regulatory experience supports a higher assessment discount—such as 55 percent or greater—where supervisory reliance on other regulators is substantial. This approach would more accurately reflect supervisory efficiencies while maintaining appropriate cost recovery.

198. Does the proposed rule fulfill the GENIUS Act's mandate to issue regulations necessary to ensure financial stability? Are there other issues that the OCC should explicitly address, or risk management requirements it should impose, to ensure financial stability? Should the OCC collect any additional data in order to monitor financial stability in accordance with the GENIUS Act? If so, what data should it collect and how should it be collected?

The OCC should explicitly prohibit PPSIs from engaging in unsafe or unsound practices.

The NPR recognizes a multi-participant ecosystem but does not clearly delineate the regulatory responsibilities for all such parties (e.g., issuers; custodians; wallet providers; distribution platforms). Greater clarity regarding responsibilities would support more effective risk management and supervisory oversight.

While the NPR details issuer responsibilities and sets custodian requirements, it lacks clear and consolidated guidance on the specific regulatory responsibilities for other ecosystem participants, such as distributors and wallet providers.

While the proposed rule advances the GENIUS Act's mandate to promote financial stability, additional clarity and safeguards would strengthen its effectiveness. The OCC should explicitly address cross-border risks, liquidity and redemption pressures, operational resilience expectations for non-bank partners, and the potential for regulatory arbitrage in group structures involving foreign affiliates. To support ongoing monitoring, the OCC should collect standardized data on reserve composition, intraday liquidity flows, redemption activity, cross-border exposures, and operational incidents, reported at a frequency that reflects the real-time nature of digital-asset markets. These enhancements would provide the OCC with the visibility and tools needed to identify emerging risks and ensure that stablecoin-related activities do not threaten financial stability.

199. A permitted payment stablecoin issuer must be obligated to convert, redeem, or repurchase its issued payment stablecoins for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value. Is additional guidance needed on the accounting treatment for issued stablecoins and the associated

reserve assets? If so, what considerations should factor into any such guidance (e.g., what legal structures would be relevant to the accounting treatment)?

The OCC should also clarify how bank sub-issued payment stablecoin liabilities are treated under the bank's prudential requirements.

200. What impact would the proposed rule have on credit creation? How can the OCC minimize any negative impact to credit creation?

The strict 1:1 reserve requirements, prohibition on paying interest or yield on stablecoins, rehypothecation ban, and concentration/liquidity limits could shift deposits away from traditional lending activities into non-interest-bearing stablecoins. This may reduce banks' lendable funds and constrain credit creation, particularly if smaller and community banks face elevated barriers to participating under the 40% concentration rules and diversification requirements. For integrated bank-affiliated PPSIs, favorable consolidated treatment in parent LCR/NSFR and capital rules would help preserve credit intermediation capacity. The OCC should quantify potential deposit-migration effects and provide explicit tailoring under Option A to support continued credit creation by smaller banks.

201. Should any additional aspects of the proposed rule be adjusted based on the size of the permitted payment stablecoin issuer? For example, are there additional aspects of the proposed rule that should be applied exclusively to issuers with outstanding issuance above a certain amount? Should the OCC measure the "size" of a permitted payment stablecoin issuer by its outstanding stablecoin issuance or is there a better measurement?

Size-based adjustments to the proposed rule may be appropriate where larger stablecoin issuers pose outsized liquidity, operational, and redemption risks. For issuers above a defined threshold, the OCC could consider enhanced requirements for reserve transparency, intraday liquidity management, operational resilience, and cross-border risk monitoring. While outstanding stablecoin issuance is a useful baseline measure of size, a more risk-sensitive approach would also consider daily transaction volumes, peak redemption capacity, concentration of users, and the issuer's interconnectedness with the broader financial system. Using a multi-factor metric would better capture the systemic footprint of a permitted payment stablecoin issuer and ensure that heightened standards apply where financial-stability risks are most material.

Size-based adjustments are appropriate across risk management, reporting, examination frequency, and reserve diversification requirements. BAFT supports the multi-factor measure of systemic footprint. BAFT members have articulated, and defers to commenters with direct PPSI exposure on specific threshold calibration. Below any threshold, proportionate requirements should cover the same risk domains with intensity calibrated to size rather than exemption from substantive oversight. Standardized and shared compliance infrastructure is the operational mechanism by which proportionate requirements remain feasible for smaller issuers, and framework design should recognize availability of such infrastructure as relevant to calibration.

202. Are there any aspects of the proposed rule that the OCC should adjust to promote fair competition between banks and non-banks?

To promote fair competition between banks and non-banks, the OCC should ensure that entities offering bank-like services operate under proportionate, activity-based standards. Clarifying the regulatory perimeter, aligning baseline operational-resilience expectations, and increasing transparency for non-bank providers would reduce opportunities for regulatory arbitrage. Modernizing third-party risk rules so that critical non-bank service providers share more direct obligations would also support competitive neutrality. These adjustments would strengthen consumer protection while ensuring a level playing field across the financial ecosystem.

Certain aspects of the proposed rule could be refined to better promote fair competition between bank-affiliated and non-bank stablecoin issuers. In particular, the uninsured status of federal branches of foreign banks should not result in more restrictive or costly treatment compared to non-bank trust companies that may be subject to lighter prudential standards.

Internal analysis emphasizes aligning regulatory requirements with actual risk and governance profiles. Differential treatment based solely on deposit insurance status could disadvantage well-supervised bank branches without corresponding consumer protection benefits.

The final rule should promote fair competition between banks and non-banks, and among banks of different sizes, through uniform activity-based standards. Framework design choices that require substantial regulatory-affairs or infrastructure-build investment can, in practice, narrow the set of participants able to meet the requirements; shared infrastructure and standardized compliance tooling address this concern at the operational level. Tokenized deposit networks offering functionally equivalent payment services should not serve as competitive substitutes for PPSIs while avoiding the GENIUS Act's requirements — the OCC should clarify the perimeter between tokenized deposits within the exclusion and payment-stablecoin-equivalent networks that should be within the framework regardless of nominal classification. Across the bank/non-bank divide, entities offering payment-stablecoin-like services should operate under proportionate, activity-based standards, as BAFT members have articulated.

203. Should the proposed rule explicitly address permitted payment stablecoin issuers that also issue/redeem the same or similar stablecoins in one or more foreign jurisdictions? Could these issuers be subject to additional risks or operational challenges that are not sufficiently addressed by the proposed rule? To what extent should stablecoin holders be able to distinguish between the same or similar stablecoins issued under the GENIUS Act versus another regulatory regime? If the holder should be able to establish that it is holding a GENIUS Act compliant stablecoin, how should the OCC assist the holder in making this determination? For example, should the OCC impose required disclosures or technical requirements, such as through smart contracts, including those that use wrappers or other techniques?

The OCC should provide explicit guidance on managing potential conflict-of-law risks and cross-jurisdictional regulatory obligations, encompassing both: (1) International Frameworks – clarifying the interaction between the GENIUS Act and foreign regulatory regimes (e.g., MiCA); and (2) Domestic Federal-State Dynamics – detailing mechanisms for coordination and conflict resolution between federal and various state stablecoin regulatory frameworks.

BAFT supports BAFT 's call for explicit guidance on conflict-of-law and cross-jurisdictional regulatory coordination, and adds an architectural dimension. Where a stablecoin is issued or circulates across multiple blockchain networks and across jurisdictions with different regulatory regimes, compliance continuity depends on infrastructure-layer mechanisms that carry attestations — customer due diligence, sanctions screening, Travel Rule data — with each transaction in a form that downstream counterparties can verify regardless of which chain or jurisdiction the transaction originates from. Stablecoin holders should be able to distinguish between GENIUS-compliant issuance and issuance under other regulatory regimes through on-chain metadata or attestation mechanisms readable by wallets and platforms, without requiring holders to perform jurisdictional analysis. Interoperability standards of the kind addressed in our response to Q208 are the structural mechanism by which cross-jurisdictional risks are managed at scale, supplementing rather than substituting for the supervisory coordination BAFT has recommended.

204. What additional issues could arise with respect to a business model where a foreign affiliate issues or redeems payment stablecoins abroad? How should the OCC address these issues?

The OCC should provide explicit guidance on managing potential conflict-of-law risks and cross-jurisdictional regulatory obligations, encompassing both: (1) International Frameworks – clarifying the interaction between the GENIUS Act and foreign regulatory regimes (e.g., MiCA); and (2) Domestic Federal-State Dynamics – detailing mechanisms for coordination and conflict resolution between federal and various state stablecoin regulatory frameworks.

A foreign-affiliate model for issuing or redeeming payment stablecoins abroad raises risks related to regulatory arbitrage, cross-border liquidity pressures, uneven AML/CFT standards, and reduced supervisory visibility. To address these concerns, the OCC should require U.S. banks to apply equivalent prudential, liquidity, operational-resilience, and AML controls to stablecoin activities conducted through foreign affiliates, and ensure full transparency into reserve management, redemption flows, and third-party dependencies. Clear expectations for consolidated oversight and consistent redemption standards would help prevent risk migration outside the U.S. regulatory perimeter while supporting safe, competitive innovation.

The OCC should clearly delineate the regulatory perimeter applicable to issuance and redemption activities conducted by foreign affiliates of a U.S. permitted issuer. Where redemptions occur through foreign affiliates subject to home-country regulation and consolidated supervision, such

activities should not automatically be subject to OCC requirements beyond those applicable to the U.S. issuer itself.

Internal cross-border operating experience underscores the importance of respecting home-host supervisory arrangements to avoid duplicative or extraterritorial regulation. Clear boundaries would reduce uncertainty while preserving effective oversight of U.S.-based risks.

205. Are there any other technical developments in distributed ledger protocols, digital assets, or related technologies that the proposed rule should address to ensure the purposes of the GENIUS Act are being met? For example, should the OCC consider automating aspects of reporting or oversight? Should the OCC incorporate additional provisions concerning the use of smart contracts when considering compliance with aspects of the proposed rule, such as risk management? Are there dynamics relevant to particular blockchains that could affect liquidity, redemption, operating risk, or run risk that the OCC should consider and incorporate into any final rule?

Emerging technical developments in distributed ledger protocols and digital-asset infrastructure introduce risks that warrant explicit consideration in the final rule. The OCC should account for blockchain-specific dynamics—such as network congestion, validator concentration, smart-contract vulnerabilities, and settlement-layer outages—that could affect liquidity, redemption timing, operating risk, or run dynamics for permitted payment stablecoins. The agency should also consider enabling automated, machine-readable reporting to improve supervisory visibility into reserves, flows, and operational incidents, and establish clear expectations for the use of smart contracts in risk-management functions, including requirements for auditability, upgradability, and independent code review. Collecting standardized data on on-chain transaction patterns, cross-chain exposures, smart-contract events, and network performance metrics would help the OCC monitor financial-stability risks in real time and ensure the GENIUS Act's objectives are met.

The OCC should take affirmative advantage of technical capabilities distributed ledger infrastructure and smart contracts enable. Capabilities operationally feasible with current technology include on-chain proof-of-reserves attestation (continuous cryptographically verifiable transparency), smart contract-enforced reserve composition limits where accounts are addressable on-chain, standardized API-based reporting integrated with DLT infrastructure, and programmable compliance including sanctions screening against standardized oracles, BSA/AML transfer restrictions, and execution of freeze orders under duly authorized legal process. BAFT supports the blockchain-specific risk analysis that BAFT members have articulated, including network congestion, validator concentration, smart contract vulnerabilities, settlement-layer outages, and oracle dependencies. Risk management expectations should include independent code audits, formal verification where appropriate, upgrade governance with kill-switch capabilities, validator-set monitoring, and structured incident reporting. Underlying infrastructure should be open, auditable, and interoperable rather than proprietary.

206. Are there any particular considerations that the OCC should bear in mind or changes that the OCC should make with respect to permitted payment stablecoin issuers that are owned or operated by a consortium of other entities? In cases where the consortium includes both State-chartered insured depository institutions and national banks or Federal savings associations, which agency should be the primary Federal payment stablecoin regulator (e.g., the primary Federal payment stablecoin regulator of the majority owner or owners)?

For permitted payment stablecoin issuers owned or operated by a consortium, the OCC should ensure that governance, risk management, and supervisory accountability are clearly allocated, particularly where ownership spans both State-chartered insured depository institutions and national banks or Federal savings associations. Consortium structures can diffuse responsibility and create gaps in oversight, so the OCC should require a single, clearly identified primary Federal payment stablecoin regulator—ideally the regulator of the entity with operational control or, where control is shared, the regulator of the majority banking owner—to ensure consistent application of prudential, liquidity, operational-resilience, and consumer-protection standards. The OCC should also require consortium issuers to maintain transparent governance arrangements, enforceable decision-making authority, and consolidated reporting across all members to prevent regulatory arbitrage and ensure that no part of the consortium falls outside effective supervisory reach.

207. Should the OCC adopt any new rules or change any existing rules to implement the insolvency provisions of the GENIUS Act? Should the OCC require permitted payment stablecoin issuers to establish resolution plans?

BAFT supports the statutory priority for stablecoin holders over segregated reserve assets in insolvency under 12 U.S.C. § 5910. For integrated bank-affiliated PPSIs, the final rule should clarify how § 5910 interacts with the resolution and insolvency frameworks applicable to the parent bank, so that reserve assets remain protected and redeemable without disrupting the broader banking group. Explicit guidance on subsidiary PPSI treatment under § 5910 — and on coordination with FDIC receivership and OCC resolution authorities — would reduce uncertainty that could otherwise increase funding costs or discourage bank participation.

208. Section 12 of the GENIUS Act provides that the primary Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, and other relevant standard-setting organizations, and State bank and credit union regulators, shall assess and, if necessary, prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability with other permitted payment stablecoin issuers and the broader digital finance ecosystem. What efforts are issuers currently taking to address challenges posed by interoperability? What considerations should the regulators take into account in determining whether standards are necessary? Would the promulgation of standards help to broaden adoption of stablecoins?

The OCC, in consultation with NIST and other relevant standard-setting organizations, should prescribe mandatory interoperability standards for PPSIs. Interoperability is structurally necessary

for stablecoins to fulfill their statutory purpose as a means of payment and settlement; absence of mandated standards predictably produces fragmentation into proprietary closed-loop networks. Standards should address: messaging formats aligned with ISO 20022 where applicable; common smart contract interfaces for issuance, redemption, transfer, and attestation; open clearing and settlement protocols; and protocols for compliance attestations that travel with transactions and can be relied on by downstream counterparties without duplicative screening. The standards-setting process should be inclusive — standards developed primarily by incumbents tend to create migration costs for smaller participants. Mandated interoperability responds directly to Section 12 of the Act.

209. What are risks posed by different types of interoperability solutions and how might issuers and regulators manage those risks? How can interoperability solutions aid in addressing risks facing issuers? What risks are introduced by cross-chain bridges and other interoperability solutions and how do these risks interact with BSA/AML and sanctions requirements? What steps can be taken to address such BSA/AML and sanctions concerns?

Interoperability solutions—including cross-chain bridges, messaging protocols, and multi-chain issuance frameworks—introduce material risks related to smart-contract vulnerabilities, validator or oracle manipulation, inconsistent finality guarantees, and liquidity fragmentation across chains. These risks can be managed through requirements for independent code audits, upgradability and kill-switch mechanisms, robust key-management practices, and clear operational-resilience standards for any third-party interoperability provider. Because cross-chain bridges can obscure transaction provenance, create multi-hop pathways that complicate sanctions screening, and enable rapid movement across jurisdictions with differing AML expectations, the OCC should require enhanced transaction-monitoring controls, chain-of-custody analytics, and standardized reporting of cross-chain flows. Clear expectations for on-chain identity frameworks, risk-scoring of source and destination chains, and the use of blockchain-analytics tools would help ensure that interoperability does not weaken BSA/AML or sanctions compliance while still supporting safe, efficient stablecoin operations.

Cross-chain bridges and interoperability solutions introduce material risks warranting specific regulatory attention, as BAFT members have articulated: smart contract vulnerabilities, validator/oracle manipulation, inconsistent finality across chains, liquidity fragmentation, and loss of transaction provenance across chain boundaries. Solutions used by PPSIs should meet minimum standards on settlement finality (gross atomic settlement at the blockchain layer preferred where feasible), continuous BSA/AML and sanctions compliance across the full lifecycle with compliance attestations traveling with transactions, auditability and transparency of the bridging mechanism, and operational resilience including fallback and kill-switch capabilities. Standardized clearing between regulated members and native multi-chain issuance architectures offer meaningful advantages over third-party decentralized bridges in preserving settlement finality, audit trails, and compliance continuity.

210. Is there anything else the OCC should do to address potential fraud concerns in the context of a final rule? For example, a bad actor may create fraudulent tokens intended to mimic a payment stablecoin. Are there technical or other requirements the OCC should impose to mitigate the potential for such fraudulent tokens to harm consumers? For example, should authentic stablecoins be required to have an electronic signature that can be verified by a recipient? Are there other areas of potential fraud that the OCC should be aware of and should attempt to mitigate in the final rule?

The NPR addresses fraud related to the issuer's systems and customer data breaches (15.13(b)(7)), but a comprehensive, ecosystem-wide allocation of responsibility for preventing broader types of fraud (e.g., fraudulent tokens; scams involving distributors or wallet providers) is not detailed.

Fraud risks in the stablecoin ecosystem extend beyond traditional scams and include the creation of counterfeit or spoofed tokens designed to mimic legitimate payment stablecoins. To mitigate these risks, the OCC should consider requiring permitted issuers to implement cryptographic authenticity features—such as verifiable electronic signatures, issuer-controlled metadata, or on-chain attestation registries—that allow wallets, exchanges, and consumers to reliably distinguish authentic tokens from fraudulent ones. The agency should also address broader fraud vectors, including phishing, impersonation of issuer interfaces, and compromised smart-contract wrappers, by establishing minimum standards for wallet-level verification, secure user-interface design, and incident-reporting obligations. Because fraudulent tokens and spoofed cross-chain assets can obscure provenance and complicate sanctions and BSA/AML screening, the OCC should encourage the use of blockchain-analytics tools, chain-of-custody monitoring, and enhanced due-diligence requirements for platforms that support token creation or bridging. These measures would help ensure that fraud risks are contained without impeding responsible innovation.

211. What changes to existing rules should be made in recognition of the GENIUS Act? For example, should the OCC revise 12 CFR part 44 or 50 to ensure that stablecoin reserves do not count against relevant thresholds in those rules? Does 12 CFR part 44 pose any substantial impediment for banking entities planning to engage in permitted payment stablecoin activities? In particular, are there aspects of 12 CFR 44.5, 44.6, or 44.20 that would present undue burden or difficulties for a permitted payment stablecoin issuer that is subject to 12 CFR part 44?

In recognition of the GENIUS Act, the OCC should consider clarifying or revising aspects of 12 CFR parts 44 and 50 to ensure that high-quality, fully reserved stablecoin assets are not inadvertently treated as trading positions or subject to capital and liquidity thresholds designed for risk-bearing instruments. In particular, certain provisions of 12 CFR 44.5, 44.6, and 44.20 could create unnecessary operational and compliance burdens for banking entities engaged in permitted payment stablecoin activities, despite the fact that these activities involve low-risk, dollar-backed reserves held for customer redemption rather than proprietary trading or covered fund exposures. Excluding stablecoin reserves from relevant thresholds, and clarifying that reserve management

and issuance-related activities do not constitute prohibited trading or covered fund relationships, would reduce regulatory friction while preserving the safety-and-soundness objectives of both the GENIUS Act and existing OCC rules.

BAFT's comments reference the paragraph numbers in the request for comment. BAFT looks forward to further dialogue on these important issues. For further information, please contact Deepa Sinha, SVP Payments and Financial Crimes, at dsinha@baft.org.

Sincerely,

Deepa Sinha

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