Response to OCC Proposed Rulemaking

Responses by The Network Firm LLP

Stablecoin Regulation Under the GENIUS Act

Selected Question Responses — Reserve Transparency, Attestation Standards, and PCAOB Registration

Introduction

The Network Firm LLP ("TNF") is the largest crypto-focused CPA firm in the United States, specializing in Proof of Reserves attestation services, financial statement audits, and regulatory compliance services for cryptocurrency exchanges, stablecoin issuers, custodians, and digital asset companies. TNF co-authored the Digital Chamber's *Practitioner's Guide to Proof of Reserves*, actively contributes to the AICPA's Digital Asset Attestation Working Group, and was the first firm to provide "real-time" attestation reporting and post reserve data on-chain for stablecoin issuers. TNF's attestation services cover billions of dollars in reserve assets across stablecoins, exchange-traded products, and tokenized real-world assets. The team at TNF has been serving U.S. domiciled stablecoin issuers in an attestation and audit capacity since 2020.

TNF currently serves as the independent accountant for several USD-denominated stablecoin issuers that anticipate operating directly under the GENIUS Act framework, as state-sovereign issuers, or in international domiciles that seek to achieve reciprocity.

We appreciate the opportunity to respond to the OCC's proposed rulemaking under the GENIUS Act. The responses below address selected questions where TNF's practical experience as a long-standing attestation provider in the digital asset industry offers directly relevant perspective for the OCC's consideration. Following the question responses, we also raise several additional considerations that we believe warrant the OCC's attention in finalizing this rulemaking.

Question 91: Disclosure of Depository Institutions Holding Reserve Assets

> ***OCC Question 91:*** *For the composition report, should the permitted payment stablecoin issuer be required to disclose the depository institutions where the reserves are held?*

Position: Stablecoin issuers should not be required to disclose the specific names of depository institutions holding reserve assets. However, issuers should be required to disclose key characteristics of those institutions.

Requiring disclosure of specific institution names creates legitimate competitive concerns for issuers and may also expose confidential banking relationships that competitors could exploit. However, users of stablecoin attestation reports and regulators do have a legitimate interest in understanding the general risk profile of where reserve assets are held. This interest can be satisfied by requiring disclosure of the following key characteristics of each depository institution:

- **FDIC insurance status** — whether deposits at the institution are insured by the Federal Deposit Insurance Corporation, and to what extent those deposits are covered (i.e. $250,000 limits);

- **Institution type** — whether the institution is a national bank, state-chartered bank, trust company, or other type of regulated depository institution;
- **Jurisdiction** — the state or federal regulatory jurisdiction under which the institution operates; and
- **Size tier** — a general categorization of the institution's size (e.g., community bank, regional bank, systemically important financial institution) to provide context for counterparty risk assessment.

This approach balances the need for transparency with the legitimate commercial interests of the issuer, while still providing users and regulators with sufficient information to assess the risk profile of the reserve asset custody arrangements.

It is worth noting that not all bank deposits carry equivalent risk profiles. Deposit liabilities at a systemically important financial institution may present a materially different counterparty risk than deposits at a community bank. In practice, however, stablecoin issuers have generally sought to minimize the proportion of reserve assets held as bank deposits in order to optimize yield, which means the deposit portion of reserves tends to be a small portion of total reserves (<5%).

Given this dynamic, the OCC may wish to consider recommending that permitted payment stablecoin issuers maintain sufficient loss-absorbing capacity, whether through FDIC deposit insurance coverage, the issuer's own equity capital, excess reserves, or other risk mitigation mechanisms, to make the bank deposit portion of reserves whole in the event of a failure at an underlying depository institution. This would ensure that the 1:1 redemption promise is not impaired by counterparty risk in the deposit portion of the reserve portfolio, regardless of the size or risk profile of the institutions where those deposits are held.

Question 92: Reserves in Tokenized Form

> ***OCC Question 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?*

Position: Where a tokenized reserve instrument is a registered product with a recognized securities identifier, such as a CUSIP or ISIN, the stablecoin issuer should be required to disclose that identifier within the composition report. In these cases, the underlying fund details, custody arrangements, and regulatory filings are already publicly accessible through the securities identifier, making additional disclosure of the specific blockchain, ledger, or custodian within the attestation report redundant. For example, a tokenized money market fund such as USTB that carries a CUSIP allows any user or regulator to independently verify the fund's holdings, custodian, and structure through existing securities databases and regulatory filings.

For tokenized reserve instruments that are not registered products and do not carry a recognized securities identifier, the stablecoin issuer should be required to disclose the blockchain or ledger on which the tokenized instrument resides and the custodian or custody arrangement for the

underlying real-world asset. This ensures that users and regulators have visibility into the full custody chain for instruments that cannot be independently verified through standard securities infrastructure.

Disclosure of Custody Location and Issuer of Tokenized Instrument

The stablecoin issuer should be required to disclose, within the composition report, the blockchain or ledger on which the tokenized reserve instrument resides and the custodian or custody arrangement for the underlying real-world asset that the tokenized instrument represents. This gives users and regulators visibility into the full custody chain — from the stablecoin, to the tokenized reserve instrument, to the underlying real-world asset.

Attestation Over the Tokenized Reserve Asset Should Be Separate

The critical point is that the underlying custodians and instruments backing a tokenized reserve asset are already (or should be) regulated in their own right. A tokenized U.S. Treasury bill, for example, is backed by a U.S. Treasury security held at a regulated custodian, administered by a regulated fund or trust. These underlying tokenized instruments and custodians should be subject to their ***own*** regulatory and reporting frameworks.

It follows that the tokenized asset issuer — the entity that mints the ***tokenized*** representation of the underlying real-world asset — should be responsible for maintaining its own independent attestation reporting. This reporting should provide assurance that:

- The tokenized instrument is backed 1:1 by the underlying real-world asset it purports to represent;
- The underlying real-world asset is held at a regulated custodian with appropriate custody arrangements; and
- The tokenized form is substantially equivalent to, and redeemable for, the underlying asset.

This ***separate*** attestation by the tokenized asset issuer serves as the foundation of trust for the entire chain. The stablecoin issuer's attestation engagement can then consider the underlying tokenized asset issuer's reporting as evidence supporting the reserve composition, without the stablecoin auditor needing to "look through" the tokenized instrument to independently verify the underlying real-world asset and custodian.

Why This Structure Is Appropriate

Requiring the stablecoin issuer's independent accountant to perform examination procedures over both the stablecoin reserves *and* the underlying real-world assets behind each tokenized reserve instrument would be impractical, duplicative, and misaligned with the chain of responsibility. The tokenized asset issuer is the entity with custody relationships, legal claims, and operational control over the underlying asset — not the stablecoin issuer. The stablecoin issuer's auditor does not have the access, contractual standing, or expertise to audit the custody arrangements of a separate regulated entity.

The appropriate framework creates a layered assurance model:

- **Layer 1: Tokenized asset issuer** attests that the tokenized instrument is fully backed by and redeemable for the underlying real-world asset;
- **Layer 2: Stablecoin issuer** attests that its reserves — including any tokenized reserve instruments — are sufficient to cover outstanding tokens, relying on the tokenized asset issuer's reporting as supporting evidence for the composition and value of those tokenized holdings.

This approach is consistent with how the accounting profession handles layered assurance in other contexts, such as fund-of-funds structures or insurance company portfolios that hold interests in separately managed vehicles. Each entity in the chain is responsible for its own assertions, and the auditor at each level relies on reporting from the level below without duplicating that work.

The OCC should therefore require disclosure of the security identifiers, issuer, and blockchain of record for tokenized reserves within the stablecoin issuer's composition report, while separately requiring — or encouraging other regulators to require — that tokenized asset issuers maintain their own independent attestation reporting over the backing and redeemability of their tokenized instruments.

Question 93: Reporting Frequency

> ***OCC Question 93:*** *What is the appropriate frequency for public reporting of reserve composition?*

Position: The OCC should establish month-end attestation reporting as the minimum baseline, published on the issuer's website, with a strong push toward real-time attestation reporting where feasible.

Minimum Baseline: Monthly Reporting

At a minimum, issuers should be required to publish attestation reports covering reserve assets as of each month-end date, made publicly available on the issuer's website within a reasonable timeframe following each period. Monthly reporting establishes a consistent, verifiable cadence of accountability and is consistent with the reporting frameworks currently required by state regulators such as the New York Department of Financial Services (NYDFS) for licensed stablecoin issuers.

Industry Direction: Real-Time Attestation

However, the OCC should recognize that the technology and professional infrastructure to support real-time and daily attestation reporting already exists and is operational today. TNF built the first real-time attestation reporting system in 2019 and today provides continuous CPA-attested transparency covering billions of dollars in reserve assets. TNF's system has a as frequent as a 30-second heartbeat, calling APIs from bank accounts, custodians, and blockchain sources on that cadence to produce near-continuous attestation reports under standards promulgated by the AICPA.

As a concrete public example, TNF currently provides daily attestation reporting for Bitwise's BITB Bitcoin ETF (available at bitbetf.com and via LedgerLens). The daily cadence for this engagement reflects the practical reality that while on-chain data is available in real-time, off-chain data from underlying financial institutions is subject to settlement timing, bank API availability, and counterparty ledger reconciliation. The reporting interval for any real-time engagement is therefore determined by the least available data source.

The OCC should encourage issuers and attestation providers to move toward real-time attestation reporting and should frame its regulations in a manner that does not inadvertently cap reporting frequency at a monthly or quarterly interval. The OCC's framework should contemplate that real-time attestation is not only technically feasible but is already being performed by independent accountants under AICPA standards. For additional detail on TNF's real-time reserves capabilities, see TNF Real-Time Reserves.

Question 96: Examination Standards

> ***OCC Question 96:*** *Does the proposed rule imply examination-level standards for the independent public accounting firm's attestation of the stablecoin issuer's reserves?*

Position: Yes. The OCC's framework appropriately implies examination-level standards, which are already widely used for stablecoin attestation today.

The examination standard referenced by the OCC is consistent with AT-C Section 205, *Examination Engagements*, as promulgated by the AICPA's Auditing Standards Board. An examination engagement requires the independent accountant to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects, which represents the highest level of assurance available under AICPA attestation standards.

AT-C 205 examination engagements are already the standard required by some state regulators for stablecoin issuers. The New York Department of Financial Services requires NYDFS-licensed stablecoin issuers to provide examination-level attestation reports over their reserve assets and, separately, an examination over the design and operating effectiveness of controls related to reserve asset management.

The adoption of AT-C 205 examination standards by the OCC would create consistency with existing state regulatory frameworks, avoid imposing duplicative or conflicting requirements on issuers already subject to state-level attestation mandates, and leverage the substantial body of practitioner experience that has developed around stablecoin examination engagements. TNF has performed hundreds of stablecoin attestation engagements under AT-C 205, including both reserve asset examinations and controls examinations, for issuers regulated by NYDFS and other state authorities. The standard is well-understood, operationally mature, and appropriate for the assurance objectives contemplated by the GENIUS Act.

Question 133: Random-Day Reporting Requirement

> ***OCC Question 133:*** *Should the OCC require a random-day attestation during the month in addition to the regular reporting schedule?*

Position: Maybe. The OCC should potentially require a random-day attestation during the month. However, a random-day requirement will become obsolete as the industry moves toward real-time transparency.

As described in our response to Question 93, "real-time" (or more frequent) attestation reporting is already operational today. In a "real-time" reporting environment, there is no distinction between "scheduled" and "unscheduled" reporting dates — every moment is a reporting date. The concern that an issuer might temporarily inflate reserves for a known snapshot date is eliminated entirely when reserves are being attested continuously (or even on a daily or 3-day cadence). The incentive to "window-dress" becomes so costly operationally that it becomes infeasible to attempt.

Even for issuers not yet on a real-time reporting cadence, a random-day requirement would impose significant operational burden on both issuers and independent accountants without a commensurate benefit. The attestation engagement requires coordination with custodians, banks, and other data sources that do not operate on an ad hoc basis. Introducing unpredictable reporting dates would increase cost, reduce quality, and create logistical friction that would be better addressed by simply increasing reporting frequency toward real-time.

Rather than mandating random-day snapshots, the OCC should encourage — and ultimately require — increasing reporting frequency. The trajectory from monthly to daily to real-time reporting will render random-day requirements obsolete within the coming years. The OCC's framework should be forward-looking and should avoid codifying a mechanism that addresses a transitional concern already being solved by technology.

Additional Considerations

In addition to our responses to the specific questions above, TNF respectfully raises the following considerations that we believe are relevant to the OCC's rulemaking and warrant attention in the final rule or in subsequent guidance.

Additional Consideration #1: PCAOB Registration Should Not Be Required

Position: The OCC should not require stablecoin attestation practitioners to be registered with the Public Company Accounting Oversight Board (PCAOB). AICPA professional standards, enforced through state boards of accountancy and peer review, provide an appropriate and well-established oversight framework for these engagements.

PCAOB's Mandate Is Limited to Public Company and Broker-Dealer Audits

The PCAOB was created by the Sarbanes-Oxley Act of 2002 specifically to oversee audits of U.S.-listed public companies and, following the Dodd-Frank Act, audits of SEC-registered broker-dealers. PCAOB registration is required for firms that issue audit reports for public companies or broker-dealers, or that play a substantial role in those audits. Stablecoin attestation

engagements are not audits of public companies or broker-dealers. They are attestation engagements performed under AICPA standards (AT-C 205) over management's assertions about reserve assets. Extending the PCAOB's registration requirement to these engagements would be a significant expansion of the PCAOB's jurisdiction beyond its statutory mandate.

Federal Precedent: CPA Assurance Without PCAOB Registration

Numerous federal statutes and regulatory frameworks require independent CPA assurance services without mandating PCAOB registration. These precedents demonstrate that Congress and federal agencies have consistently recognized AICPA professional standards as sufficient for non-public-company assurance engagements:

- **Single Audit Act (31 U.S.C. § 7501 et seq.):** Requires independent audits of state and local governments and non-profit organizations that expend $750,000 or more in federal awards annually. These audits are performed under AICPA auditing standards (generally accepted government auditing standards, or GAGAS) and do not require PCAOB registration.
- **Federal Deposit Insurance Act (FDIA):** Requires FDIC-insured depository institutions to obtain annual audits of their financial statements by independent public accountants. For institutions that are not SEC registrants, these audits are performed under AICPA auditing standards without PCAOB registration.
- **Bank Secrecy Act / FinCEN:** Requires independent testing of anti-money laundering (AML) compliance programs by qualified independent parties, including CPAs. These engagements are performed under AICPA standards without PCAOB registration.
- **Small Business Administration (SBA) Lending:** Requires independent audits of SBA-approved lenders under AICPA standards without PCAOB registration.
- **U.S. Department of Housing and Urban Development (HUD):** Requires independent audits of FHA-approved lenders, mortgagees, and housing authorities under AICPA standards without PCAOB registration.

Existing Oversight Is Sufficient

CPA firms performing stablecoin attestation engagements are already subject to comprehensive professional oversight:

- **State boards of accountancy** license and oversee CPAs and have enforcement authority over professional conduct, including the authority to revoke licenses;
- **AICPA peer review** requires enrolled firms to undergo periodic inspection of their attestation practice by independent reviewers, ensuring compliance with professional standards; and
- **AICPA professional standards** (including AT-C 205, the Code of Professional Conduct, and quality management standards) establish the substantive requirements for attestation engagements and are enforceable through both peer review and state board disciplinary processes.

Adding a PCAOB registration requirement for stablecoin attestation would not materially enhance audit quality. It would, however, significantly reduce the pool of qualified firms capable of performing these engagements — concentrating the market in a small number of large firms that may lack the specialized digital asset expertise required for this work. The firms most experienced in stablecoin attestation today are specialized digital asset-focused CPA firms or firms that have specialized digital asset practices, some of which are not PCAOB-registered because their client base does not include public companies or broker-dealers. A PCAOB registration mandate would effectively disqualify some of the most experienced practitioners in the industry from performing the very work they pioneered.

The OCC should follow the well-established federal precedent of requiring independent CPA assurance under AICPA professional standards, with oversight through state boards of accountancy and peer review, without imposing a PCAOB registration requirement that is neither necessary nor appropriate for non-public-company attestation engagements.

Additional Consideration #2: Affiliated Depository Institution Risk

Position: The OCC should directly address the structural risk that arises when a bank subsidiary permitted payment stablecoin issuer holds reserve assets as deposit liabilities at its parent or affiliated depository institution. The current statutory framework and proposed rule do not adequately mitigate the circular credit risk this arrangement creates.

The Risk

Under the GENIUS Act, a subsidiary of an insured depository institution (IDI) may be approved as a permitted payment stablecoin issuer. One of the six categories of permissible reserve assets is demand deposits at insured depository institutions. The Act further provides that payment stablecoin reserves held in the form of cash as a deposit liability at a depository institution are not required to be separated from the cash or property of that depository institution.

This creates a scenario in which a bank subsidiary issues a stablecoin, and the reserves backing that stablecoin are held as deposits at the parent bank. Those deposits are general liabilities of the parent institution — they sit on the parent bank's balance sheet alongside all of its other deposit and non-deposit liabilities, subject to the full credit risk of the parent's lending portfolio, investment activities, operational risk, and overall financial condition.

The result is a circular risk structure:

- The stablecoin holder has a claim on the subsidiary issuer;
- The subsidiary issuer's reserves consist of deposits at the parent bank;
- The parent bank's ability to honor those deposits depends on the parent bank's overall financial health; and
- FDIC deposit insurance covers only $250,000 per depositor per institution — a threshold that stablecoin reserve balances would exceed by orders of magnitude.

In this arrangement, the stablecoin holder's reserves are effectively backed by the creditworthiness of a single affiliated financial institution. If the parent bank experiences

financial distress or fails, the reserves above FDIC insurance limits are at risk — the very reserves that are supposed to guarantee 1:1 redemption of the stablecoin. The subsidiary issuer's solvency is inextricably linked to the parent's solvency, despite being structured as a separate legal entity.

The Gap in Current Law and Proposed Rules

The GENIUS Act acknowledges deposit concentration as a risk category. Section 4 of the Act directs the primary federal payment stablecoin regulators to issue "reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards." However, the statute does not specifically address the heightened concentration risk that exists when the depository institution holding the reserves is the parent or an affiliate of the issuer itself.

Critically, there is no analog to Sections 23A and 23B of the Federal Reserve Act — which govern transactions between banks and their affiliates — applied to the stablecoin issuer-parent relationship in this context. The existing affiliated-transaction framework in banking law is designed to prevent exactly this type of circular risk between a bank and its affiliated entities, but the GENIUS Act does not appear to extend those protections to stablecoin reserve deposits held at a parent institution.

The OCC's proposed rule focuses on application procedures and the broad framework. The deposit concentration and diversification standards — which is where this risk should be addressed — are contemplated but have not yet been proposed. This represents a significant gap, particularly given that bank subsidiaries are one of the three primary issuer pathways under the Act and may represent a substantial share of stablecoin issuance once the framework is operational.

Recommendations

TNF recommends that the OCC address this risk directly in its forthcoming deposit concentration and diversification standards through the following measures:

- **Affiliated deposit concentration limits.** The OCC should impose explicit limits on the percentage of reserve assets that a bank subsidiary issuer may hold as deposits at its parent institution or any affiliated depository institution. These limits should be substantially lower than the general deposit concentration thresholds applied to unaffiliated institutions, reflecting the elevated risk of circular exposure.
- **Mandatory disclosure of affiliated holdings.** The composition report should require explicit disclosure when reserve assets are held at a parent or affiliated institution, including the percentage of total reserves held at affiliated entities, so that users and regulators can assess the concentration risk.
- **Enhanced capital buffers for affiliated concentration.** If the OCC permits any material level of affiliated deposit concentration, the issuer should be required to maintain enhanced capital buffers calibrated to the uninsured deposit exposure at the affiliated institution, consistent with the GENIUS Act's authorization for regulators to impose capital buffers "tailored to the business model and risk profile" of the issuer.

- **Attestation procedures addressing affiliated counterparty risk.** The OCC should require that the independent accountant's examination engagement include specific procedures to evaluate affiliated deposit concentration as a risk factor, including assessment of the parent institution's financial condition to the extent it bears on the recoverability of the reserve deposits. This does not require the stablecoin auditor to audit the parent bank, but it does require the auditor to consider the parent's financial condition as relevant evidence when evaluating whether the reserves are sufficient and available to support 1:1 redemption.

Why This Matters

The fundamental promise of a payment stablecoin is that the holder can redeem it for one U.S. dollar at any time. If the reserves backing that stablecoin are concentrated in uninsured deposits at a single affiliated institution, the redemption promise depends not on the quality and diversity of the reserves, but on the financial health of one bank. This transforms the stablecoin from a diversified, reserve-backed instrument into what is effectively an uninsured bank deposit with extra steps.

The 2023 bank failures demonstrated that even regulated, insured depository institutions can experience rapid and unexpected failure. Stablecoin reserves concentrated at a parent institution that fails would leave the subsidiary issuer unable to meet redemption demands, with stablecoin holders having no direct claim on the parent bank and limited recourse beyond FDIC insurance limits that are inadequate for institutional-scale reserve balances.

The OCC has both the statutory authority and the practical imperative to address this risk in its rulemaking. The GENIUS Act's mandate for deposit concentration standards should be interpreted to encompass — and prioritize — the affiliated institution concentration risk as a first-order concern. Without explicit limits, a significant share of stablecoin reserves could end up concentrated in affiliated bank deposits, creating precisely the type of interconnected risk that undermines the stability and trustworthiness of the stablecoin framework the GENIUS Act seeks to establish.

Additional Consideration #3: The OCC's Attestation Cost Estimate Is Materially Understated

Position: The OCC's estimated incremental cost of $40,000 for independent attestation services significantly understates the actual cost of examination-level attestation engagements for stablecoin issuers. The OCC should revise this estimate to reflect market realities before finalizing the rule, as an understated cost estimate may lead issuers to underbudget for compliance and could create pressure on independent accountants to perform engagements at fee levels that are inconsistent with the quality and rigor the OCC's own framework demands.

What an Examination-Level Stablecoin Attestation Actually Costs

Based on TNF's direct experience as one of the largest providers of stablecoin attestation services in the United States, the OCC's $40,000 estimate does not reflect the cost of any reputable attestation engagement in the current market. While fees vary by firm, issuer

complexity, reserve composition, and reporting frequency, the industry baseline for a firm performing monthly examination-level attestation reports is approximately $7,000 per report at a minimum, for the simplest of stablecoin issuers. For a monthly reporting cadence — which the OCC's own proposed framework contemplates as the baseline — this translates to approximately $84,000 per year for the reserve asset attestation reports alone.

This $84,000 figure represents the floor, not the ceiling, and covers only the periodic reserve asset examination reports. A complete attestation program under the GENIUS Act framework would likely include additional cost components that push the total annual engagement cost materially higher:

- **Engagement onboarding and planning.** First-year engagements require substantial upfront work, including understanding the issuer's technology stack, blockchain infrastructure, custody arrangements, reserve management processes, and internal controls. This onboarding phase typically represents a significant incremental cost above the recurring monthly reporting fees.
- **Increased reporting frequency.** If the OCC encourages or requires daily or real-time attestation reporting, the cost of the attestation engagement increases commensurately. Real-time reporting requires continuous monitoring infrastructure, ongoing practitioner oversight, and technology integration that adds to the annual cost.
- **Reserve composition complexity.** Issuers with reserves held across multiple custodians, multiple asset types (including tokenized instruments), or multiple jurisdictions require more extensive examination procedures than an issuer holding reserves in a single bank account. The fee scales with the complexity of the reserve structure.
- **Blockchain and token structure complexity.** Not all blockchains present the same level of auditability. Some chains lack the ability to extract historical balance data efficiently, requiring the independent accountant to develop alternative procedures to verify on-chain holdings at a point in time. Additionally, some issuers maintain treasury wallets that hold unbacked or non-circulating tokens, which introduces additional procedures to distinguish between tokens in circulation that are backed by reserves and tokens held by the issuer that are not. These factors increase the scope and cost of the examination engagement and vary significantly from issuer to issuer.
- **Registered Firm premium.** The $7,000 per report minimum reflects current pricing for non-registered firms. If PCAOB registration or other requirements effectively channel this work to larger firms, issuers should expect fees that are multiples of the non-registered baseline, consistent with the fee premiums large firms charge across all assurance services.

Why This Matters for the Rulemaking

Cost estimates in proposed rulemakings are not merely academic exercises. They inform the public's ability to comment on the economic impact of the rule, they shape congressional and executive branch review of the rulemaking under the Congressional Review Act and Executive Order 12866, and they set expectations for the regulated entities that will need to budget for compliance. An estimate that understates the true cost by a factor of two or more undermines all three of these functions.

More practically, an artificially low cost estimate creates a real risk that issuers will enter the GENIUS Act framework expecting attestation to cost $40,000 and will then face pressure to find firms willing to perform the work at that price point. No reputable firm can perform monthly examination-level attestation of stablecoin reserves for an incremental $40,000 per year while maintaining the quality, independence, and professional rigor that the OCC's framework requires. The OCC should not inadvertently create a market dynamic in which issuers seek out the cheapest available attestation provider rather than the most qualified one.

TNF recommends that the OCC revise its cost estimate to reflect an annual attestation cost range of at least $84,000 to $250,000 or more for a complete attestation program, depending on the issuer's size, reserve complexity, reporting frequency, and whether the engagement includes a controls examination component. This range is consistent with the actual market for examination-level stablecoin attestation services and will ensure that issuers, policymakers, and the public have an accurate understanding of the compliance costs associated with the GENIUS Act framework.

Additional Consideration #4: On-Chain Transparency and Programmatic Reserve Controls

Position: The OCC should encourage that reserve balance be published onto pertinent blockchains. Once this reserve data is available on-chain, the OCC should further consider encouraging issuers to implement programmatic controls within their smart contracts that verify adequate reserves exist before new tokens can be minted.

On-Chain Publication of Reserve Data

The blockchain infrastructure to publish reserve data on-chain already exists and is operational in the market today. Through oracle networks, CPA-attested reserve balance data can be delivered on-chain in near real-time (or daily, where technically feasible). This represents a meaningful complement to traditional reporting, where reserve data is available only through periodic attestation reports published on the issuer's website. On-chain publication creates a persistent, tamper-resistant, and independently verifiable record of reserve balances that can be consumed programmatically.

The OCC should encourage issuers to adopt on-chain publication of CPA-attested reserve data as a complement to the periodic attestation reports contemplated by the proposed rule.

Programmatic Minting Controls

Once reserve data is available on-chain, a natural extension is the implementation of on-chain controls by the issuer or other blockchain-based protocols that reference the reserve data feed before permitting the minting of new tokens or allowing deposits into their protocol. These controls could be designed to prevent minting when reserves are insufficient to maintain 1:1 backing whether due to fraud or security breach of the underlying smart contracts. This would create a programmatic safeguard against the issuance of unbacked tokens, reducing reliance on manual processes and after-the-fact attestation to detect reserve shortfalls. As a recent

illustration, in October 2025, Paxos mistakenly minted approximately $300 trillion worth of PayPal's PYUSD stablecoin due to an internal technical error. While Paxos identified and burned the excess tokens within approximately 20 minutes, a programmatic on-chain control that verified reserve adequacy before permitting minting would have prevented the erroneous tokens from being minted.

The OCC should consider encouraging issuers to implement these types of on-chain controls as part of their internal control environment. While the independent accountant's examination of controls would still be necessary to evaluate the design and operating effectiveness of the overall control framework, on-chain minting controls represent a technologically native safeguard that aligns the transparency objectives of the GENIUS Act with the programmable capabilities of the blockchain infrastructure on which stablecoins operate.

Conclusion

The Network Firm appreciates the opportunity to provide these comments to the OCC as it develops the regulatory framework for permitted payment stablecoin issuers under the GENIUS Act. The questions addressed in this letter reflect areas where TNF's practical experience as the leading attestation provider in the digital asset industry offers directly relevant perspective, and the additional considerations raised reflect issues we believe are critical to the integrity and effectiveness of the final rule.

The stablecoin industry is at a pivotal moment. The GENIUS Act represents the first comprehensive federal framework for stablecoin regulation in the United States, and the decisions the OCC makes in this rulemaking will shape the transparency, accountability, and trustworthiness of the stablecoin market for years to come. TNF is committed to supporting the development of a framework that protects consumers, maintains the integrity of the financial system, and leverages the unique capabilities of blockchain technology to deliver a level of transparency that surpasses what has been achievable in traditional financial services.

We welcome the opportunity to discuss any of these comments in further detail and are available to provide additional information or technical expertise as the OCC finalizes this rulemaking.

Respectfully submitted,





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