

FDIC Proposes Application Framework for Bank-Affiliated Payment Stablecoin Issuers

December 18, 2025



By Daniel Meade
Partner | Financial Regulation



By Mercedes Kelley Tunstall
Partner | Financial Regulation



By Christina Mille
Associate | Financial Services

On December 16, 2025, the FDIC issued a notice of proposed rulemaking to implement the application and approval requirements under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “GENIUS Act”) for insured state nonmember banks and state savings associations seeking to issue payment stablecoins through a subsidiary. The proposal would add a new § 303.252 to the FDIC’s filing procedures in 12 C.F.R. Part 303, establishing a tailored, statute-driven process for obtaining FDIC approval to form and operate a “permitted payment stablecoin issuer” (“PPSI”) subsidiary.

Consistent with the GENIUS Act, the proposed rule emphasizes safety and soundness as the sole basis for approval or denial. Applications would be evaluated against the statutory factors set forth in section 5(c) of the Act, including the subsidiary’s financial condition and resources, its ability to meet reserve, redemption, and disclosure requirements, the competence and integrity of management, and compliance with BSA, AML, CFT, and sanctions obligations. The FDIC makes clear that issuance on an open or decentralized network, standing alone, may not serve as a basis for denial, and that conditions imposed on approval may not exceed the requirements of section 4 of the Act. The lack of more specific detail regarding the factors for evaluating applications in the proposed rule is somewhat disappointing. Usually regulations of this kind will elucidate beyond the statutory language, especially when it comes to decision-making by the regulator. However, along with asking for feedback on the actual language for the proposed rule, the FDIC has also posed eleven categories of questions, one of which focuses upon what additional information the FDIC could or should provide regarding the factors for evaluating applications beyond the statutory language, including whether there are factors not in the statute that should be taken into consideration by the FDIC.

Procedurally, the proposal establishes defined timelines and applicant protections. The FDIC would have 30 days to determine whether an application is “substantially complete,” after which a 120-day decision clock would apply. Failure to act within that period would result in deemed approval. Denials would require a written explanation identifying material deficiencies and providing recommendations, and applicants would have a statutory right to a hearing and appeal within prescribed timeframes. The rule also contemplates early filing ahead of the Act’s effective date, with the possibility of a temporary waiver under the Act’s safe harbor provision.

From a practical perspective, the FDIC has sought to minimize incremental burden by relying, where possible, on supervisory information already in its possession and by requiring a narrative letter application rather than a standardized form. The agency estimates that approximately 10 FDIC-supervised institutions per year would apply, with an average compliance cost of roughly \$12,000 per application. The FDIC has certified that the proposal would not have a significant economic impact on a substantial number of small institutions.

Taken together, the proposal provides the first detailed roadmap for state-chartered, FDIC-supervised banks to participate in payment stablecoin issuance through subsidiaries under the GENIUS Act. It also signals a relatively constrained supervisory posture, grounded closely in the statute, with limited discretion to expand requirements beyond those expressly enumerated by Congress. The Office of the Comptroller of the Currency (“OCC”) and the

Federal Reserve Board have not yet issued their respective rules. While the FDIC and OCC have often worked in tandem this year, the OCC's forthcoming rules will cover more entities than the FDIC proposal will.

Comments on the FDIC's proposal are due within 60 days of publication in the Federal Register.