

OCC Proposes Implementing Regulations for Payment Stablecoin Issuers Under the GENIUS Act

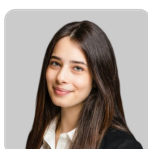
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Introduction

On February 25, 2026, the Office of the Comptroller of the Currency (the “**OCC**”) issued a Notice of Proposed Rulemaking (the “**NPRM**”) to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “**GENIUS Act**”).^{[1][2]} The proposal would add a new Part 15 to the OCC’s regulations and establish the supervisory framework applicable to “permitted payment stablecoin issuers” subject to OCC jurisdiction. The comment period will run for sixty days after publication in the Federal Register.

The NPRM represents the OCC’s first rulemaking to operationalize the GENIUS Act, which was enacted in July 2025 to create a federal framework for payment stablecoins designed to maintain a stable value relative to fiat currency and function as a means of payment or settlement.^[3] The statute limits lawful issuance to permitted entities and allocates primary federal supervisory authority to the OCC with respect to federally chartered issuers and qualifying subsidiaries. The Federal Deposit Insurance Corporation and the National Credit Union Administration have previously issued their respective proposals to implement the GENIUS Act for institutions subject to their respective jurisdictions, and those comment periods are currently open until May and April respectively.^[4] Because the federal banking agencies will typically coordinate their rules on same/similar topics, the OCC may end up extending their comment period, as well.

Creation of New 12 C.F.R. Part 15 Governing Payment Stablecoin Issuers

Proposed Part 15 seeks to clarify the GENIUS Act’s definitions of “payment stablecoin” and “permitted payment stablecoin issuer,” by providing that the rule applies only to digital assets designed to maintain a stable value relative to fiat currency and that are intended for use as a means of payment or settlement. The proposed definitions distinguish payment stablecoins from deposits, securities and other digital assets, thereby delineating the supervisory perimeter of the OCC’s authority.

Part 15 also identifies which entities will fall within OCC jurisdiction. The rule makes clear that national banks and federal savings associations may issue payment stablecoins only with prior written approval from the OCC. It further provides that subsidiaries of those institutions that are engaged in stablecoin issuance would be subject to OCC supervision, to the extent required by statute. In addition, the proposal addresses the treatment of foreign payment stablecoin issuers operating in the U.S., clarifying when such entities would be subject to federal oversight.

The proposed regulation would formally integrate the OCC’s supervisory and enforcement authority into the stablecoin framework.

Formal Application and Approval Framework

Who Must File

Proposed § 15.30 would require two categories of applicants to file with the OCC and obtain prior approval before issuing payment stablecoins. The first category of applicants includes all of the following: insured national banks, Federal savings associations, and insured Federal branches that seek to issue payment stablecoins through a subsidiary. The second category of applicants includes all of the following: nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as a Federal qualified payment stablecoin issuer.

The OCC also states that it intends the § 15.30 process to be comprehensive for payment stablecoin issuance and the other stablecoin-related activities described in proposed § 15.10(a), such that additional OCC filings generally would not be required for the same activity if the relevant information is provided in the § 15.30 submission (for example, payment-system membership notice issues).

What Must Be Submitted and Where to File

Proposed § 15.30(b)(1) ties the submission to an OCC application form and instructions available at www.occ.gov, and requires all applicants to submit all information required by that form.

In addition, each director, executive officer, and principal shareholder of the applicant (or, for an insured bank/FSA/Federal branch applicant, of the proposed issuing subsidiary) must submit the information required by the Interagency Biographical and Financial Report.

Each applicant must also provide a formal certification that the filing and all supporting materials contain no material misrepresentations or omissions, and the NPRM flags potential enforcement exposure for material misstatements, including under 18 U.S.C. § 1001.

“Substantially Complete” Gating

The proposed rule adopts the GENIUS Act concept of a “substantially complete” application and makes that status the trigger for the OCC’s decision clock. An application is “substantially complete” if it contains sufficient information for the OCC to decide whether the applicant satisfies the review factors in proposed § 15.30(c). Within 30 days after receiving an application, the OCC would notify the applicant whether the submission is substantially complete and, if not, identify the additional information required to make it substantially complete. If the applicant submits additional information, the OCC would notify the applicant within 30 days whether the application is now substantially complete.

An application is considered substantially complete as of the date the OCC receives the information required to make it substantially complete (and it explains why the OCC believes the statute contemplates that the 120-day period does not begin running from an initial incomplete filing). Once deemed substantially complete, the application remains substantially complete unless there is a material change in circumstances requiring the OCC to treat it as a new application.

Under proposed § 15.30(b)(5), a substantially complete application would be deemed approved on the 120th day after the OCC receives the substantially complete application, unless the OCC denies the application under proposed § 15.30(d).

The GENIUS Act limits denial to cases where the OCC determines the proposed activities would be unsafe or unsound based on the application factors, and proposed § 15.30(d) would codify that. If the OCC denies a substantially complete application, it must provide a written explanation within 30 days that explains the denial with specificity, including “all findings” regarding “material shortcomings” and actionable recommendations describing how the applicant could address those shortcomings.

OCC Investigation Authority During Review

Proposed § 15.30(b)(4) would authorize the OCC to examine or investigate and evaluate facts relating to the application “to the extent necessary” to reach an informed decision. The OCC may also collect fingerprints for the individuals covered by the biographical reporting requirement and submit them to the FBI for a national criminal history background check.

Substantive Review Factors

Proposed § 15.30(c) would implement the GENIUS Act's application factors and focuses the OCC's review on four stated considerations:

i. The OCC would evaluate the applicant's ability, based on financial condition and resources, to meet the substantive requirements for issuing payment stablecoins under proposed Subpart B.

ii: The OCC would consider whether any officer or director has been convicted of specified felony offenses, including insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud.

iii: The OCC would assess the competence, experience, and integrity of relevant officers, directors, and principal shareholders (including compliance record and ability to fulfill commitments or conditions imposed by the OCC).

iv: The OCC would also evaluate whether the applicant's redemption policy meets the standards in § 15.12.

Appeals Process

An applicant may request a written or oral hearing to appeal a denial within 30 days of receiving the notice of denial, and the request must be in writing. If the applicant does not timely request a hearing, the OCC must notify the applicant within 10 days after the request period expires that the denial is final.

Within 30 days of receiving a timely appeal request, the OCC would notify the applicant of the time and place for the hearing, and the applicant must submit all documents and written arguments it wants considered.

The Comptroller (or authorized delegate) would conduct a de novo review of the original substantially complete application, the record before the initial decisionmaker, and the additional information submitted on appeal, and would issue a final determination within 60 days of the hearing.

Capital and Operational Backstop Requirements

The proposed rule would impose regulatory capital requirements on all applicants approved as permitted payment stablecoin issuers, but not for applicants approved as foreign payment stablecoin issuers. The requirements would consist of two capital elements, common equity tier 1 capital and additional tier 1 capital. These two elements are generally consistent with the capital elements for national banks and Federal savings associations under 12 C.F.R. Part 3.

Minimum Capital Calculation

The OCC is proposing to establish a minimum capital requirement framework based on the lifecycle of the permitted payment stablecoin issuer. Under this framework, the OCC would establish the minimum capital requirement for a permitted payment stablecoin issuer as part of the chartering or licensing process that will apply for a minimum timeframe, generally three years.

While the elements of what Tier 1 and Additional Tier 1 capital instruments "count" for a federal stablecoin issuer are similar for national banks and federal savings associations, what differs in the OCC's proposal is that federal stablecoin issuers would not need to maintain an asset-based ratio of minimum capital, but rather maintain a somewhat more static dollar amount capital floor.

\$5 Million Minimum Capital Floor

For a de novo Federal qualified payment stablecoin issuer, the rule would require maintenance of at least \$5 million in minimum capital at inception. The OCC emphasizes that this amount is a statutory floor, not a safe harbor. The agency retains discretion to require higher capital levels based on the issuer's projected transaction volume, redemption exposure, complexity of reserve management, reliance on third-party service providers, cross-border footprint, and operational risk profile.

The proposal clarifies three structural points:

- Capital is distinct from reserves. The 1:1 reserve backing requirement for outstanding stablecoins does not satisfy the capital requirement.
- Capital must be ongoing and risk-sensitive. The issuer must maintain sufficient capital to absorb operational losses, legal liabilities, fraud events, technology failures, and liquidity mismatches associated with redemption stress.

- The OCC may condition approval on heightened capital commitments if supervisory concerns arise during the application process.

Operational Backstop

The proposed rule would require that a stablecoin issuer hold a designated pool of highly liquid assets to maintain the ongoing operations of the stablecoin issuer during a business disruption. The operational backstop would be calculated based on the actual total expenses of the stablecoin issuer over the past 12 months, including for utilities, data processing, and salaries. The amount of the operational backstop would be calculated each quarter, based on the permitted payment stablecoin issuer's total expenses as reported in the four most recent quarterly reports filed under § 15.14 of the proposed rule.

Prohibition on Payment of Interest or Yield

The NPRM incorporates the GENIUS Act's prohibition on the payment of interest or yield on payment stablecoins.

Under the proposed rule:

- Issuers may not pay interest, dividends or any form of yield to holders;
- Issuers may not structure rewards, rebates or promotional arrangements that effectively compensate holders for maintaining balances; and
- Stablecoins must function as payment instruments, not investment products.

Supervisory and Enforcement Authority

The proposed Part 15 affirms the OCC's authority to examine and enforce compliance by permitted payment stablecoin issuers and relevant subsidiaries. Issuers would be subject to: regular safety and soundness examinations; required books and records access; board oversight and governance expectations; compliance and anti-money laundering obligations; and third-party risk management requirements.

The proposed rule would also require issuers to submit on a confidential report (containing the information requested in the form that will be available at www.occ.gov) on a weekly basis. The OCC would request an issuer provide information regarding the issuance and redemption, trading volume, and reserve assets for each payment stablecoins it issues.

[1] Office of the Comptroller of the Currency, Notice of Proposed Rulemaking: *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* (Feb. 25, 2026); available at: <https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-9.html> and <https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-9a.pdf>.

[2] S.1582 - 119th Congress (2025-2026): GENIUS Act, S.1582, 119th Cong. (2025); available at: <https://www.congress.gov/bill/119th-congress/senate-bill/1582>. The GENIUS Act was voted out by the Senate Banking Committee on March 13, 2025 and passed both the Senate and the House on June 17, 2025. The bill was signed into law by President Donald Trump on July 18, 2025.

[3] For an overview of the GENIUS Act, see Cadwalader, Wickersham & Taft LLP, *Operation and Structure of the GENIUS Act of 2025 on Payment Stablecoins* (June 24, 2025), https://www.cadwalader.com/resources/client-friends-memos/operation-and-structure-of-the-genius-act-of-2025-on-payment-stablecoins#_ftnref8.

[4] Federal Deposit Insurance Corporation, Notice of Proposed Rulemaking: *Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions* (Dec. 19, 2026); available at: <https://www.fdic.gov/board/federal-register-notice-approval-requirements-issuance-payment-stablecoins-subsidiaries-fdic>. National Credit Union Administration, Notice of Proposed Rulemaking: *NCUA Proposes Rule for Permitted Payment Stablecoin Issuer Applications* (Feb. 11, 2026); available at: <https://ncua.gov/newsroom/press-release/2026/ncua-proposes-rule-permitted-payment-stablecoin-issuer-applications> and <https://www.federalregister.gov/documents/2026/02/12/2026-02868/investments-in-and-licensing-of-permitted-payment-stablecoins-issuers>.