May 1, 2026

**BY ELECTRONIC SUBMISSION**

Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, D.C., 20219
Attention: Chief Counsel's Office, Comment Processing
Docket ID OCC-2025-0372; RIN 1557-AF41

**Re: Notice of Proposed Rulemaking: Implementing the GENIUS Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the OCC**

Andreessen Horowitz ("**a16z**") appreciates the opportunity to respond to the Office of the Comptroller of the Currency's ("**OCC**") request for comment, dated February 25, 2026 ("**Proposal**"), seeking feedback and suggestions on proposed regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins ("**GENIUS**") Act.[1] We are grateful for the OCC's continuing efforts to provide clarity to the digital asset market through interpretative letters as well as its support for the responsible growth and use of digital assets, blockchain technology, and related technologies. The GENIUS Act shows what is possible when thoughtful policy and technology align.

## I. About a16z

a16z is a venture capital firm that invests in seed, venture, and growth-stage technology companies, focused on AI, bio and healthcare, consumer, crypto, enterprise, fintech, games, infrastructure, and companies building toward American dynamism. a16z currently has more than $100 billion of regulatory assets under management across multiple funds, with more than $7.6 billion in committed capital for crypto funds. In crypto, we primarily invest in companies using blockchain technology to develop protocols that people will be able to build upon to launch Internet businesses. Our portfolio companies include stablecoin issuers, infrastructure providers, and custodians.

## II. Executive Summary

We believe that stablecoins are money's "WhatsApp moment," enabling faster, lower-cost, and more accessible digital payments, much like internet-based messaging made

[1] 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, 91 Fed. Reg. 10202 (Mar. 2, 2026), https://www.occ.treas.gov/news-issuances/federal-register/2026/91fr10202.pdf.

communication faster, cheaper, and more widely available than traditional carrier networks.[2] Stablecoins are becoming mainstream for online and international payments, bringing the internet's original vision of openness and interoperability to finance. More than $12 trillion in value moved through stablecoins last year, with projected increasing volumes and improvements that will make transactions more frictionless and cost-effective for users. Stablecoins are also emerging as the foundational payment infrastructure for agentic commerce. Through our investment activity and sustained engagement with portfolio companies and other participants across the digital asset ecosystem, we have developed a comprehensive understanding of the stablecoin ecosystem, including the technological design of stablecoins, the operational and risk considerations associated with their issuance and custody, and their use in payments and other financial applications. This gives us a unique and meaningful perspective on the Proposal, as well as a vested interest in ensuring that GENIUS Act rule implementation provides regulatory clarity and supports continued growth and innovation.

As a general matter, a16z requests that the OCC, together with other payment stablecoin regulators, coordinate closely on their final rulemakings and reduce the potential for divergence across overlapping post-GENIUS Act requirements. In addition, as discussed below, a16z seeks to ensure that the OCC's final rule appropriately accounts for the broad variety of stablecoin issuers (including their associated business models and risk profiles), and furthers safety and soundness and financial stability, without unduly burdening issuers or limiting competition.

With these fundamental considerations in mind, we have focused our comments, observations, and suggestions as follows:

- In Section I, we discuss the importance of exploring effective and targeted alternatives to a categorical ban on white-label issuance and respond to Questions 90 and 172.

- In Section II, we discuss the Proposal's rebuttable presumption as a vague and unworkable mechanism that improperly shifts the burden to permitted payment stablecoin issuers ("**PPSIs**"), sweeps in common contractual arrangements, and covers concerns outside the scope of the GENIUS Act. In this section we respond to Question 36.

- In Section III, we discuss the importance of adopting reserve asset diversification requirements that would, among other things, accommodate different PPSI business models and risk profiles, and ensure the ongoing operations of PPSIs. In this section we respond to Questions 61 and 71.

[2] Chris Dixon, *The Whatsapp moment for money is here*, a16z crypto (Feb. 13, 2026), https://a16zcrypto.com/posts/article/stablecoins-whatsapp-moment-money/; *see also* Robert Hackett & Jeremy Zhang, *9 charts on what stablecoins are becoming*, a16z crypto (Apr. 24, 2026), https://a16zcrypto.com/posts/article/stablecoin-data-charts/.

- In Section IV, we discuss the initial minimum capital requirement for de novos and "preferred" ongoing capital requirements as reasonable proposals, and also note our concerns regarding the operational backstop. In this section we respond to Question 180.

- In Section V, we argue that the OCC should avoid hardwiring mandatory redemption timelines and instead favor solutions that promote engagement with PPSIs. In this section we respond to Question 102.

- In Section VI, we discuss the importance of clear definitions and avoiding the risk of ambiguity and inconsistent implementation. We respond to Questions 4, 7, and 14.

- In Section VII, we discuss the importance of principles-based risk management and compliance considerations and respond to Questions 109, 111, 118, 119, 121, 131, 191, 205, and 209.

- Finally, in Section VIII, we identify an important gap in the Proposal and discuss why multi-jurisdictional issuance is an important area for the OCC to address in its final rule.

## DISCUSSION

### I. Instead of Banning White-Label Arrangements, the OCC Could Require Brand-Specific Attestation Reporting, Reserve Segregation, and Clear Account Titling as Ways to Support Transparency and Certainty on Reserve Assets.

While a16z supports a final rule that furthers safety and soundness and financial stability, the OCC's proposed one-issuer one-brand model is not an optimal way to address the OCC's concerns. The OCC has existing, well established tools to do this without requiring legal separateness across brands. Requiring the creation of new issuing entities would unduly burden issuers with unnecessary process and expense, and limit competition. Rather than require specific legal structures (e.g., SPV or "bankruptcy remote" structures),[3] the OCC could impose requirements that would ensure white-label issuers uniformly provide transparency and certainty on reserve assets through other means.

#### a. There are Less Burdensome Solutions Targeted at the OCC's Concerns.

The OCC's concern is appropriately focused on mitigating contagion risk and ensuring payment stablecoin holders, in an insolvency proceeding of the PPSI, have more certainty that their rights (to timely redeem) would be respected. Inherent in this concern is the risk that the reserve assets backing any branded stablecoin could be (i) commingled with those of other branded stablecoins, leading to reserve tracing challenges and contagion risk; and/or (ii) subject to competing claims of creditors in the PPSI's bankruptcy or receivership. Below we offer

[3] 91 Fed. Reg. 10264 (Mar. 2, 2026).

several alternative approaches grounded in the GENIUS Act that are designed to target the OCC's concerns.

First, the GENIUS Act provides a framework for addressing the rights of payment stablecoin holders in insolvency. Section 11 of the GENIUS Act, among other things (i) excludes reserve assets from property of a PPSI's estate, thereby insulating them from creditor claims;[4] and (ii) provides relief from the Bankruptcy Code's automatic stay to allow issuers to more quickly satisfy holders' redemptions.[5] The GENIUS Act describes the information a bankruptcy court would need to review in a PPSI/debtor's "motion and attestation" submitted on the first day of the proceeding (or soon thereafter): "that there are payment stablecoin reserves available for distribution on a ratable basis to similarly situated payment stablecoin holders."[6] In the case of a white-label issuer PPSI, the bankruptcy court would expect to review this reserve asset detail on an individual brand basis.

Second, the GENIUS Act's public reporting requirements are designed to provide certainty and transparency regarding the amount and type of reserve assets backing a stablecoin. The GENIUS Act mandates monthly attestations, examined by a registered public accounting firm, and certified by the PPSI's CEO and CFO as to its accuracy.[7] It also requires the publication, on a PPSI's website, of the monthly composition of the issuer's reserves, including (i) the total number of outstanding payment stablecoins issued by the issuer; and (ii) the amount and composition of the reserves, including the average tenor and geographic location of custody of each category of reserve instruments.[8]

Building from this statutory framework, PPSIs engaging in white-label arrangements could be required to segregate reserve assets by brand and submit monthly reserve attestation reports specific to each branded stablecoin, consistent with the various requirements of the GENIUS Act. Brand-level attestation reporting summarizing total stablecoins outstanding and total reserve assets, by asset type, as of the report date, provides appropriate transparency and certainty to the public while also aligning with the needs of a bankruptcy court (or another adjudicator or administrator) should a PPSI fail. Indeed, the various partners that contract with white-label stablecoin issuers today rightly expect this level of granular attestation from issuers. Granular and regular reporting helps keep all PPSIs accountable and a variety of stakeholders (including partners, holders, regulators, and the general public) appropriately informed.

Clear account titling and recordkeeping for reserve assets backing any branded stablecoin is also integral to providing brand-level attestation reporting. All reserve assets backing any brand of white-label stablecoin held by eligible financial institutions ("**EFIs**") should be

[4] GENIUS Act § 11(e).
[5] GENIUS Act § 11(c).
[6] GENIUS Act § 11(c)(2)(C).
[7] 12 U.S.C. § 5903(a)(1)(C).
[8] *Id.*; *see also* 91 Fed. Reg. 10290 (Table 1 to Paragraph E - Monthly Composition Template).

segregated from the reserve assets backing all other brands. This practice helps ensure that reserve assets for each brand of stablecoin are easily identifiable at all times.

In response to Question 90, we view brand-specific attestation reporting, reserve segregation, and account titling as alternative approaches targeted at the OCC's concerns. They are much less burdensome than requiring separate legal entities, which adds significant compliance costs with no commensurate upside over brand-level reporting. Even if a one-issuer, one-brand model were adopted, it is not clear such a structure would be respected in a bankruptcy or receivership proceeding. Although courts generally respect the legal separateness of affiliated debtors, bankruptcy courts are courts of equity that may "substantively consolidate" the assets and liabilities of affiliates—i.e., ignore the corporate form and treat assets and liabilities as if owned by a single, consolidated entity—in the interest of justice or with creditor consent.[9] Even if legal separateness is respected, reserve assets backing any brand of stablecoin may not be any more identifiable.

In response to Question 172, it is unnecessary for the OCC to require that a PPSI be allowed to only issue a single type or brand of payment stablecoin. The alternatives we have proposed are focused on the OCC's concerns and would be significantly less costly for PPSIs to adopt.

**b. The One-Issuer, One-Brand Model Would Introduce Unnecessary Friction and Expense.**

The GENIUS Act requires the OCC, to the fullest extent possible, to avoid duplication of examination activities, reporting requirements, and requests for information . . ."[10] as a means of promoting efficiency in the supervision and examination of PPSIs. The OCC's proposed legal separateness requirement would add unnecessary process, expense, and delay without any clear upside to either PPSIs, holders, the OCC, or the broader financial system. Instead, the proposed alternatives offered above are reasonable, cost-efficient ways to address the OCC's concerns.

While the OCC is well-intentioned in proposing a "streamlined" licensing process for affiliates, the Proposal does not describe the details of such a process other than a possible "notice" requirement.[11] Even if a notice requirement could be designed to add relatively minimal burden from a licensing application standpoint, forming new legal entities each time a

[9] *See generally In re Owens Corning*, 419 F.3d 195 (3d Cir. 2005) (discussing substantive consolidation generally and establishing prevailing legal standard); *see also In re Republic Airways Holdings Inc.*, 582 B.R. 278 (S.D.N.Y. 2018) (consolidation appropriate where creditors consent); *In re ADPT DFW Holdings, LLC*, 574 B.R. 87 (Bankr. N.D. Tex. 2017) (consolidation appropriate to "achieve a fair and equitable result for all creditors"). While it is important to distinguish this line of cases as applying outside the payment stablecoin context—i.e., where reserves would be specifically excluded from property of the estate—they are nevertheless instructive on the point that upholding legal separateness involves a fact-specific analysis.

[10] 12 U.S.C. 5905(a)(4)(B).

[11] *See* 91 Fed. Reg. 10264-5 (Question 172).

white-label issuer enters into a brand partnership would add significant unnecessary administrative burden, none of which appears to be included in the Proposal's economic analysis.

From an operational perspective, setting up new legal entities for each brand would require additional resources devoted to, for example, legal entity formation and strategy, tax filings and governance obligations, filing fees, shared services infrastructure, new bank accounts, tax IDs and EINs. Even a "simple" legal entity could cost on average thousands per year to maintain—with no assurance that this added burden and expense would justify the potential upside to market participants or regulators.

From a compliance perspective, maintaining multiple PPSIs would result in increased and duplicative examination and assessment costs. Each PPSI (and therefore each brand of stablecoin) would require a separate OCC examination process, as proposed by § 15.14(a), which provides that the OCC "will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in proposed § 15.14(d)."[12] A full scope examination would require a comprehensive review of each PPSI's financial condition, risk management practices, compliance with laws and regulations, and overall safety and soundness. Given the common risk management and back-office functions of white-label issuers today, it is not clear what benefit (if any) multiple examinations across affiliated PPSIs would accomplish. These costs are also not considered in the Proposal's economic analysis.

**c. The One-Issuer, One-Brand Model Would Reduce Market Participation, Limit Innovation, and Create an Unlevel Playing Field Across Federal and State Regulated PPSIs.**

A one-issuer, one-brand model would upend the existing business models of white-label issuers today and diminish the benefits that those business models provide. White-label issuance is attractive because it allows partners to capture the upside of owning distribution and user relationships while outsourcing regulation, reserves, and infrastructure to a regulated entity. The proposed model would, however, meaningfully reshape the market because associated and significant administrative costs borne by PPSIs would then be passed on to partners, restricting broader partner participation and limiting stablecoin use cases (e.g., agentic payments, reducing friction in corporate treasury, B2B payments, and cross-border remittances).

We appreciate OCC's acknowledgment of the benefits of white-label issuance, but the Proposal appears to unnecessarily accept the risk that these models could be impaired even though (as described above) there are targeted, less burdensome approaches. The key advantage of white-label issuance is that it allows partners to leverage the experience and expertise of a licensed issuer and facilitate a broader range of stablecoins in the market.[13]

[12] 91 Fed. Reg. 10224.
[13] 91 Fed. Reg. 10213.

A proposed ban on white-label issuance could also create an unlevel playing field between OCC-licensed and state-licensed PPSIs, creating the risk of regulatory arbitrage across federal and state licensing regimes. The OCC expects non-OCC regulated institutions "could opt to issue payment stablecoins through partners (e.g., white-label) . . .", and that "there will be five white-label or consortia issuers that will become PPSIs."[14] This statement suggests that should the OCC's final rule ban white-label issuance altogether, state-licensed PPSIs could continue engaging in white-label issuance—without any formal legal separation required at the PPSI level—thereby preserving the status quo and providing a much more cost-efficient framework at the state level than the Proposal envisions. While state-level stablecoin frameworks would still need to be deemed "substantially similar" to the final federal framework under the GENIUS Act, a16z strongly cautions against having divergent requirements across federal and state-level licensing regimes for the same regulated activity.[15]

## II. The Rebuttable Presumption Sweeps in Common (and Non-violative) Contractual Arrangements, Improperly Shifts the Burden to Issuers, and is a Vague and Unworkable Mechanism that Creates Uncertainty. Whether Non-Issuers May Pay Yield or Interest (or Other Consideration) is Outside the Scope of the GENIUS Act.

The OCC has proposed the rebuttable presumption mechanism even though the GENIUS Act only prohibits *issuers* from paying interest or yield (whether in cash, tokens, or other consideration)—it does not clearly prohibit any third party from doing so. For the reasons described below, the OCC's final rule should eliminate the rebuttable presumption mechanism in favor of a clear ex ante rule that stops at what *issuers* can control—not one that places the burden on issuers to disprove in each circumstance, for arrangements known or unknown, based on a subjective and opaque process.

### a. The Rebuttable Presumption Chills Varied and Legitimate Business Models, Especially Common Revenue Sharing Arrangements with Third-Party Partners.

One concern with the rebuttable presumption is that it could inadvertently sweep in typical issuer-distributor revenue sharing arrangements, where the revenue shared is derived from, e.g., interest earned on reserve assets. Such arrangements do not contemplate, implicitly or explicitly, any interest or yield payments or other consideration to holders, and therefore are not violative of the GENIUS Act. These agreements could nevertheless be swept in because under proposed section 15(c)(4)(i)(A), an issuer's "contract, agreement, or other arrangement to pay interest or yield. . . to the affiliate or related third party" could capture revenue share as a form of "interest or yield."

[14] 91 Fed. Reg. 10278.

[15] This is not just a theoretical concern. Various states are rapidly advancing stablecoin licensing regimes that are in some cases divergent from GENIUS Act.

The rebuttable presumption is too blunt a tool with too sweeping an application. It could capture common revenue sharing arrangements even when (i) the issuer does not control the actions of its third-party partner, and (ii) any consideration (e.g., rewards) is independently funded by the issuer's third-party partner. In such cases, these revenue sharing arrangements are not an attempt to evade the issuer-restriction; they are ordinary business relationships. The rebuttable presumption is beyond the authority granted to the OCC by Congress.

Ideally, the final rule would replace the rebuttable presumption with language that tracks to the GENIUS Act's prohibition, with attempts to circumvent evasion being limited to circumstances where issuers are expressly evading the issuer prohibition through relationships or third parties they control. If, however, the rebuttable presumption becomes part of the final rule, the OCC should confirm, in the rule text, that it is not intended to cover standard issuer-distributor revenue arrangements, which are not a violation of section 4(a)(11) of the GENIUS Act. This approach would be entirely consistent with the carve out the Proposal discusses in the context of white-label arrangements (as discussed below). In other words, *all* PPSIs should be free to enter into contracts to "share in the profits derived from the payment stablecoin with their nonaffiliate partners,"[16] and under no circumstances should the GENIUS Act be read to prevent issuers from entering into common commercial relationships with third party platforms and other distributors.

**b. The Rebuttable Presumption Would Improperly Shift the Burden to Issuers and Grant the OCC Broad and Unfettered Discretion.**

Issuers are assumed to violate the law unless they can provide written materials that in the OCC's judgment are not an attempt to evade the prohibition. But the Proposal fails to describe any evidentiary standard, specify any appeals process, or otherwise explain what qualifies as non-evasion.

In response to Question 36, it is also entirely unclear—as the OCC acknowledges—what types of arrangements would be subject to the rebuttable presumption. The rebuttable presumption is a functional test focused on any arrangements that result in payment of yield or interest to holders, regardless of who is making that payment, solely in connection with the holding, use, or retention of such payment stablecoin.[17] The OCC concedes, however, that the Proposal cannot scope in all relevant arrangements—i.e., there could be "[o]ther arrangements that are not captured by the presumption"[18] that "may also violate the statutory prohibition or constitute an evasion thereof,"[19] and that would be "assess[ed] [ . . .] on a case-by-case basis."[20]

[16] 91 Fed. Reg. 10212.
[17] *Id.* at 10288 (§ 15.10(c)(4)).
[18] 91 Fed. Reg. 10212.
[19] *Id.*
[20] *Id.*

But those "other arrangements," in the OCC's view, are not "necessary to include [ . . .] within the rebuttable presumption at this time."[21]

The OCC should not grant itself such broad and unfettered discretion, or create a process that invites issuers to effectively seek the OCC's approval (or non-objection) for every affiliate and related third party contractual arrangement, which is the practical effect of the OCC's proposal. Because overcoming the rebuttable presumption rests on the OCC's judgment, issuers face unclear standards for what evidence suffices, a risk of inconsistent (and nontransparent) supervisory outcomes, and inevitably, a longer approval timeline for a wide variety of partnerships that are not violative of the GENIUS Act. Even if issuers ultimately prevailed before the OCC, the rebuttable presumption builds in significant and unnecessary costs for issuers and—by extension—their various affiliates and third-party partners who remain outside the OCC's jurisdiction.

**c. The Rebuttable Presumption is Vague and Unworkable.**

The definition of "related third party"[22] and its potential application to white-label issuers and partners is also unclear. It is broad and would appear to capture, among others, white-label partners—i.e., "Any person that the issuer issues payment stablecoins on the person's behalf or under the person's branding."[23]

The proposed rebuttable presumption rule text states that for purposes of identifying the holder under a "related third party's branding," the holder refers to a holder of a payment stablecoin issued by the PPSI "on the related third party's behalf or under the related third party's branding."[24] At the same time, the preamble to the Proposal notes that the rebuttable presumption "is not intended to prevent a [PPSI] from sharing in the profits derived from the payment stablecoin with a nonaffiliate partner in a white-label arrangement."[25]

By the same logic, this carve out should equally apply to situations where PPSIs—outside of white-label arrangements—enter into contracts to share in the profits derived from the payment stablecoin with their nonaffiliate partners (but the Proposal appears to draw the line at white-label arrangements).

Putting aside the question of whether the OCC will ban white-label arrangements altogether, should the rebuttable presumption be included in the OCC's final rule, any and all intended carve-outs from the rebuttable presumption—both for white-label profit-sharing

[21] *Id.*
[22] 91 Fed. Reg. 10288 (defined as "(i) A person offering to pay interest or yield to payment stablecoin holders as a service; and (ii) Any person that the issuer issues payment stablecoins on the person's behalf or under the person's branding.").
[23] *Id*.
[24] 91 Fed. Reg. 10212.
[25] *Id.*

arrangements and for merchants independently offering discounts to payment stablecoin holders for their use—should be included in clear safe harbor language in the amended rule text, not only in the preamble.

### d. The Question of Whether *Non-issuers* May Pay Yield or Interest (Or Other Consideration) in the Secondary Markets is Outside the Scope of the GENIUS Act.

Congress only prohibited payments made by issuers to holders of a payment stablecoin;[26] it never extended this prohibition to affiliates or third parties. Any extension of this prohibition to affiliates or third parties would require additional Congressional authority. That authority cannot be found in GENIUS Act rulemaking. This approach supports Congress' clear intent in the GENIUS Act to only scope in activity within an *issuer's* control, and therefore no prohibition should apply directly to affiliates or third parties. However, given the anti-evasion language included in the GENIUS Act, it is reasonable to assume that Congress did not intend for issuers to be able to easily circumvent the issuer prohibition merely by using an intermediary. As a result, in lieu of the rebuttable presumption, the OCC should consider a control-based approach, where the GENIUS Act prohibition may be extended in cases where the issuer controls the ultimate distribution to the customer.

## III. The OCC Should Adopt Reserve Asset Diversification Requirements that, Consistent with the GENIUS Act, are Tailored to Different Business Models and Risk Profiles, Provide PPSIs Appropriate Flexibility, and Ensure the Ongoing Operations of PPSIs.

Generally, the GENIUS Act requires the OCC (and other federal payment stablecoin regulators) to issue implementing reserve asset diversification rules that (i) are tailored to the business model and risk profile of PPSIs; and (ii) do not exceed standards that are sufficient to ensure the ongoing operations of PPSIs.[27] In response to Question 71, and for the reasons described below, only Option A meets both criteria, but Option A's quantitative requirements should be amended further to better align with the GENIUS Act.

### a. Option A's Principles-Based Approach Provides Appropriate Flexibility to PPSIs with Different Business Models and Risk Profiles and Should be Adopted in the OCC's Final Rule.

Payment stablecoin issuers have a variety of business models and risk profiles that reflect, among other things: size (measured by outstanding issuance), use cases, legal structure for holding reserve assets, and reliance on one or multiple EFIs. Some issuers maintain ownership and control of reserve assets themselves; others rely on a third-party asset manager for

[26] 12 U.S.C. § 5903(a)(11).
[27] 12 U.S.C. § 5903(a)(4)(A)(iii).

reserve management, consistent with their business needs. We agree that, as a general matter, PPSIs with less complex business models and lower risk profiles should be able to maintain a less diverse stock of reserve assets at fewer EFIs than PPSIs with more complex business models or higher risk profiles.[28]

Meeting the "sufficiently diverse" standard in Option A based on a PPSI's existing operations also supports the GENIUS Act's separate mandate—to ensure that implementing rules on reserve asset diversification "do not exceed standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers."[29] Option A's principles-based general requirement to maintain reserve assets that are "sufficiently diverse" to manage the relevant risks provides appropriate flexibility to PPSIs, is consistent with the tailoring provisions of the GENIUS Act, and is therefore the optimal reserve asset diversification option for the OCC's final rule.

**b. Nevertheless, Most of Option A's Optional Safe Harbor Requirements Should be Streamlined to Better Align with the GENIUS Act.**

Ultimately, all PPSIs—regardless of business model or risk profile—should minimize their risk of being overly exposed to the failure of any single EFI (i.e., "single point of failure" risk). This idea supports a broader objective of the GENIUS Act, which is to ensure PPSIs can meet redemption requests in a timely manner. Therefore, if a PPSI does not meet the "sufficiently diverse" general requirement under Option A, any optional safe harbor quantitative requirement should be designed to ensure that a PPSI has maximum optionality to meet redemption requests if reserve assets held by a particular EFI are at risk.

Of the proposed quantitative requirements in Option A, the one primarily geared towards this objective is the requirement that no more than 40 percent of reserve assets be held at any single EFI (the "**40 percent requirement**"), whether that EFI is a bank or a credit union.[30] This proposed quantitative requirement should apply specifically to uninsured deposits and would be sensible for several reasons: (i) it provides a clear, measurable standard across the board; (ii) it helps ensure that no bank or credit union of any size is ever in a position to custody a majority of the PPSI's uninsured deposits, thereby reducing a PPSI's risk of over exposure; and (iii) it is not overly prescriptive in terms of the types of reserves a PPSI would be required to maintain at any number or type of EFIs.

In addition to the 40 percent requirement, PPSIs could be required to regularly measure and manage the risk that their exposure to any one EFI presents in terms of impairing their ability to satisfy redemption demands. This risk management approach is ideally suited to ensuring timely redemption—more so than most of the other proposed quantitative requirements

[28] 91 Fed. Reg. 10216.
[29] 12 U.S.C. § 5903(a)(4)(A)(iii).
[30] 91 Fed. Reg. 10289.

in Option A, which should be eliminated in the final rule because they are not focused on single EFI point-of-failure risk.

Requiring at least 10 percent of reserves to be held in bank deposits introduces unnecessary counterparty credit risk by exposing the uninsured reserves to the potential failure of the bank, thereby amplifying stress. The Proposal alludes to this tension, along with the related inconvenience it would present PPSIs:

> For example, a stablecoin with $1 billion of reserve assets that kept 10 percent of reserves in bank or credit union deposits would need to spread those deposits among 400 accounts to ensure all of those deposits remained fully insured. It is more likely a stablecoin issuer would choose a much smaller group of insured depository institutions and deposit a larger amount of reserves at each, resulting in a significant amount of uninsured deposits. These deposits would be subject to loss in the event of a failure of a depository institution.[31]

In response to Question 61, the GENIUS Act mandates that reserve asset diversification standards be tailored and not "exceed standards that are sufficient to ensure the[ir] ongoing operations."[32] It does not authorize the OCC to favor any type of EFI, whether that EFI is a community bank, mid-size regional bank, GSIB, or nonbank custodian. The GENIUS Act was not designed to ensure that reserve assets backing stablecoins be a certain percentage of deposits spread across the entire U.S. banking system. The OCC's final rule should focus any quantitative requirements on single EFI point-of-failure risk.

Separately, the proposal to require a weighted average maturity of reserve assets of no more than 20 days would represent a binding constraint for many issuers if the OCC final rule preserves a weighted average maturity requirement. In this case, this requirement should be modified to allow smaller issuers more flexibility to provide a weighted average maturity of 40 days or more.

## IV. The Initial Minimum Capital Requirement for De Novos and "Preferred" Ongoing Capital Requirements are Reasonable; We Have Several Concerns with the Operational Backstop.

Proposed §15.41 has three main components: (i) a minimal capital amount; (ii) ongoing capital requirements; and (iii) an operational backstop.

[31] 91 Fed. Reg. 10241.
[32] 12 U.S.C. § 5903(a)(4)(A)(iii).

**a. The Initial Minimum Capital Requirement is Reasonable As It Would Not Restrict Smaller Issuers from Entering the Market.**

The Proposal describes a $5 million floor for a three-year "de novo period" following application approval and explains that the OCC would consider projected revenues, expenses, cash burn rates, and expenditures necessary to implement the proposed business plan. In response to Question 180, this proposed initial capital requirement for de novo PPSIs is reasonable because, as a general matter, it would not present a binding constraint for newly-formed PPSIs, and it would be tailored to a PPSI's business plan and risk profile.

**b. The OCC's "Preferred Approach" is Reasonable; the Variable Capital Alternatives are Not.**

Following the de novo period, PPSIs would calculate their own ongoing capital requirements "commensurate with the level and nature of all risks to which the [PPSI] is exposed . . .",[33] and based on each PPSI's "process for assessing its overall capital adequacy in relation to its business model and risk profile . . ."[34] In addition, PPSIs must have a "comprehensive strategy for sustaining an appropriate level of capital to maintain ongoing operations."[35] The OCC refers to this proposal as its "preferred approach."[36] The preferred approach is reasonable as it allows PPSIs to propose ongoing capital requirements tailored to their individual projections, expenses, strategy and risk profiles. It is consistent with the tailoring requirements of the GENIUS Act and with the mandate that capital requirements "do not exceed requirements that are sufficient to ensure the ongoing operations of [PPSIs]."[37]

However, the Proposal also contains five alternative variable capital components that would create additional criteria and complexity for PPSIs. These proposed minimum capital requirements would be based on one or possibly multiple components: (i) a percentage of a PPSI's outstanding issuance; (ii) price and interest rate risk of stablecoin reserve assets; (iii) credit risk of certain reserve assets—e.g., uninsured bank deposits, reverse repos, and money market funds; (iv) repo transaction market volume; and/or (v) the fair value of assets in custody.[38]

The Proposal does not explain whether one or multiple components would apply to PPSIs. The alternative variable capital components (individually and collectively) would leave significant discretion to the OCC and make it exceedingly difficult for PPSIs to know whether the application of one or multiple variable components would put their ongoing operations at risk. These variable capital components add needless complexity, particularly given the relatively

[33] 91 Fed. Reg. 10242.
[34] 91 Fed. Reg. 10302.
[35] *Id.*
[36] *See, e.g.,* 91 Fed. Reg 10240.
[37] 12 U.S.C. § 5903(a)(4)(A)(iii).
[38] 91 Fed. Reg. 10241.

straightforward business models of PPSIs, which are focused on issuance and redemption and already subject to reserve asset composition and diversification requirements. For these reasons, the OCC's final rule should only incorporate the OCC's "preferred approach" in § 15.41(a)(2).

### c. Operating Losses (Historical or Projected) Are Not a Reliable Proxy for Liquidity Needed to Stabilize After a Business Disruption.

While a16z understands the purpose of the proposed operational backstop, we have several concerns: (i) tying the backstop to historic or projected operating losses could have the negative effect of discouraging growth, particularly for smaller issuers who are likely to have relatively large operating losses for the first several years of operation; and (ii) the Proposal does not explain the extent to which historic or projected operating losses are a proxy for the amount of liquidity a PPSI would need to set aside to address a range of potential business disruptions (e.g., cyber incidents, network outages, etc.). Instead, historic or projected operating losses measure the cost of running the business, not necessarily the liquidity needed under stress to keep issuance and redemptions and operations going. A cyberattack could, for example, result in significant and instant liquidity losses that may not be represented in an issuer's historic or projected operating losses.

As an alternative to a backstop based on historical or projected losses for a one-year time horizon, any backstop should instead be calculated based on the strength of a PPSI's operational resilience, which is a determination optimally addressed through the OCC's supervisory process. As the Proposal notes: "Operational resilience will be particularly important for stablecoin issuers, who will depend on customer confidence in the stable value and availability of their stablecoins."[39] At a minimum, PPSIs should be able to identify critical systems and functions, define recovery time objectives, and demonstrate reasonable plans for withstanding a range of operational disruption scenarios.

For these reasons, a targeted and tailored supervisory approach (e.g., a testable operational resilience framework) would be a better indicator of a PPSI's business continuity readiness as it would be designed to help ensure all PPSIs are prepared to keep operating or recover quickly after any business disruption.

## V. The Proposed Mandatory Extension of the Redemption to Seven Calendar Days Under § 15.12(c)(1) Would Call into Question Reliance on Payment Stablecoins as a Form of Trusted Digital Money and Present Run Risk.

In response to Question 102, the OCC should not hardwire a seven calendar day waiting period on redemptions if a PPSI faces redemption demands in excess of 10 percent of its

[39] 91 Fed. Reg. 10224.

outstanding issuance value in a single 24-hour period.[40] While it would be important for the OCC to be immediately notified of such an idiosyncratic redemption demand, consistent with the notice provision in § 15.12(c)(4), the PPSI is best-placed to know whether an extension on redemption beyond the required two business days would even be needed.

Given the potential run risk that could ensue from a mandatory seven calendar day waiting period, a better approach would be for the OCC to act on any request by the PPSI for an extension beyond two business days or, alternatively, request that the PPSI provide a specific time period by which it expects to be able to satisfy all redemption requests.

The OCC's proposed seven-day mandatory redemption waiting period would, ex ante, compromise trust in stablecoins as a form of reliable digital money. This proposal is effectively a "run trigger" because any signal that a PPSI may have to forcibly delay the redemption timeline would only increase redemption demands and amplify stress.

Depending on the cause of the outsized redemption request, requiring a PPSI to pause redemptions for an additional five days could have potential ripple effects across the PPSI's customer base as well as potential spillover effects on other PPSIs. Market participants settling intraday trades in, or using, GENIUS-compliant stablecoins could suffer knock-on effects as well, e.g., an inability to redeem stablecoins to fiat if there is a sudden increase in redemptions across one or multiple PPSIs. This risk is particularly acute to the extent payment stablecoins are widely adopted as collateral and margin in securities and commodities markets. Any proposal to hardwire an extension in redemption requests could upend this use case from the start. In these markets, a single Futures Commission Merchant could settle upwards of $10 billion in intraday margin positions per day—surpassing the 10 percent threshold for the entire existing U.S. stablecoin market. Forced seven-day redemptions would undermine and likely deter the use of stablecoins for such applications.

The OCC should avoid implementing regulations that could inadvertently undermine the adoption of payment stablecoins in favor of more flexible solutions that would not predetermine redemption timelines or create run risk.

[40] The various redemption periods in § 15.12 are assumed to apply outside of any PPSI's bankruptcy proceeding. Consistent with Section 11 of the GENIUS Act, if a PPSI has filed a bankruptcy proceeding under the U.S. Bankruptcy Code, the relevant redemption periods would be subject to the bankruptcy court's determination of the first-day motion brought by the PPSI/debtor. *See* GENIUS Act § 11(c)(2)(C).

## VI. The "Customer," "DASP," and "Payment Stablecoin" Definitions Should be Clarified to Reflect Market Practice and Address Risks of Ambiguity and Inconsistent Implementation.

### a. In the Context of PPSIs, "customer" Should Refer Only to Direct Customers of the Issuer, not Holders of Stablecoins with no Direct Relationship With PPSIs.

The Proposal defines "customer" to mean "a person that purchases (through any consideration) the products or services of another person."[41] This definition is intentionally broad to encompass the variety of contexts in which the term is used in the GENIUS Act. This includes references to customers of PPSIs, DASPs, and depository institutions. With respect to PPSIs, this proposed definition is too broad because it would render all holders of stablecoins "customers" even if they do not have a contractual relationship with the PPSI.

The definition of "customer" should accurately reflect different market participants and their associated rights. Direct customers of an issuer (e.g., institutional customers) can request that an issuer mint or burn stablecoins, based on the terms of their contract with the issuer. By contrast, the vast majority of stablecoin holders have no contractual privity with an issuer. Their rights are governed by separate terms and conditions agreed to with the cryptocurrency exchange that sold them stablecoins on the secondary market.

The OCC's proposed definition of "customer" is also in tension with the GENIUS Act, which assumes a direct relationship between PPSIs and customers. For example, the GENIUS Act's prohibition on tying prohibits PPSIs from providing services to "customer[s]" on the condition that "customer[s]" obtain "additional paid product[s] or service[s]" ***from*** a PPSI . . ."[42]

A definition of "customer" that includes all stablecoin holders would also have significant unintended consequences by meaningfully expanding PPSIs' compliance burden. PPSIs are treated as financial institutions for purposes of the Bank Secrecy Act and must therefore maintain certain responsibilities relating to "customer identification" as part of a robust Know-Your-Customer/Anti-Money Laundering program.[43] It would be practically infeasible for a PPSI to identify each stablecoin holder for customer identification compliance purposes.[44] Similarly, proposed §15.13(b)(4) states that a PPSI's "information technology and security program must include administrative, technical, and physical safeguards designed to: (i) Ensure

[41] 91 Fed. Reg. 10286.
[42] GENIUS Act § 4(a)(8)(A)(emphasis added).
[43] GENIUS Act § 4(a)(5)(A)(v) (noting the PPSIs must maintain "an effective customer identification program, including identification and verification of account holders with the permitted payment stablecoin issuer, high-value transactions, and appropriate enhanced due diligence…").
[44] Because stablecoins circulate extensively through peer-to-peer transactions and unhosted wallets without the involvement of regulated intermediaries, and because issuers typically have direct relationships only with institutional counterparties, issuers lack visibility into—and any practical means of identifying—downstream holders in the secondary market.

the security and confidentiality of records containing nonpublic personal information about a customer."[45] It would be practically infeasible for a PPSI to comply with this proposed requirement vis-à-vis stablecoin holders for the same reason.

In response to Question 4, the OCC should revise the definition of "customer" in the PPSI context to reflect only those entities that have a direct contractual relationship with a PPSI—i.e., "a person that purchases (through any consideration) the products or services of a PPSI directly from the PPSI." Clarifying that "customer" is limited to direct customers of the issuer would appropriately cabin PPSI obligations.

**b. To Avoid the Risk of Ambiguity and Inconsistent Application, the OCC's Final Rule Should Clearly Define the Decentralized Finance Activities that are Excluded From the GENIUS Act's Scope.**

The GENIUS Act's digital asset service provider ("**DASP**") definition covers a range of entities while also reflecting clear Congressional intent to exclude a broad set of participants in decentralized networks and their underlying software[46]—e.g., distributed ledger protocols, validators, and developers of non-custodial software interfaces. Given that this exclusion uses terms that are not separately defined by the GENIUS Act, there is a risk that the exclusion could be inconsistently applied by regulators. There is likewise a risk that market participants could lack clarity as to their regulatory obligations (if any).

Digital asset regulation must properly distinguish between infrastructure and software functions (which are not regulated activity), from businesses that engage as intermediaries in traditional financial activities (e.g., having counterparties, custodying assets, etc.). Entities that do not perform intermediary functions should not be regulated as if they were providing financial services or participating in transactions using regulated financial instruments. The risks of failing to draw these crucial distinctions in implementing rules are significant and at odds with the aims of the GENIUS Act.[47]

For example, it is particularly important to clarify the scope of DASP-excluded activities because of the broad definition of "offer" in the GENIUS Act: "to make available for purchase, sale, or exchange."[48] If interpreted expansively and contrary to Congressional intent, this term could be read to scope in entities and software that were never meant to be regulated under the GENIUS Act, including not only blockchain system participants and non-custodial wallet providers, but also web browsers and internet service providers. Without a clearly defined set of excluded activities, a regulator could interpret the ambiguity in the definition of "offer" to

[45] 91 Fed. Reg. 10292.
[46] 12 U.S.C. § 5901(7)(B)(i)-(v).
[47] *See* The White House, "Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law" (July 18, 2025), https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-the-presidents-working-group-on-digital-asset-markets-releases-recommendations-to-strengthen-american-leadership-in-digital-financial-technology/.
[48] 12 U.S.C. § 5901(7)(A)(v).

expand its jurisdiction and broaden the statute's application beyond what Congress clearly intended. Refining and providing additional clarity on the DASP definitions would preserve the distinct boundaries between these terms, maintain internal coherence for the statute, and mitigate the risk that a wide array of infrastructure and software could otherwise fall within scope of the GENIUS Act.

In response to Question 7, the OCC's final rule should avoid the risk of ambiguity and inconsistent implementation by clearly defining the decentralized finance activities excluded from the GENIUS Act's scope. The OCC should look to the Amendment in the Nature of a Substitute released by Senate Banking Committee Chairman Tim Scott on January 12, 2026 of the Digital Asset Market Clarity Act as a useful guidepost and enumerate, in a new defined term "*DASP-excluded activities*" the specific activities that should be expressly excluded from DASP definition:

> *DASP-excluded activities* means*:*
>
> (1) Compiling network transactions or relaying, searching, sequencing, validating, or acting in a similar capacity.
>
> (2) Providing computational work, operating a node or oracle service, or procuring, offering, or utilizing network bandwidth, or providing other similar incidental services.
>
> (3) Developing, publishing, or constituting—
>
> (A) a distributed ledger system; or
> (B) software or systems that create or utilize hardware or software, including wallets or other systems, that facilitate the ability of a user to keep, safeguard, or have custody of the digital assets or private keys of the user.[49]

In the alternative, the OCC could clarify that the DASP definition does not include a person that provides self-custodial software or protocol infrastructure or otherwise does not have "total independent control" over customer funds or assets. This clarification would align with existing guidance from the Financial Crimes Enforcement Network that addresses this topic,[50] and ensure that the GENIUS Act remains focused on intermediaries that handle customer funds and present traditional intermediary-type risks.

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[49] Digital Asset Market Clarity Act, Sen. Banking Comm. H.R. 3633 Substitute, 119th Cong. at § 15H(b)(3) (Jan. 12, 2026).
[50] FinCEN Guidance FIN-2019-G001, "Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies," May 9, 2019, https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf.

Consistent with this approach, the OCC could provide additional color in the preamble of the final rule stating that the use of "for compensation or profit" and "engages in the business" in the DASP definition means Congress intended for DASPs to include entities that handle or control digital assets on behalf of customers for a financial intermediation purpose. This construct assumes that there must be a DASP counterparty in connection with the enumerated persons included in the DASP definition.[51] Additional context in the final preamble would help ensure that core technology functions are not, in and of themselves, regulated as financial activity.

In addition, the OCC could confirm that listing a stablecoin on an automated market maker, displaying a token on a platform, or enabling swap functionality through non-custodial infrastructure does not qualify as an "offer" under the GENIUS Act. Doing so would also align with Congressional intent of only capturing financial transactions that actually involve intermediation, solicitation, or control.[52]

**c. The Final Rulemaking Should Reinforce that Decentralized Stablecoins Fall Outside the Scope of the GENIUS Act — a16z Supports the U.S. Treasury's Study, in Consultation with the OCC, on Non-Payment Stablecoins.**

Not all stablecoins used for payment are "payment stablecoins" subject to the GENIUS Act. Payment stablecoins—stablecoins that are fiat-backed and issued by a centralized stablecoin issuer that holds reserve assets to maintain the value of the coins against the pegged asset—are the primary focus of this statutory framework. Decentralized stablecoins are an important type of non-payment stablecoin. They are generally backed by digital assets, like ETH (the network token of the Ethereum blockchain) and SOL (the network token of the Solana blockchain), and issued autonomously by decentralized smart contract protocols that utilize mathematical algorithms and other mechanisms to maintain the collateral and the stability of the stablecoin.

The technical underpinnings of decentralized stablecoins mean that they are not issued by any "person" and are entirely disintermediated, providing users with significant benefits. Because decentralized stablecoins typically rely on collateral that exists natively on a blockchain, they are generally free from offchain risks, such as those that arise from custodying assets with third parties.[53] Decentralization also has the innate benefit of preventing centralized parties from

[51] 12 U.S.C. § 5901(7)(A).
[52] An additional benefit of constraining the scope of the term "offer" is that it would align more closely with how "offer" is generally understood—i.e., as relating to a person actually offering an asset itself—not anyone that is simply making available a possible means for persons buying or selling such asset—as well as with the definition of "offer" in other federal regulatory regimes, including the federal securities laws. *See* Section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. § 77b(a)(3)).
[53] The effect of third-party counterparty risk was evident in the collapse of Silicon Valley Bank, which temporarily caused USDC to de-peg from the U.S. dollar. *See Chainalysis Team, Here's What On-Chain Data Tells Us About Crypto's Reaction to the Demise of Silicon Valley Bank And Its Impact on USDC*, Chainalysis Blog (Mar. 16, 2023), https://www.chainalysis.com/blog/crypto-market-usdc-silicon-valley-bank/.

controlling or manipulating the parameters governing these stablecoins, which can increase trust and eliminate risks inherent to the existence of controlling parties.[54]

In addition, the GENIUS Act's threshold definitions and core prohibitions, including both the definitions of "person" and "payment stablecoin," exclude decentralized stablecoins from its scope. In response to Question 14, the OCC's final rulemaking should consistently and clearly reinforce these exclusions:

- **"Person."** Section 3(a) of the Act prohibits "any person" other than a PPSI from issuing a payment stablecoin in the United States. A "person" is defined under Section 2(24) as "an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated." No individual, organized group, or other entity that resembles those in Section 2(24) controls the process of issuing a decentralized stablecoin; rather, decentralized stablecoins are issued through the automatic and programmatic operations of smart contracts that are not controlled by any person. Nor are there "persons" that give rise to the types of offchain counterparty risks that exist with other stablecoins, such as those that arise from control over reserve assets. Even where humans do participate in governance of a protocol, outcomes relating to the stablecoin are not determined through centralized decision-making processes like those present in the traditional business entities described in Section 2(24). Protocol governance is generally limited to discrete issues like collateral types and liquidation ratios, rather than issuance of the tokens or control over their supply or underlying collateral. Accordingly, the OCC should make clear that, since decentralized stablecoins are not issued by a "person" within the meaning of the Act, they are not covered by the prohibition in Section 3(a).

- **"Payment stablecoin."** Section 2(22) defines "payment stablecoin" as a digital asset "(i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which—(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (II) represents that such issuer will maintain,

[54] LUSD is an example of a decentralized stablecoin that should not be categorized as a "payment stablecoin." LUSD is issued by the autonomously functioning Liquity smart contract protocol, where no person or entity controls the issuance of the stablecoin. Users that want to generate LUSD can deposit ETH into the Liquity Protocol non-custodial smart contracts as collateral and receive LUSD in return. The deposited assets must exceed the value of LUSD that is issued. The smart contracts hold the collateral in escrow until the user returns the borrowed LUSD—each user has complete control over when to withdraw their deposited collateral unless the value of the collateral falls below a required minimum, at which point it is liquidated through an automated mechanism. The entire system functions transparently in accordance with its rules—any market participant can clearly assess the benefits and risks of the system, without fear of mismanagement or the rules being changed. The absence of centralized parties that would otherwise give rise to third-party risks, as well as its overcollateralization requirements and liquidation ratio, makes LUSD a low-risk decentralized stablecoin, which is reflected in its historically stable price. *See* Liquity, https://www.liquity.org/.

> or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value…" As noted above, decentralized stablecoins do not have an "issuer"—no "person" controls the issuance of such stablecoins, rather they are issued by autonomous software that is not controlled by anyone. In addition, the definition of "payment stablecoin" pertains to a digital asset "the issuer of which" has certain redemption obligations and makes certain representations regarding stable value, but because decentralized stablecoins do not have issuers, there is no "person" with redemption obligations or who could make such representations in the first place. Rather, users tend to redeem collateral through user-initiated and user-controlled interactions with autonomous software and any representations about the stability of the asset are solely dependent on the automatic functioning of code. This autonomousness is made possible by the use of collateral that exists onchain and, as such, can be stored and redeemed without intermediaries. For these reasons, decentralized stablecoins do not fall within the definition of "payment stablecoin."

Although not referenced in the Proposal, we support the GENIUS Act's mandate that U.S. Treasury, in consultation with the OCC and other regulators, carry out a study of non-payment stablecoins. We look forward to reviewing this study, and are available as an expert resource on any and all covered topics, including (A) the benefits and risks of technological design features; (B) the participants in non-payment stablecoin arrangements; (C) utilization and potential utilization of non-payment stablecoins; (D) the nature of reserve compositions; (E) types of algorithms being employed; (F) governance structure, including aspects of decentralization; (G) the nature of public promotion and advertising; and (H) the clarity and availability of consumer notices disclosures.[55]

## VII. a16z Offers Various Responses to the Risk Management and Assessment Considerations in the Proposal.

### a. The OCC Should Engage with Market Experts and Support Industry-Led Standard Setting In Determining "Appropriate" Controls for Novel Digital Asset Risks.

Financial institutions and stablecoin issuers focused on digital-asset risk identification often do not know which security practices are expected of them. This is not for lack of will, but because no widely adopted industry standard tailored to blockchain technology exists for them to follow. Regulators in other jurisdictions also find it difficult to translate their principles-based prudential and information-security requirements into specific, evaluable practices for digital assets, stablecoins, and the underlying ledgers on which they operate.

[55] GENIUS Act § 14(a)(2).

Therefore, we recommend that the OCC engage with market experts and support in the final rule industry efforts to establish baseline information security standards for PPSIs that would apply regardless of issuer size or design choice. These standards or guidelines could include, for example, a risk assessment of each digital ledger protocol on which a payment stablecoin is issued, a documented key management program, and code audit. Consistent with the GENIUS Act, applicable standards or guidelines could be calibrated based on the size and risk profile of the PPSI or, alternatively, warranted by complexity, multi-chain deployment, or market exposure. Clear standards would better position the OCC and the private sector to foster effective risk management security practices.

In response to Question 109, we support the GENIUS Act and the OCC's principles-based approach, but recommend that the OCC articulate the need for industry standards designed to serve as a common baseline applicable to all PPSIs. Relevant areas could include, for example, guidelines around smart contract audits, distributed ledger risk assessments, and key management practices.

In Question 118, the OCC requests comment on whether proposed § 15.13(b) should expressly address risks relating to smart contracts, encryption, tokenized assets, or any other technology or procedure. Our view is that proposed §15.13(b) does not sufficiently articulate what "appropriate" controls means for novel digital asset risks and that additional clarity in the final rule would be useful. As noted above, it would be helpful for the OCC's final rule to discuss the role of industry-led standard setting in developing guidelines for attendant risks—e.g., how to conduct a risk assessment of digital ledger protocols, how to develop and document key management practices, and the standards associated with code audit.

In response to Question 121, we request that the OCC's final rule preserve a narrow pathway for coordinated vulnerability disclosure. Effective disclosure programs require that issuers, external researchers, and affected downstream protocols share pre-disclosure technical information to coordinate remediation and user notification. The final rule should not inadvertently restrict that security-critical flow.

**b. The OCC's Final Rule Should Accommodate Privacy-Enhancing Technologies on Public, Transparent Blockchains as a Means of Ensuring PPSIs Maintain a Comprehensive Security Risk and Control Framework.**

Proposed Section 15.13(b)(4) requires PPSIs' information technology and security programs to include administrative, technical, and physical safeguards designed to, among other things, ensure the security and confidentiality of records containing nonpublic personal information about a customer. The OCC's final rule should state that the adoption of privacy-preserving distributed ledger architectures is a way for PPSI's to meet their data privacy and risk management requirements.

Today, most stablecoins run on open blockchains where every transaction—including amounts, counterparties, and frequency of transactions—is permanently and publicly visible.[56] Although many blockchain transactions are pseudonymous—meaning they do not have personally identifiable information associated with them on the blockchain—once a person's name is connected to a single onchain transaction, it is often possible to reconstruct that person's entire transaction history, particularly when using advanced blockchain analytics.[57]

To offer stronger consumer-data protections and meet other regulatory requirements, some blockchains adopt privacy-enhancing tools that allow users to cryptographically reveal transaction data to specific parties such as regulators and auditors without full public exposure on the ledger. A zero-knowledge proof (ZKP) is an example of this kind of privacy tool. In response to Questions 118 and 121, the final rule should note that use of privacy-preserving technologies, such as ZKPs, are a way to ensure the security and confidentiality of records containing nonpublic customer information.

**c. The Proposal's Weekly, Daily, and Potential "Real-Time" Reporting Requirements on Reserve Assets Would be Unduly Burdensome and Inconsistent with the GENIUS Act and Market Practice.**

The OCC proposes in § 15.14(h) to collect confidential weekly data from PPSIs to "minimize the examination burden" on PPSIs.[58] This data would include, among seven other categories, information on reserve assets. Related Question 131 in the Proposal goes further to suggest that the OCC could require PPSIs to provide proposed weekly data to the OCC electronically "on a daily or real-time basis."[59]

In order to provide reserve asset data on a weekly basis, for example, PPSIs would need to demonstrate that reserve assets meet or exceed outstanding stablecoin issuance at fair value "at all times."[60] This reporting capability would necessarily require PPSIs to maintain daily liquidity monitoring and valuation capabilities sufficient to demonstrate that reserves always support

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[56] *See* Jai Ramaswamy et al., *a16z Letter to the Financial Crimes Enforcement Network: Proposal of Special Measure Regarding Convertible Virtual Currency Mixing, as a Class of Transactions of Primary Money Laundering Concern*, a16z crypto, at 5 (Jan. 22, 2024), https://dwt2zme5yrom6.cloudfront.net/uploads/2024/01/a16z-CVC-Mixing-Comment-filed.pdf.

[57] Blockchain analytics can trace transactions back to a real-world user, despite the user's attempts to protect their identity. Thus, as characterized by one court, cryptocurrency transactions are "both uniquely anonymous and uniquely public." *United States v. Sterlingov*, 2024 WL 860983, at *1 (D.D.C. Feb. 29, 2024).

[58] 91 Fed. Reg. 10261.

[59] *Id.*

[60] *Id.* at 10261 (including the following additional categories of weekly reporting data: outstanding issuance value; redemptions; minting and issuance; exchanges on which the stablecoin trades; the 100 persons that hold or trade the stablecoin the most; data concerning securities held as reserve assets (including information regarding reserve assets' CUSIPs, yield, weighted average maturity and weighted average life); and information regarding repurchase agreements and reverse repurchase agreements (including information regarding the counterparty, clearing agency, collateral, and interest").

redemption at par. In other words, the OCC's proposed *weekly* reporting requirement in §15.14(h) would effectively require a *real-time* reporting capability.

Weekly, daily, and real-time reporting requirements regarding reserve assets alone (including information regarding reserve assets' CUSIPs, yield, weighted average maturity and weighted average life) would be unduly burdensome and significantly exceed the monthly reporting obligations and attestation requirements of the GENIUS Act. These proposed requirements are reminiscent of the types of reporting required of the largest globally systemic banking institutions ("**GSIBs"**), subject to enhanced prudential standards, with multi-trillions in consolidated assets, and vastly different business models and risk profiles. They are also inconsistent with the GENIUS Act's mandate that (i) "[i]n supervising and examining a [PPSI] . . . a primary Federal payment stablecoin regulator shall, to the fullest extent possible, ***use existing reports***"—e.g., monthly attestations required under the GENIUS Act; and (ii) "shall . . . with respect to any . . . request for the submission of a report . . . ***only request . . . reports at cadence and in a format that is similar to that required for similarly situated entities regulated by the primary Federal payment stablecoin regulator.***"[61] While neither the GENIUS Act nor the Proposal define "similarly situated entities," it is highly unlikely that Congress intended for Federal payment stablecoin regulators to require GSIB-level reporting requirements from PPSIs.

In response to Question 131, we strongly recommend that the OCC adopt a tailored framework for data reporting, consistent with the GENIUS Act and commensurate with a PPSI's business model and risk profile. This would protect PPSIs from the potential of exceedingly burdensome reporting capabilities, while also respecting Congress' intent to avoid duplication and undue burden on PPSIs.

**d. The OCC's Final Rule Should Not Include Any Requirements or Standards Applicable to Cross-Chain Bridges, Including Locking, Minting, or Burning Processes.**

Question 119 of the Proposal requests comment on whether the OCC should 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.[62] In this question, the OCC contemplates that there could be specific requirements relating to locking, minting, or burning payment stablecoins to facilitate a cross-chain transfer. The OCC should maintain a principles-based approach and not include any requirements or standards addressing cross-chain transfers, which have a wide variety of architectural designs. Establishing specific requirements could have the unintended effect of limiting innovative development of cross-chain technologies and thwarting competitive neutrality, by favoring certain designs over others. Given the differences in cross-chain bridge models, it is critical that the OCC adopt a tech-neutral framework that leaves the choice of which

[61] GENIUS Act § 6(a)(4)(C) (emphasis added).
[62] 91 Fed. Reg. 10268.

cross-chain mechanism to adopt with the PPSI, based on the exercise of its own risk management.

**e. Cross-chain Bridges are Not All the Same, and Not Necessarily Subject to BSA/AML Requirements.**

Question 209 of the Proposal asks for comment on "the risks posed by different types of interoperability solutions" and ways issuers and regulators can manage those risks. In doing so, the OCC appears to assume that risks introduced by cross-chain bridges interact with BSA/AML requirements.[63]

As a general matter, a cross-chain bridge enables interoperability between different blockchain networks, allowing the transfer of stablecoins across blockchains. But not all cross-chain bridges are the same. Some involve an entity acting as an intermediary (i.e., taking custody of assets and facilitating value transfer), in which case BSA/AML obligations are likely to apply. In contrast, other cross-chain bridges are decentralized, non-custodial interoperability protocols with no intermediaries. In those cases, BSA/AML obligations do not apply.

In those cases where there are no applicable BSA/AML requirements, and the bridge does not have the technical capability to perform those compliance functions, whether or not a bridge can comply with BSA/AML requirements should not be a prerequisite for PPSIs who seek to utilize cross-chain bridges for interoperability purposes. As noted above, it is essential that digital asset regulation properly distinguish between infrastructure and software functions (which are not regulated activity), from businesses that engage as intermediaries in traditional financial activities—e.g., having counterparties, custodying assets, engaging in money transmission, etc. Entities who do not perform intermediary functions should not be regulated as if they were providing financial services or participating in transactions using regulated financial instruments. Failing to draw these distinctions risks placing certain technologies at a competitive disadvantage simply because their architecture does not implicate BSA/AML obligations. It may also incentivize developers to adopt more centralized designs to remain competitive, undermining the benefits of decentralization, such as lower costs and reduced third-party risk. Such outcomes are at odds with the aims of the GENIUS Act.

**f. The OCC's Final Rule Should Not Include Obligations to Embed Technical Compliance Requirements in Protocols.**

Question 205 of the Proposal requests comment on whether there are "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," and

[63] 91 Fed. Reg. 10268 (Question 209).

whether it should "incorporate additional provisions concerning the use of smart contracts when considering compliance with aspects of the proposed rule, such as risk management."[64]

For the avoidance of doubt, the OCC's final rule should not include any requirements addressing embedding technical compliance requirements in protocols. Protocols—whether for traditional internet infrastructure, blockchains, or otherwise—are foundational technologies designed to be open and globally interoperable. Mandating specific compliance mechanisms at the protocol level would effectively hard-code assumptions about risk and enforcement into technical protocols that cannot adapt to evolving and often subjective legal regimes within and across jurisdictions. Such an approach is fundamentally incompatible with globally deployed, decentralized protocols.

Take financial regulation for example. Decentralized protocols cannot incorporate subjective determinations that traditional finance regulations sometimes require, such as product classifications relating to securities, commodities, and various derivatives instruments. These classifications differ between jurisdictions and can be highly subjective. Globally accessible software can neither apply facts and circumstances tests, nor incorporate inconsistencies in its programming. Accordingly, requiring protocols to embed such compliance determinations would not only be technically infeasible, but would also risk undermining the openness, neutrality, and global interoperability that make these systems valuable in the first place.

The OCC (and all regulators) should adopt a clear, technology neutral approach towards implementation of the GENIUS Act. This approach not only preserves the neutrality of the underlying protocol; it also mitigates the risks of unintended consequences that could compromise network security.

### g. The OCC Should Assess PPSIs Based on Outstanding Issuance Value, Rather Than Assets.

Question 191 invites comments on whether the OCC should "consider imposing assessments based on different or additional measurements to account for increased supervision activities" from the Proposal.[65] Under proposed Sections 8.2 and 8.10, the OCC would apply an asset-based formula to assessments of stablecoin issuers, with a discount for reserve assets. The OCC should instead base assessments on the outstanding issuance value to reflect the unique qualities of stablecoins and industry practice.

Proposed assessment structures derive from assessment formulas for "OCC-supervised institutions pursuant to 12 CFR part 8."[66] But stablecoin issuers, unlike traditional banks, issue a currency-pegged digital asset with stable value and a 1:1 reserve ratio, meaning that the issuance

[64] 91 Fed. Reg. 10287.
[65] 91 Fed. Reg. 10266.
[66] *Id.*

value more accurately reflects an issuer's level of activities and the costs the OCC might incur from supervising issuers.

An issuance-based approach would also avoid imposing unnecessary operational burdens on issuers compared to the asset-based approach in the Proposal: issuers would not have to separately calculate the amounts of assessments due for reserve and non-reserve assets. For issuers that maintain separate trusts to hold reserve assets for different brands of stablecoin, an asset-based calculation would be particularly challenging as those issuers would have to calculate the assessment due on the reserve assets for each stablecoin brand separately. Of course, if a stablecoin issuer is engaged in a broader range of activities than those related to the issuance of stablecoins, an assessment formula aligned with 12 C.F.R. part 8 may be more appropriate and the OCC should have the flexibility to utilize an assessment formula for nonstablecoin issuance activities based on the unrelated stablecoin issuance assets of the institution.

## VIII. Multi-Jurisdictional Issuance Should be Addressed in the Final Rule Both For Issuers Who Operate Globally Today, and for Others Who May Operate Globally in the Future.

Stablecoin issuers who seek to conduct business globally typically operate under a multi-jurisdictional issuance model in which a fungible token is issued by affiliated entities operating under separate regulatory licenses across multiple jurisdictions. Smaller U.S.-based stablecoin issuers who seek to scale globally are likely to adopt a multi-jurisdictional model, and therefore also have an interest in understanding how a multi-jurisdictional issuance model works under the GENIUS Act.

Multi-jurisdictional issuance is not addressed directly in the Proposal, but is critical as a means of mitigating liquidity and operational risk. In stress, each licensing jurisdiction may require reserve assets to be "ring-fenced" (i.e., held locally to back tokens circulating within that jurisdiction), and given the fungibility of payment stablecoins to move across borders, issuers must rebalance and shift reserves across jurisdictions based on where tokens are held. This may create operational complexities, as an issuer may be unable to determine with certainty which holders are in which jurisdiction at any given time, and redemption requests may arise in a jurisdiction different from where the corresponding reserves are held, creating a liquidity shortfall and redemption delays.

Addressing this issue in the OCC's final rule is also important because the GENIUS Act requires that the Secretary of the Treasury determine whether a foreign country has a regulatory and supervisory regime that is "comparable to the requirements"[67] established under the GENIUS Act. These requirements include implementing rules that further the "timely

[67] GENIUS Act § 18(b)(6).

redemption of outstanding payment stablecoins."[68] In order for the Secretary of the Treasury to make a comparability determination, it would be helpful for the OCC's final rule to address how "timely redemption" could be best effectuated under a multi-jurisdictional model, taking into account "ring-fencing" risk. In addition, to the extent other jurisdictions' regulatory regimes are determined to be comparable with the United States, the Secretary of the Treasury could "create and implement reciprocal arrangements or other bilateral agreements" between the U.S. and those jurisdictions to further reciprocity and to "facilitate international transactions and interoperability with United States dollar-denominated payment stablecoins issued overseas."[69]

The OCC is well positioned to help lead on this issue and lay the framework for cross-jurisdiction comparability (or "equivalence"). This issue is particularly timely given the expected public consultation of the European Union's MiCA regime, and the broader discussions regarding the multi-issuance model.[70] In its final rule, the OCC should address how multi-jurisdictional issuance may operate within the GENIUS Act's framework, including how PPSIs with this model could rebalance reserves across jurisdictions based on where tokens are actually held or assumed to be held based on best available information. In addition, the final rule could clarify that in order for timely redemption to work within this model, reserve assets should be transferable in both directions between the U.S.-based PPSI and its cross-border affiliate.

[68] *Id.* at § 4(a)(1)(B)(i).
[69] *Id.* at § 18(d)(1)(C).
[70] *See* Ezra Reguerra, *EU Adviser Says MiCA 2 Likely as Crypto Market Matures*, Cointelegraph (Apr. 15, 2026), https://cointelegraph.com/news/eu-adviser-says-mica-2-is-likely-as-crypto-market-matures-pbw-2026; *see also ECB's Lagarde says EU should close loopholes in stablecoin regulation*, Reuters (Sept. 3, 2025), https://www.reuters.com/business/finance/ecbs-lagarde-says-eu-should-close-loopholes-stablecoin-regulation-2025-09-03/ (noting that legislators should hold companies that issue stablecoins both in the EU and abroad to the same, high standards and that "European legislation should ensure that such schemes cannot operate in the EU unless supported by robust equivalence regimes in other jurisdictions and safeguards relating to the transfer of assets between the EU and non-EU entities.").

## CONCLUSION

a16z is grateful for the opportunity to comment on the Proposal. Please do not hesitate to reach out if you have any questions regarding this letter, or if you would like to discuss further.

Sincerely,

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