ANDREESSEN
HOROWITZ

June 2, 2026

BY ELECTRONIC SUBMISSION

U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220
Attention: Office of the General Counsel
Docket ID TREAS-DO-2026-0232-0001; RIN 1505-AC90

Re: Notice of Proposed Rulemaking: GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime Is Substantially Similar to the Federal Regulatory Framework

Andreessen Horowitz ("**a16z**") appreciates the opportunity to respond to the U.S. Department of the Treasury's ("**Treasury**") request for comment, dated April 3, 2026 (the "**Proposal**"), seeking feedback and suggestions on implementing section 4(c) of the Guiding and Establishing National Innovation for U.S. Stablecoins ("**GENIUS**") Act by establishing broad-based principles for determining when a state-level regulatory regime is substantially similar to the federal regulatory framework.[1] We are grateful for Treasury's efforts to promote digital asset innovation, including its lead role in drafting the July 2025 Recommendations issued by the President's Working Group on Digital Asset Markets. We also appreciate Treasury's solicitation of public comment on a broad range of questions relating to the implementation of the GENIUS Act through the September 2025 advance notice of proposed rulemaking.

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. As of 2026, a16z has more than $100 billion of regulatory assets under management across multiple funds, with more than $9.8 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 regulated stablecoin issuers, as well as infrastructure providers and custodians.

[1] GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime is Substantially Similar to the Federal Regulatory Framework, 91 Fed. Reg. 64 (Apr. 3, 2026), https://www.federalregister.gov/documents/2026/04/03/2026-06489/genius-act-broad-based-principles-for-determining-whether-a-state-level-regulatory-regime-is

II. Executive Summary

Stablecoins are becoming core financial infrastructure for online and international payments, bringing the internet's original vision of openness and interoperability to finance. 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. Our engagement with both state-licensed issuers and those exploring federal licensing under the GENIUS Act 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.

The Proposal is particularly important because it sets the direction for how the GENIUS Act's dual licensing framework will work, and how state-licensed permitted payment stablecoin issuers ("PPSIs") will operate nationally, under a single primary state supervisor, without having to manage multiple state licenses. Treasury has a unique opportunity in the final rule to underscore the importance of substantially similar state and federal regulatory frameworks and avoid the multi-state regulatory friction that has plagued the state money transmission licensing regime for decades, making it harder for companies to operate across state lines.[2] That requires, among other things, making all GENIUS Act definitions and Section 4(a) requirements uniform requirements, ensuring that state-level regulatory regimes are congruent with the federal framework in all substantive respects. It also means ensuring that states, consistent with the GENIUS Act, have discretion to calibrate their respective licensing, chartering, supervision, and consumer regulations—each of which is specifically carved out for states in Section 7.

a16z requests that Treasury, together with other payment stablecoin regulators, coordinate closely on their final rulemaking and reduce the potential for divergence across overlapping post-GENIUS Act requirements. Treasury's final rule should strongly support (i) clarity and efficiency for both states and the Stablecoin Certification Review Committee ("SCRC"); (ii) strong homogeneity across federal and state regulatory frameworks; and (iii) the fungibility of stablecoins.

---

[2] *See generally*, U.S. Gov't Accountability Off., 18-254, Financial Technology: Additional Steps by Regulators Could Better Protect Consumers and Aid Regulatory Oversight 41 (2018) ("[F]intech payment and lending firms say complying with fragmented state requirements is costly and time-consuming. . . [S]taff from one U.S. firm that developed a DLT payments technology told us that they and their peers only work with foreign customers due to the fragmented U.S. financial regulatory structure and lack of unified positions across agencies on related topics"); *see also*, Conf. of State Bank Supervisors, CSBS Money Transmission Modernization Act (MTMA) (Feb. 26, 2026). https://www.csbs.org/csbs-money-transmission-modernization-act-mtma and accompanying *Legislative Guide.* The Money Transmission Modernization Act (MTMA) was developed, in part, to "establish a common baseline" across the U.S. and "advance harmonization in the money transmission industry, making it easier for companies to operate across state lines." As of the date of this letter, approximately 25 states have enacted the MTMA in full.

The final rule should be durable, while also allowing for the natural evolution of our federal regulatory framework. It should not only set clear expectations for states; it should make state certification review by the SCRC—which is required to determine substantial similarity by unanimous vote—objective, operationally simple, and efficient. Without highly objective criteria, standards will be interpreted differently over time, leading to regulatory inconsistency and a patchwork of dissimilar regulatory frameworks.

More broadly, stablecoins must be fungible to work. They need to be interoperable domestically and globally and circulate as a single payment and settlement instrument across customers and markets worldwide, no questions asked. That means ensuring "core prudential standards"—e.g., the list of GENIUS-compliant reserve assets—remain uniform across federal and state frameworks. A final rule that supports robust and clear U.S. standards sets the framework for comparability with other regimes. This is why "substantial similarity" is so important to get right—it is what creates a stable financial system and drives growth.

With these fundamental considerations in mind, we have focused our response as follows:

- In Section 1, we generally agree with Treasury's proposed scoping of "Federal regulatory framework" and discuss why all GENIUS Act definitions should be uniform. We argue that "substantive discretion" is unsupported by the Act and propose providing additional clarity on the definitions of "Federal regulatory framework" and "State-level regulatory regime." We respond to Questions 2, 4, 5, and 6.

- In Section 2, we propose expanding and clarifying the overall broad-based principles for determining "substantial similarity", consistent with the plain language of the GENIUS Act. Congress's use of "substantially similar" as the standard for comparing state regimes to the federal framework indicates a clear intent for uniformity in definitions and requirements other than those areas carved out in Section 7 for states. We argue that all requirements in Section 4(a) and other areas of the Act where such discretion is not granted must be uniform, meaning a state-level regulatory regime must be consistent with the federal framework in all substantive respects, neither falling short of nor exceeding it. Here, we offer a Revised Appendix A in Exhibit A and respond to Questions 7, 10, and 11.

- In Section 3, we propose modifications to Treasury's proposed definition of "uniform requirement" to clarify that a state would materially deviate from the federal regulatory framework where its regime narrows, limits, conditions, or expands another provision of the Act, or the Act as a whole. We also note that substantial similarity should be measured at the time of certification. Here, we respond to Questions 14, 15, and 16.

- In Section 4, we explain why application of the "substantially similar" standard should result in clear, operationally straightforward, and efficient outcomes for states and the SCRC. We further argue why the SCRC should adopt a fact-specific analysis and why certain requirements should be uniform. Here, we respond to questions including Questions 27 and 30.

- Finally, in Section 5, we discuss how uniformity across core requirements would enable state-licensed PPSIs to operate across state lines, while still allowing states to regulate chartering, licensure, and consumer protection consistent with Section 7. We request that Treasury's final rule clarify that host state requirements under Section 4(a) are preempted. Here, we respond to Question 71.

DISCUSSION

1. The Final Rule Could be Improved to Ensure Substantial Similarity and Clarity Regarding Key Definitions (Proposed § 1521.1).

While a16z generally supports the scope, applicability and definitions outlined in the Proposal, there are several areas where the final rule could be improved to ensure substantial similarity across federal and state frameworks and clarity across definitions.

a. All GENIUS Act definitions should be uniform; states play a key role in optimizing their regimes in the areas Congress enumerated for them.

The GENIUS Act requires that a "State-level regulatory regime" be "substantially similar to the Federal regulatory framework . . ."[3] In addition, Treasury shall "establish broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework . . ."[4] Notably, Congress understood "substantial similarity" to apply to the entire federal regulatory framework—it did not circumscribe "substantial similarity" to only Section 4(a) of the Act.

Treasury appropriately focuses on ensuring "no material deviation" in definitions across the requirements it has designated as "uniform." Proposed Section 1521.3(b) states that implementation of each uniform requirement "must be consistent with the Federal regulatory framework in all substantive respects, including that . . . [t]here are no material deviations in definitions or interpretations of statutory terms between the Federal regulatory framework and the State-level regulatory regime."[5] We agree and recommend extending this treatment to <u>all</u> GENIUS Act definitions beyond those encompassed under "uniform requirements."

[3] GENIUS Act § 4(c)(1).
[4] *Id*. at § 4(c)(2).
[5] 91 Fed. Reg. 16851

Making all Section 2 definitions uniform supports "substantial similarity" and would not impede states' authority in areas specifically carved out by statute. Indeed, states play a key role in optimizing their frameworks in the areas Congress specifically enumerated for them, e.g., supervisory, examination, and enforcement authority over their state qualified payment stablecoin issuers ("SQPSIs");[6] issuance of orders and rules under Section 4 applicable to SQPSIs;[7] consumer protection laws;[8] chartering, licensing, supervising, or regulating an insured depository institution or credit union chartered in a state;[9] and supervising a subsidiary of such an insured depository institution or credit union that is approved to be a PPSI.[10] This approach also makes practical sense as definitions are used in multiple sections of the Act and therefore call for consistent treatment across federal and state frameworks.

For example, "payment stablecoin" is used throughout the Act, including outside of Section 4(a). The definition of "payment stablecoin" covers digital assets issued by a centralized entity that is legally obligated to convert, redeem, or repurchase on demand at par and that holds fiat-based reserve assets. Decentralized asset-backed stablecoins[11] (stablecoins backed by digital assets such as ETH or SOL, and issued, redeemed, and governed autonomously by smart contract protocols) fall entirely outside this definition. States should not have discretion to graft in decentralized stablecoins within the payment stablecoin definition as this would fall afoul of the "substantially similar" requirement.

Likewise, the term "digital asset service provider"—along with its exclusions in Section 2(7)(B)—is used throughout the Act. This 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[12]—e.g., distributed ledger protocols, validators, and developers of non-custodial software interfaces. Like the definition of "payment stablecoin," it is critical that the GENIUS Act's exclusions be consistently applied by all regulators[13] so that market participants have clarity regarding their regulatory obligations (if any).

---

[6] GENIUS Act § 7(a).
[7] *Id.* at § 7(d) (to the same extent as the primary Federal payment stablecoin regulators issue orders and rules under section 4 applicable to permitted payment stablecoin issuers that are not SQPSIs).
[8] *Id.* at § 7(f)(4).
[9] *Id.* at § 5(h).
[10] *Id.* Additional areas where states may opt to regulate under Section 4 are noted on Exhibit A.
[11] 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.
[12] 12 U.S.C. § 5901(7)(B)(i)-(v).
[13] *See* Andreessen Horowitz, Comment Letter on Notice of Proposed Rulemaking: Implementing the GENIUS Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the OCC at 17-18 (May 1, 2026), https://dwt2zme5yrom6.cloudfront.net/uploads/2026/05/Response-to-the-OCC-NPRM-implementing-GENIUS-Act.docx.pdf

Congress did not grant states discretion to reinterpret or deviate from any GENIUS Act definitions. The Proposal should therefore clarify that all GENIUS Act definitions should be uniform requirements under proposed Section 1521.3 and Revised Appendix A.

b. The proposed definition of "Federal regulatory framework" should include the FDIC's final rule addressing the non-applicability of pass-through insurance to payment stablecoins.

In response to **Question 2**, we generally support the definition of "Federal regulatory framework." The use of the word "regulatory" in the term confirms Congress's intent to encompass implementing regulations, and not just the Act itself. We agree with making the OCC's interpretations the basis of the Federal regulatory framework given the need for uniformity and the fact that SQPSIs will be nonbank entities or uninsured depository institutions that would otherwise be regulated by the OCC. The Federal regulatory framework should encompass the requirements that a SQPSI would be subject to should it ever become OCC-regulated, ensuring "a seamless transition to OCC supervision."[14]

We also support proposed Section 1521.1(c)(iii)-(iv) incorporating the anti-tying provision of Section 4(a)(8)—where the Federal Reserve Board holds primary rulemaking authority—and the Bank Secrecy Act rulemaking authority of Treasury under Sections 4(a)(5) and (a)(6). Along with these broadly applicable authorities, we recommend that Treasury include any changes to the relevant sections of the FDIC's deposit insurance rules at 12 CFR Part 330, which are referenced in the FDIC's Notice of Proposed Rulemaking to Establish GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions.[15] Deposit insurance is an area where the FDIC holds primary rulemaking authority and therefore these final rules should also form a part of the Federal regulatory framework governing all PPSIs and foreign payment stablecoin issuers ("FPSIs"). To the extent that the FDIC's final rule prohibits pass-through insurance treatment for payment stablecoins, such prohibition should apply to all PPSIs and FPSIs, regardless of who their regulator is. There should be one consistent federal framework across all payment stablecoin regulators, including for substantial similarity purposes.

As described in more detail below in response to Question 16, we also support an understanding of "Federal regulatory framework" that acknowledges that federal regulations and guidance are likely to evolve over time, and states should be given reasonable opportunity to adapt their regimes accordingly.[16]

---

[14] 91 Fed. Reg. 16846.
[15] Notice of Proposed Rulemaking to Establish GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions, 91 Fed. Reg. 18534 (Apr. 7, 2026), https://www.fdic.gov/news/financial-institution-letters/2026/notice-proposed-rulemaking-establish-genius-act
[16] *See infra* discussion in Section 3.b.

c. The term "substantive discretion" is not supported anywhere in the GENIUS Act.

While we appreciate Treasury's efforts to delineate areas where states have discretion regarding the application of the GENIUS Act, states are not afforded "broad discretion" to "design many aspects of their own unique regulatory regimes,"[17] and the term "substantive discretion" appears nowhere in the Act.[18]

The Proposal cites to Section 4(a)(12) to support state-calibrated requirements,[19] but this citation is inapposite. To the extent Treasury is instead relying on Section 4(a)(14), this provision exclusively confirms that states can regulate—there is no "wide latitude" granted to states in this or any provision of the Act. Moreover, certain of the requirements that Treasury proposes to designate as "state-calibrated" are those where the Act anticipates a state payment stablecoin regulator could promulgate regulations that "meet or exceed" the Federal regulatory framework. But that is importantly different from a state payment stablecoin regulator having "substantive" or "broad discretion" over those regulations because any such regulations would still need to meet the "substantially similar" test.

Although Section 7(d) acknowledges that states may issue orders and rules under Section 4 to the same extent as federal regulators, there is no "wide latitude" granted to states here either. Instead, as noted above, Section 7 reflects specific areas (e.g., licensing, chartering, enforcement, consumer protection) where Congress anticipated states would maintain their authority and optimize their regimes, consistent with the broadly applicable "substantially similar" standard.

In response to **Question 4**, Treasury should not distinguish between uniform and state-calibrated requirements within Section 4(a). Instead, for the reasons detailed below and in Revised Appendix A,[20] the final rule should make Section 4(a) uniform requirements, meaning a state-level regulatory regime must be consistent with the federal framework in all substantive respects, neither falling short of nor exceeding it. The final rule should also note the limited instances where states retain authority to deviate from the federal regulatory framework regarding nonsubstantive matters of form or procedure. Our alternative approach best achieves the purposes of the Act because it carefully considers each relevant provision of Section 4(a)

[17] 91 Fed. Reg 16845.
[18] "Discretion" is only used twice in the Act, and in neither instance is it used to grant substantive discretion with regard to rulemaking. *See* GENIUS Act § 4(a)(B)(i) (stating "that any discretionary limitations on timely redemptions can only be imposed by a state qualified payment stablecoin regulator" or a Federal payment stablecoin regulator. We discuss our interpretation of this provision *infra* Section 4.b.); GENIUS Act § 6(b)(4)(C) (which authorizes a Federal payment stablecoin regulator to seek an injunction consistent with Section 8(i)(1) of the Federal Deposit Insurance Act).
[19] 91 Fed. Reg. at 16849.
[20] *See* Exhibit A.

against the plain language of the Act. It sets clear objective criteria for states and increases the likelihood of a unanimous certification by the SCRC.

For example, the Proposal appropriately designates the GENIUS Act's prohibition on the payment of interest or yield by an issuer in Section 4(a)(11) as a uniform requirement. The prohibition on payment of interest or yield is a core substantive requirement of the GENIUS Act, meaning that states should have no discretion to materially deviate from the federal regulatory framework when implementing this requirement. Making this prohibition uniform ensures that states cannot create divergent requirements from the federal regulatory framework—a scenario that would not only create inordinate confusion but also put at risk the level playing field between state and federal regulatory frameworks that the GENIUS Act seeks to protect. We support extending the same logic throughout the requirements of Section 4(a) by making all requirements under the Section uniform.

d. Treasury should consider several clarifications to the definition of "State-level regulatory regime."

As with "Federal regulatory framework", Congress's use of the terms "regulatory" and "regime" in this definition demonstrates an intent to encompass all rules and guidance enforceable against a SQPSI, not just those codified in statute. With respect to **Question 5**, Treasury strikes the right balance in incorporating enforceable guidance in this definition. Given differences in how states regulate, an outcomes-based approach helps ensure that the SCRC can accurately measure the substantial similarity of a state's regulatory regime against the federal framework and not exclude any rules with binding effect on PPSIs.

There are two specific areas where additional clarification would be helpful, however. First, some states regulate stablecoins under broad virtual currency frameworks, digital asset legislation, or money transmission statutes. "A statute enacted regarding payment stablecoins" should not only be limited to enforceable law or regulations that use "stablecoins" or "payment stablecoins" in its title.[21] The definition of "State-level regulatory regime" should therefore include any state statute, rule, or regulation that could effectively restrict, burden, or impose obligations on payment stablecoin issuers, regardless of whether the provision is specifically labeled as a "stablecoin" or "payment stablecoin" provision. These changes help ensure that a state's general digital asset licensing and money transmission statutes covering payment stablecoin issuers would be considered part of the "State-level regulatory regime" for substantial similarity purposes. Second, the Proposal lacks clarity on how states with multiple distinct

[21] *See, e.g.,* California Digital Financial Assets Law (Cal. Fin. Code §§ 3100–3907) (governing "digital financial asset business activity" generally but imposing specific obligations on stablecoin issuers in §§ 3601-3605); New York Virtual Currency Regulation (23 NYCRR Part 200)(governing "virtual currency business activity" generally, but cited by the New York Department of Financial Services in its Guidance on the Issuance of U.S. Dollar-Backed Stablecoins, issued June 8, 2022).

regimes that govern PPSIs (such as New York's BitLicense and Limited Purpose Trust Charter) would be treated.

In response to both points, Treasury could amend part (i) of the definition of "State-level regulatory regime"[22] to read: "(i) all statutes enacted by the state regarding payment stablecoins or that govern the rights and obligations of a State qualified payment stablecoin issuer." This change would make clear that a state regulatory regime encompasses laws that apply to all SQPSIs (e.g., New York's BitLicense regulations and California's Digital Financial Assets Law), as well as state money transmission statutes and regulations that apply to SQPSIs. In addition, Treasury could clarify in its final rule that a state may submit multiple regimes to the SCRC for certification, and the SCRC may approve multiple regimes in a given state.

Treasury should also make clear in the preamble to the final rule that the definition of "State-level regulatory regime" encompasses consumer protection regimes that would have the effect of regulating PPSIs in a manner inconsistent with the provisions of the GENIUS Act. While Section 7 of the GENIUS Act carves out consumer protection as an area where states retain authority, this carveout does not grant states license to implement requirements that contradict the text of the GENIUS Act or the uniform requirements of the federal regulatory framework. This distinction is critical: virtually any regulatory restriction can be framed as a consumer protection measure, including imposing more onerous reserve requirements than the GENIUS Act prescribes or narrowing the carveouts to the digital asset service provider definition beyond what Congress intended. Allowing states to invoke the consumer protection carveout as a basis for overriding express federal requirements would render the GENIUS Act's uniformity goals meaningless. Where the GENIUS Act expressly addresses an issue, a state may not circumvent that federal determination merely by characterizing its conflicting requirement as consumer protection.

Separately, in response to **Question 6**, the definition of "State-level regulatory regime" should encompass any provisions related to FPSIs. As discussed above in Section 1.a, states should only be permitted to impose their own substantive requirements where discretion to do so is granted by the Act, and no such discretion is granted here.

2. The Overall Broad-Based Principles for Determining "Substantial Similarity" Should be Expanded and Clarified, Consistent with the Plain Language of the GENIUS Act.

In response to **Question 7**, we recommend adding to and clarifying the overall broad-based principles for determining "substantial similarity" in several ways.

[22] *See* proposed 1521.1(c), 91 Fed. Reg. 16864.

a. Three additional overall broad-based principles should be considered in the final rule.

First, Treasury's final rule should promote the fungibility of stablecoins and a level playing field across PPSIs by making all relevant sections of the GENIUS Act uniform requirements, except for those nonsubstantive matters specifically reserved for states.

In passing the GENIUS Act, Congress created a uniform statutory framework governing a specific type of digital asset. The statute's definition of "payment stablecoin" states that payment stablecoins are to be "used as a means of payment or settlement." A central feature of payment and settlement is fungibility of the method of payment. A stablecoin issued by a PPSI licensed in one state should have the same value and redeemability as a stablecoin issued by a Federal qualified issuer or a PPSI qualified in another state. Materially different statutory frameworks across states could threaten this fungibility, making stablecoins issued under one state's regime trade at a premium or discount to the stablecoins issued under another state's regime or the federal regime. Congress recognized the importance of fungibility in ensuring stablecoins could be used as a national means of payment and settlement with the passage of the GENIUS Act and established the "substantially similar" standard to ensure fungibility across stablecoins issued pursuant to the federal and any state regime.

It is also critical for the final rule to preserve a level playing field between state and federal qualified issuers. As a supporter of digital asset and financial services startups, a16z has seen firsthand the difficulty these entities face in navigating multi-state regulatory frameworks without the resources of established incumbents. In particular, we have witnessed the difficulty that startups in the payments space have faced in navigating the multi-state money transmission regulatory structure. In establishing the "substantial similarity" threshold between state and federal frameworks under the GENIUS Act, Congress sought to avoid creating a similarly fragmented multi-state regulatory framework for PPSIs.

Therefore, Treasury's final rule should ensure a level playing field between federal qualified issuers and SQPSIs. Treasury's final rule should embody this principle through strong adherence to the core prudential standards in Section 4(a), which should <u>all</u> be deemed uniform requirements. This means state-level regulatory frameworks must be consistent with the federal regulatory framework in all substantive respects—neither falling short of nor exceeding it—as proposed in Section 1521.3(b).

Second, "substantial similarity" should be understood as a higher burden to meet than "comparability." The GENIUS Act incorporates two different standards when reviewing different regulatory regimes. A state-level regulatory regime must be "substantially similar" to the federal regulatory framework, while a foreign country must have a regulatory and

supervisory regime that is "comparable" to the requirements established under the GENIUS Act.[23] The fact that Congress adopted two distinct standards for similar purposes implies that the final rule should understand them as distinct tests.[24]

Although "substantial" within "substantially similar" provides some flexibility, it still demands a high degree of textual similarity, requiring close alignment with the federal regulatory framework. By contrast, the "comparability" standard suggests a more flexible, outcomes-oriented approach. Rather than asking whether foreign regulatory and supervisory regimes highly correspond to the Act's requirements, it asks whether a foreign regime achieves comparable regulatory outcomes. The application of "comparability" allows a foreign jurisdiction to satisfy the standard even if its specific mechanisms may differ from U.S. rules.

Therefore, when Treasury interprets "substantial similarity" to mean that the state and federal frameworks "must bear a close resemblance" for purposes of fulfilling the requirements in Section 4(a),[25] it should require that all Section 4(a) requirements be deemed "uniform requirements," establishing that state-level regulatory regimes must be consistent with the federal regulatory framework in all substantive respects.

Third, proposed section 1521.2 should safeguard host state and home state reciprocity. Consistent with Section 7(f), a state-level regulatory regime may be preempted by other state regimes that have been certified by the SCRC as having "substantially similar" regimes. If, for example, a PPSI is licensed in a state that has been certified to have a "substantially similar" regime, it should not have to seek application, licensing, or chartering authority to conduct business in other states.[26]

b. "Substantial similarity" should be assessed on a section-by-section basis, with each section required to "meet" the federal standard in all substantive respects, and only "exceed" it with respect to certain nonsubstantive matters.

Uniformity across federal and state frameworks is critical to ensuring stablecoin fungibility, a level playing field for PPSIs, and a consistent and efficient application of the statutory requirements of the GENIUS Act. In response to **Question 10**, to ensure "substantial similarity" across state and federal frameworks, all requirements and definitions in a state-level regulatory regime should be substantially similar to the federal framework, meaning a state-level

[23] GENIUS Act § 18(b)(1).
[24] Different words are presumed to carry different meanings. When Congress uses different words or phrases in different parts of the same statute, it is presumed to have done so intentionally and purposefully. *See, e.g.,* Russello v. United States, 464 U.S. 16, 23, 78 (1983) ("'[W]here Congress includes particular language in one section of a statute but omits it in another ..., it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.'").
[25] 91 Fed. Reg. at 16848.
[26] GENIUS Act § 7(f).

regime must be consistent with the federal framework in all substantive respects, solely diverging with regard to those nonsubstantive matters of form and procedure enumerated in the Act as areas where states are granted discretion. This construct requires that "substantial similarity" be assessed on a section-by-section basis. In order to meet substantial similarity, every requirement and definition should be "substantially similar." On this basis, we strongly disagree with the use of any holistic review, "numerical scoring system, or other weighting system"[27] to assess substantial similarity.

Treasury should further clarify that the SCRC will evaluate the state regime in its totality, including any provisions that create gaps relative to the federal framework, and that omitting a required element is equivalent to including a non-conforming provision for purposes of the substantial similarity assessment. Along these lines, a16z supports the final rule requiring a state's attestation form to include a clear 1:1 mapping of a state framework's definitions and requirements that align with those in the Act.

c. The Act's use of "meets or exceeds" in Section 4(a) reinforces that all requirements in Section 4(a) should be uniform.

As the preamble notes, while a state must attest that its regime meets the criteria for "substantial similarity" under Section 4(c)(5), the SCRC may only approve certification of a state-level regulatory regime if it "unanimously determines that the State-level regulatory regime meets or exceeds the standards and requirements described in subsection 4(a)."[28]

In response to **Question 11**, we submit that state and federal frameworks must bear a close resemblance to each other and that the state-level regulatory regime must be consistent with the federal framework in all substantive respects, with the federal framework serving as the standard for purposes of the requirements in Section 4(a). As noted in Section 1 and outlined below, we respectfully disagree with Treasury's determination that there are "state-calibrated" requirements where states may exercise "wide latitude" or "substantive discretion."

As a general principle, substantive requirements under Section 4(a) should not materially deviate across state and federal frameworks. Uniformity across these requirements is essential to ensure the fungibility of payment stablecoins across all fifty states, allow PPSIs to seamlessly transition from state to federal oversight, and provide for passporting of licensing across states. These are all central principles underpinning the statutory text of the GENIUS Act. States also may not "exceed" these requirements, given any material deviation will impact how other portions of the Act function and would be inconsistent with the requirement that a state-level regulatory regime be substantially similar to the federal framework.

[27] 91 Fed. Reg. at 16849.
[28] 91 Fed. Reg. 16848.

Indeed, Section 4(c)(5) of the GENIUS Act, which states that the SCRC shall approve certification if the state-level regulatory regime "meets or exceeds" the federal regulatory framework, does not undercut the requirement in Section 4(c)(1) that a state-level regulatory regime be substantially similar to the federal regulatory framework, which covers every provision of the Act. Section 4(c)(5) does not grant states discretion to "exceed" the requirements of Section 4(a) in a way that would materially deviate from the federal framework in any substantive respect.

Instead, states may only "exceed" certain ministerial requirements present in Section 4(a) that relate to how states review compliance with the Act, consistent with proposed Section 1521.2(c), which states that "a State-level regulatory regime may deviate from the Federal regulatory framework with respect to nonsubstantive matters of form or procedure while remaining substantially similar to the Federal regulatory framework." [29] As such, for a "State-level regulatory regime" to be considered "substantially similar" to the federal regulatory framework, the final rule should recognize that states must "meet" the various requirements of Section 4(a), exceeding them only with respect to certain nonsubstantive matters of form and procedure.[30] Exceeding the substantive requirements of Section 4(a) would materially deviate from the federal regulatory framework, resulting in a regime that is not "substantially similar."

For example, as noted in Exhibit A, states should only be able to "meet" the requirements for approving rehypothecation of reserves by setting forth pre-approval processes that do not materially deviate from the federal regulatory framework and that permit the use of repurchase agreements under Section 4(a)(2)(C)(ii) of the Act (12 U.S.C. 5903(a)(2)(C)(ii)). By contrast, under Section 4(a)(1)(C), states may "exceed" the monthly publication of reserves requirement by requiring publication of issuer's reserve on the website of the issuer more frequently than monthly, keeping all other requirements of 4(a)(1)(C) uniform.

3. The Proposed Rule Requires Changes to the Broad-Based Principles for Uniform Requirements Under Section 4(a) of the Act (Proposed § 1521.3).

a. Treasury should make clear that any non-material deviations from uniform requirements may not impact other provisions of the Act.

As discussed above, no provision of the GENIUS Act exists in a vacuum. Even where provisions themselves can be modified without materially narrowing, conditioning, limiting, or expanding their scope, any non-material deviations should not have the practical effect of

[29] 91 Fed. Reg. 16864.
[30] These limited circumstances are detailed in Revised Appendix A.

materially narrowing, conditioning, limiting, or expanding the scope of any other provision of the Act, or the Act as a whole.

With respect to **Question 14**, we propose modifying proposed Section 1521.3(b)(2) to read: "Each of the uniform requirements is applied and construed in the State-level regulatory regime in a manner that does not materially narrow, condition, limit, or expand its scope, the scope of any other provision of the Act, or the Act read as a whole compared to the Federal regulatory framework." A state-level regulatory regime that imposes requirements that materially deviate from—either falling short of or exceeding—substantive federal requirements (e.g., limiting reserve assets, activities, etc.), would impermissibly condition Section 4(d) of the Act, which provides for transition to federal oversight within 360 days after a SQPSI exceeds $10 billion in total outstanding issuance.

A state-level regulatory regime that materially deviates from any federal requirement impacting the fungibility of payment stablecoins would also impermissibly limit the definition of "payment stablecoin" under the Act. With respect to **Question 15**, as we discuss in our response to Question 4 in Section 1.c and Question 11 in Section 2.c, the Proposal grants states a level of discretion that is not supported by the statutory text in designating requirements in Section 4(a) as "state-calibrated". Instead, the final rule should make Section 4(a) uniform requirements, meaning a state-level regulatory regime must be consistent with the federal framework in all substantive respects, neither falling short of nor exceeding it.

b. Substantial similarity should be measured at the time of certification.

As circumstances evolve, both the federal and state regulations implementing the GENIUS Act will evolve as well. The final rule should recognize and provide for this outcome. In response to **Question 16**, we propose that Treasury clarify that substantial similarity is measured at the time of each state's certification. Measuring it at the time of finalization of Treasury's final rule would prevent states from aligning their standards to the federal regulatory framework, undercutting their ability to implement substantially similar regimes.[31]

In addition, Treasury should delay publication of its final rule until after the OCC publishes its final implementing rule, given the federal regulatory framework will depend largely on the content of the OCC's rule.

[31] Additionally, we understand the SCRC will clarify in a forthcoming interpretive rule when a state-level regulatory regime would have "materially changed from the prior certification" or for there to have been "a significant change in circumstances," that would serve as the basis for a denial of recertification under Section 4(c)(5)(B)(i) of the GENIUS Act. In its interpretive rule, the SCRC should clarify when and if it would interpret a Federal rule change to be a "significant change in circumstances" and any grace period it would extend to SQPSIs to adapt their frameworks accordingly.

4. The Broad-Based Principles for State-Calibrated Requirements Under Section 4(a) of the Act Should Promote Clarity, Consistency, and Operationally Simple and Efficient Outcomes (Proposed § 1521.4).

The final rule should promote consistency between state and federal frameworks, with clear, efficient, and operationally simple outcomes for regulators and PPSIs. According to the principles outlined above, we have provided a markup of Appendix A as Exhibit A denoting which provisions should be uniform versus state-calibrated.

a. Reserve Assets

In the Proposal, Treasury considers making a state's determination of whether to approve "any other similarly liquid Federal Government-issued asset" beyond those enumerated in Section 4(a)(1) as a state-calibrated requirement, meaning that a state could restrict a PPSI from holding an asset approved by the OCC as a reserve.[32] However, Section 4(a)(1)(A)(vii) simply states that the federal payment stablecoin regulators must designate such assets, in consultation with the state payment stablecoin regulator, if applicable. While the Act requires federal consultation with state regulators when designating such assets (as reflected in the Proposal), the statutory text does not grant discretion to a state payment stablecoin regulator to then not designate such asset as a permissible reserve asset.

Therefore, with regard to **Question 30**, proposed Section 1521.4(a) should be amended to require a state-level regulatory regime to permit any reserve asset approved by the OCC under Section 4(a)(1)(A)(vii) as the standard for "meeting" this requirement.

Furthermore, we note that the text of Section 4(a)(1)(A)(vii) states that additional reserve assets may be approved by a "primary Federal payment stablecoin regulator." Section 4(b)(3) states that the OCC "shall, in coordination with other relevant regulators, issue such regulations and orders as necessary to ensure financial stability and implement Section 4(a)" of the Act. Taken together, these provisions suggest that the primary Federal payment stablecoin regulators should jointly approve any additional reserve assets beyond those enumerated in the Act.

Therefore, with regard to **Question 27**, we support amending Section 1521.4(a) to read "…only if such assets have been approved by the OCC and the other primary Federal payment stablecoin regulators…"

b. Redemption

Section 4(a)(1)(B)(i) of the GENIUS Act provides that PPSIs shall publicly disclose the issuer's redemption policy, which "shall establish clear and conspicuous procedures for timely

[32] 91 Fed. Reg. 16852.

redemption . . . provided that any discretionary limitations on timely redemptions can only be imposed by a State qualified payment stablecoin regulator, the [FDIC], the [OCC], or the [FRB], consistent with Section 7."

With regard to **Question 31**, states "meet" this requirement by incorporating the OCC's interpretation of timely redemption in the final rule and any extensions on timely redemption present in the OCC's final rule. Per the statutory text, states would then retain the ability to impose discretionary limits on timely redemption, provided they do so in accordance with the principles outlined in the federal regulatory framework and incorporated into their state-level regulatory regime.

c. Approval for rehypothecation of reserves

Section 4(a)(2) of the Act prohibits PPSIs from pledging, rehypothecating, or reusing reserve assets, with limited exceptions, including entering into repurchase agreements involving Treasury bills held as reserves for the purpose of creating liquidity to meet redemption requests. Such repurchase agreements must be cleared by a clearing agency registered with the Securities and Exchange Commission or approved by the PPSI's primary federal or state payment stablecoin regulator.

As outlined above with respect to **Questions 33 and 34**, states "meet" this requirement by incorporating any OCC interpretations of or limitations on the rehypothecation provision, including pre-approving agreements that have been pre-approved by the OCC. States then retain the ability to approve other repurchase agreements, provided the OCC grants itself discretion to do so in its final rule.

d. Certifications related to monthly reporting

In contrast to the requirements previously covered, the requirement under Section 4(a)(3)(B) for a PPSI to submit a monthly certification as to the accuracy of the monthly report on the composition of its reserves is a requirement relating to "nonsubstantive matters of form or procedure" that does not implicate the core activities of PPSIs or other requirements of the Act (so long as the minimum statutory requirement is met).

Therefore, with respect to **Question 35**, we submit that states "meet" this requirement by requiring PPSI to collect this certification as provided for under the Act and may "exceed" it by requiring certifications on a more frequent basis.

e. Capital, Liquidity, Reserve Asset Diversification, and Interest Rate Risk Management

As discussed above, fungibility of payment stablecoins is critical to ensuring successful implementation of the requirements of the Act. To ensure a true multi-state payments framework as envisioned under the Act, a stablecoin issued by a SQPSI must be redeemable in the same timely manner as one issued by a federal qualified issuer or an issuer qualified in another state. Divergent capital, liquidity, diversification, or risk management standards invite regulatory arbitrage, where certain PPSIs are better or worse positioned for a liquidity crisis depending on their regulator, undermining the core principles of fungibility and "substantial similarity." Furthermore, the statutory text of Section 4(a)(4)(A) simply states that "the State payment stablecoin regulator shall" issue regulations implementing such standards, without granting discretion regarding the content of those regulations.

Accordingly, with respect to **Questions 38 and 47**, we believe states "meet" the requirements of Section 4(a)(4)(A) by setting forth such requirements that do not materially deviate from the federal regulatory framework. States also may not "exceed" these requirements without materially deviating from the federal framework.

f. Activities

Lastly, Treasury proposes permitting a state-level regulatory regime to allow a PPSI to engage in activities other than those enumerated in Section 4(a)(7), provided such activities are "incidental" to the enumerated activities "consistent with all other federal and state laws." In the OCC's proposed rule, it notes that such activities "must be consistent with a grant of authority provided for in another federal or state law."[33]

In response to **Question 50**, we support proposed Section 1521.4(h)(2), which states that such activities approved by a state payment stablecoin regulator must be "authorized by" and "consistent with" federal or state law. We request that Treasury provide additional clarification in its final rule that a state payment stablecoin regulator may not deviate from the OCC's interpretation of federal or state law with respect to this section and may only exercise discretion in approving incidental activities under an enumerated statutory authority in the absence of an interpretation from the OCC regarding that authority.

[33] 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. 10211 (Mar. 2, 2026), https://www.federalregister.gov/documents/2026/03/02/2026-04089/implementing-the-guiding-and-establishing-national-innovation-for-us-stablecoins-act-for-the.

5. Treasury Should Provide Additional Clarity on Preemption and the Ability of SQPSIs to Operate in States Certified by the SCRC (Proposed § 1521.6).

Section 7(f) of the GENIUS Act provides that "the laws of a host state, including laws relating to consumer protection, shall only apply to the activities conducted in the host state by an out-of-state SQPSI to the same extent as such laws apply to the activities conducted in the host state by an out-of-state federal qualified payment stablecoin issuer" and that "except for state laws relating to the chartering, licensure, or other authorization to do business as a permitted payment stablecoin issuer, nothing in this Act shall preempt state consumer protection laws, including common law, and the remedies available thereunder." When read together, these requirements indicate that Congress sought to preempt state laws related to "chartering, licensure, or other authorization to do business" as applied to an issuer licensed in another state.[34]

In response to **Question 71**, we recommend that in its final rule Treasury clarifies the application of this preemption standard and specifically provides that a host state cannot impose requirements found in Section 4(a), all of which relate to the core activities of licensed issuers, on an issuer licensed in another state. As noted above, Treasury should also clarify that state-level regulatory regimes should allow for preemption of other state regimes, provided the state-level regulatory regime has been certified by the SCRC as "substantially similar" to the federal regulatory framework.[35]

In allowing for preemption of host state requirements by a home state's regulatory framework to the same extent that the federal regulatory framework preempts state requirements, Section 7 of the GENIUS Act evinces congressional intent to ensure that state and federal qualified payment stablecoin issuers can compete on a level playing field. Allowing for the opposite, in the form of a multi-state fragmented regulatory framework with no clear preemption standards, would enable each issuer to choose their issuance path based on substantive regulatory differences rather than business considerations, undercutting the concept of "substantial similarity" and risking creating a fragmentary regulatory framework akin to that of money transmission.

[34] *Cf.* GENIUS Act at § 5(h) (confirming nothing shall preempt or supersede the authority of a state to charter, license, supervise, or regulate an insured depository institution or credit union chartered in such state or to supervise a subsidiary of such insured depository institution or credit union that is approved under this section to be a permitted payment stablecoin issuer).
[35] GENIUS Act § 7(f).

CONCLUSION

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

Sincerely,

Miles Jennings, Head of Policy & General Counsel
a16z crypto

Michele R. Korver, Head of Regulatory
a16z crypto

Jai Ramaswamy, Chief Legal Officer
a16z

Scott Walker, Chief Compliance Officer
a16z

Exhibit A – Revised Appendix A

GENIUS Act section	Topic	Uniform or state-calibrated requirement	Corresponding part 1521 principles
2	Definitions	Uniform	§ 1521.3
4(a)(1)(A)~~, except as noted below~~	Reserve assets	Uniform	§ 1521.3
4(a)(1)(A)(vii)	Additional reserve assets (approved by OCC, in consultation with the state payment regulator, if applicable)	~~State-calibrated~~ Uniform	~~§ 1521.4(a)~~ § 1521.3
4(a)(1)(B) ~~except as noted below~~	Redemption	Uniform	§ 1521.3
4(a)(1)(B)(i)	Discretionary limitations on timely redemptions	~~State-calibrated~~ Uniform[1]	§ ~~1521.4(b)~~1521.3
4(a)(1)(C)	Monthly publication of reserves	Uniform[2]	§ 1521.3
4(a)(2)~~, except as noted below~~	Prohibition on rehypothecation of reserves	Uniform	§ 1521.3
4(a)(2)(C)(ii)	Approval for rehypothecation of reserves	~~State-calibrated~~Uniform[3]	~~§1521.4(c)~~ § 1521.3
4(a)(3)(A), (C)	Independent accountant examination of reports	Uniform	§ 1521.3
4(a)(3)(B)	Monthly CEO/CFO certification of accuracy of reserve report	~~State-calibrated~~ Uniform[4]	§ ~~1521.4(d)~~1521.3
4(a)(4)	Capital, liquidity, reserve asset diversification, and risk-management standards	~~state-calibrated~~ Uniform	§ ~~1521.4 (e) (g)~~1521.3
4(a)(5)	Bank Secrecy Act/sanctions compliance program requirements.	Uniform	§ 1521.3
4(a)(6)(B)	Technological capability to comply with, and obligation to comply with, terms of lawful orders.	Uniform	§ 1521.3

[1] States retain authority to impose discretionary limitations on timely redemptions for SQPSIs based on issuer or state-specific circumstances (as limited by Section 7); however, states "meet" this requirement by setting forth such limitations in a way that does not materially deviate from the Federal regulatory framework.

[2] States may "exceed" this requirement by reasonably requiring publication of issuer's reserve on the website of the issuer more frequently than monthly, keeping all other requirements of Section 4(a)(1)(C) uniform.

[3] States "meet" this requirement by setting forth pre-approval processes that do not materially deviate from the Federal regulatory framework and that permit the use of repurchase agreements under Section 4(a)(2)(C)(ii) of the Act (12 U.S.C. 5903(a)(2)(C)(ii)).

[4] States may "exceed" Section 4(a)(3)(B) by requiring certification to occur more frequently than monthly, keeping all other requirements of 4(a)(3)(B) uniform.

4(a)(7)(A)	Limitation on permitted payment stablecoin activities	Uniform	§ 1521.3
4(a)(7)(B)	Additional permitted payment stablecoin activities	~~State-calibrated~~ Uniform	§ ~~1521.4(h)~~1521.3
4(a)(8)	Prohibition on tying	Uniform	§ 1521.3
4(a)(9)	Prohibition on deceptive names	Uniform	§ 1521.3
4(a)(10)	Audits and reports	Uniform	§ 1521.3
4(a)(11)	Prohibition on paying interest/yield on stablecoins	Uniform	§ 1521.3
4(a)(12)	Limits on non-financial public companies (and certain foreign companies) issuing stablecoins	Uniform	§ 1521.3
4(d)(1)-(2)	Transition to Federal Oversight	N/A	§ 1521.5(a)
5	Application and approval	N/A	~~§ 1521.5(b)~~
6	Supervision and enforcement	N/A	~~§ 1521.5(c)~~
~~10~~7	~~Custody~~State qualified payment stablecoin issuers	~~N/A~~State-calibrated	§ ~~1521.5(d)~~1521.4 (as amended to incorporate sections 7(a),(d), and (f)(4)) and § 1521.5(b) and (c)).
8	Anti-money laundering protections	Uniform	§ 1521.3