

## OCC Proposes Regulatory Stablecoin Framework under the GENIUS Act

March 6, 2026

On February 25, 2026, the Office of the Comptroller of the Currency (“OCC”) issued a Notice of Proposed Rulemaking (the “NPR”)<sup>1</sup> to implement the Guiding and Establishing National Innovation for US Stablecoins Act (the “GENIUS Act”), setting out proposed regulations for the issuance of and activities related to payment stablecoins by entities under the OCC’s jurisdiction.<sup>2</sup> The NPR covers areas of required rulemaking by the OCC under the GENIUS Act and seeks comments on over 200 questions during a 60-day comment window ending on May 1, 2026. Each area of the NPR warrants in-depth analysis, but we highlight key provisions and encourage submission of comments to the OCC to address areas of strategic importance.

Notably, in furtherance of the GENIUS Act’s prohibition on paying interest or yield, the NPR includes a rebuttable presumption that a permitted payment stablecoin issuer (“PPSI”) is paying yield or rewards to stablecoin holders if the PPSI enters into arrangements with an affiliate or a related third party to pay interest or yield and such affiliate or related third party has an arrangement to pay interest or yield to holders of payment stablecoins issued by the PPSI. The NPR also includes additional proposed requirements regarding reserve asset, capital, redemption timeframes, risk management, custody and segregation, weekly financial reporting, and the OCC’s application and approval processes for PPSIs.

The NPR comes on the heels of GENIUS Act rulemaking proposals from each of the Federal Deposit Insurance Corporation and the National Credit Union Administration addressing the application and approval process for payment stablecoin issuers subject to their respective supervision.<sup>3</sup> The NPR addresses all regulations the OCC is required to promulgate under the GENIUS Act other than those related to the Bank Secrecy Act, anti-money laundering, and Office of Foreign Assets Control sanctions, which will be addressed in a separate rulemaking in coordination with the Department of the Treasury. The NPR’s release also coincides with the OCC’s finalization of its rulemaking expressly permitting both non-fiduciary and fiduciary activities by national trusts, a Federal charter currently in high demand among fintechs, digital assets companies, and even investment banks and trading platforms.<sup>4</sup>

### Notable Provisions of the NPR

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#### **Prohibition on Paying Interest or Yield (§15.10(c)(4))**

The NPR addresses the ability of PPSI affiliates to pay yield, a significant point of contention between traditional finance and stablecoin issuers being negotiated in the context of a digital asset market structure bill. The NPR includes a rebuttable presumption that the GENIUS Act’s prohibition on yield is violated if: (i) the PPSI has a contract to pay interest or yield to an affiliate or a related third party, and (ii) such affiliate or related third party (or affiliate of such related third party) in turn has a contract to pay interest or yield to a holder on any payment stablecoin issued by the PPSI solely for holding, use, or retention of such payment stablecoin. This presumption is an attempt to balance the difficulty in identifying all potential arrangements between PPSIs and third parties that could circumvent the prohibition against the payment of yield against the uncertainty and potential workarounds that a general prohibition could create. The NPR would allow the PPSI to rebut the presumption by submitting sufficient evidence in writing to demonstrate that a given arrangement is not prohibited and is not an attempt to evade the prohibition. The OCC also clarifies that the prohibition on yield does not prevent: (a) a merchant from independently offering a discount to a payment stablecoin holder for using payment stablecoins, or (b) a PPSI from sharing in the profits derived from the payment stablecoin with a non-affiliate partner in a white-label arrangement.

## Reserve Assets (§15.11)

- The OCC proposes two alternative options with respect to reserve asset diversification requirements: one is a principles-based general requirement with a safe harbor based on quantitative requirements (“Option A”), and the second imposes quantitative requirements mandatory for all issuers (“Option B”).
  - Option A, the principles-based requirement, would require a PPSI to maintain reserve assets that are sufficiently diverse to manage credit, liquidity, interest rate, and price risks. A PPSI is required to measure and manage concentration risk of reserve assets if held at one or a small number of eligible financial institutions, which could create a bottleneck in the event of an influx of redemption demands. These diversification and concentration requirements would extend to custodial relationships, requiring the PPSI to “look through” to any sub-custodial relationships. This option includes a safe harbor by which a PPSI will be deemed to satisfy the diversification and concentration requirements as long as the PPSI maintains on each business day:
    - (i) at least 10% of its required reserve assets as deposits or insured shares payable upon demand or money standing to the credit of an account with a Federal Reserve Bank (*i.e.*, a daily liquidity requirement);
    - (ii) at least 30% of its reserve assets as deposits or insured shares payable upon demand, money standing to the credit of an account with a Federal Reserve Bank, or amounts receivable and due unconditionally within five (5) business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions (*e.g.*, reverse repurchase agreements) (*i.e.*, a weekly liquidity requirement);
    - (iii) no more than 40% of its reserve assets at any one eligible financial institution;
    - (iv) no more than 50% of the immediately available reserve assets required in (i) at any one eligible financial institution; and
    - (v) reserve assets with a weighted average maturity of no more than 20 days.
  - Option B would impose the same quantitative standards as Option A’s optional safe harbor only, without the principles-based general requirement, in favor of transparency and clear requirements.
- PPSIs with an outstanding issuance value of more than \$25 billion would be required to maintain a minimum insured amount of at least 0.5% of their reserve assets in the form of insured deposits or insured shares at an insured depository institution, up to a cap of \$500 million.
- PPSIs would be required to publish reserve composition details each month, using a format substantially similar to a template provided in §15.11(e).
- A PPSI would also be required to ensure that the fair value (*e.g.*, not amortized cost) of the reserve assets equals or exceeds the outstanding issuance value (total consolidated par value, not fair value) of the payment stablecoins issued by the PPSI at all times, addressing the OCC’s concerns about the ability of the PPSI to meet redemption requests.
- PPSIs would be required to demonstrate the operational capability to access and monetize their identifiable reserve assets (for all types of assets held), commensurate with the PPSI’s risk profile and business model, to fulfill redemption requests and maintain stable value of the payment stablecoins. The OCC’s expectations include that the PPSI may need to maintain multiple alternative methods of monetization and redundant arrangements, as well as periodically conduct monetization transactions.
- To promote public confidence in the integrity of reserve assets, PPSIs would be permitted to withdraw reserve assets in excess of outstanding issuance value after examination and certification, but only after public disclosure about a particular month’s reserves, which lags a month behind.

- The OCC specifically encourages any PPSI that seeks clarity on whether a specific tokenized asset qualifies as a permissible reserve asset to seek an opinion from the OCC as to whether the asset qualifies. The OCC is considering publishing a list of acceptable tokenized reserve assets for transparency.

### **Capital and Operational Backstop (§§15.40-42)**

- With a focus on operational risk, the OCC proposes minimum capital requirements based on the lifecycle, experience, business model and risk profile of the PPSI, which is an approach generally consistent with the OCC's process for chartering national trust banks.
- The NPR would require a PPSI to hold required minimum capital during a "de novo period" of three (3) years, subject to extension or shortening by the OCC based on changes to the business model or activities. For the de novo period, the OCC proposes a floor of \$5 million for capital requirements.
- The ongoing capital requirement after the de novo period would be determined based on estimates during the de novo period without any floors being proposed by the OCC at this time. However, the OCC is considering various options for a variable capital component for reserve assets, including capital requirements based on a percentage of outstanding issuance value, price and interest risk levels, credit risk of certain reserves, a 0.40% capital charge applied to uninsured deposits, and/or market price volatility haircut for repo-style collateral.
- For PPSIs that also provide custody services, the OCC is considering a variable capital component based on fair value of assets held in custody to address a separate set of risks from operating a payment stablecoin business.
- Notably, the OCC proposes an operational backstop of liquid assets approximating 12 months of expenses to address business disruption, which is separate from the de novo and ongoing capital requirements.
- Failure to meet capital or backstop requirements for two (2) consecutive quarters would require the PPSI to begin liquidating reserve assets and redeem outstanding stablecoins, and it may no longer issue any new payment stablecoins going forward.
- The OCC would have authority to impose additional capital or backstop requirements for an individual PPSI in view of its circumstances, subject to a notice and response process.

### **Redemption (§15.12)**

- A PPSI's redemption policy would be required to include, among other requirements: (i) the payment stablecoin's redemption timeframe, which may not exceed two (2) business days following the redemption request date; (ii) a statement explaining the scenarios when the redemption period may be extended; and (iii) clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the relevant website.
- Timely redemption would be extended to seven (7) calendar days if a PPSI faces redemption demands in excess of 10% of its outstanding issuance value in a single 24-hour period, and the extended redemption period applies to subsequent redemption requests after the threshold is triggered. This extension is non-discretionary, and the PPSI must receive determination from the OCC that the PPSI has the ability to redeem sooner in an orderly fashion and through a fair and transparent process or the OCC otherwise provides notice the extended redemption period no longer applies.
- Redemption requirements would only apply to redemption by a PPSI or any entity acting on behalf of the PPSI, and would not apply to secondary market trading.
- Any changes in fees associated with purchasing or redeeming stablecoins would require at least seven (7) calendar days' prior notice to current customers.

### Risk Management (§15.13)

- Notably, Bank Secrecy Act and sanctions compliance requirements will be addressed by the OCC in a different future proposed rule.
- The OCC proposes principles-based, flexible but comprehensive risk management requirements for PPSIs consisting of: (i) internal controls and information systems appropriate for the size and complexity of the PPSI's activities; (ii) internal audit systems that provide for adequate monitoring with qualified persons and board-level review; (iii) interest risk management with periodic reporting to management and the board; (iv) prudent asset growth given the PPSI's capability and capacity; (v) risk management systems to evaluate and monitor sufficiency of earnings; (vi) protections against detrimental insider and affiliate transactions; (vii) requirements for overseeing third-party service provider arrangements; and (viii) monitoring and management of liquidity and concentration risks.
- PPSIs would be required to maintain a comprehensive written information security risk and control framework that is approved by the board, with the board overseeing development, implementation, and maintenance of an information technology and security program. Such a program must cover data security, digital asset security, incident responses, continuity of operations, and operational resilience.

### Reporting (§15.14)

In addition to codifying reporting requirements under the GENIUS Act, the OCC proposes to require PPSIs to submit weekly confidential reporting regarding issuance and redemption, trading volume, and reserve assets, including information relating to blockchains the payment stablecoins are listed on, outstanding issuance value, secondary market activity, and price movement. The OCC also proposes requiring quarterly financial statements in a standardized format prescribed by the OCC within 30 days of the end of the prior quarter.

### Custody (§§15.20-23)

- The NPR would impose requirements on provision of custodial or safekeeping services of "covered assets", which include payment stablecoin reserves, payment stablecoins used as collateral, private keys used to issue payment stablecoins, and any cash or other property of a PPSI (received in connection with the provision of custodial services for such assets only).
- In providing custodial or safekeeping services, custodians would be required to treat and deal with covered assets as belonging to the covered customer and not as the property of the custodian.
- Custodians would be required to protect covered assets from claims of the custodian's creditors, including by implementing procedures and controls that are adequate to comply with applicable law and commensurate with the custodian's size, risk profile and nature of the covered assets.
- Custodians would be required to maintain possession or control of assets (including in a digital wallet for which the custodian controls the private keys), including through sub-custodians if consistent with applicable law and if the custodian maintains adequate controls and oversight of the sub-custodian's compliance.
- Commingling the asset of multiple customers in one or more omnibus accounts would be permitted to the extent that the steps taken to protect the assets and maintain possession and control are adequate to maintain safe and sound practices and to the extent consistent with applicable law.
- The OCC is considering requiring custodians to report additional information related to covered assets in addition to what is required in the Call Report.
- The OCC clarifies that custody requirements do not apply to entities engaged in the business of providing hardware or software to facilitate a person's or entity's self-custody but do apply if provided as part of safekeeping or custodial services.

- Consistent with the statutory prohibition on rehypothecation, a PPSI would be prohibited from pledging, rehypothecating, or reusing reserve assets, with limited exceptions. This prohibition applies to engaging in these activities indirectly through a custodian. (§15.10(c)(5)).

### Application and Registration (§§15.30-33)

- The NPR sets forth a licensing and application process for subsidiaries of any insured national bank, Federal savings association, or insured Federal branches and nonbank entities, uninsured national banks, or uninsured Federal branches, that are required to obtain prior approval from the OCC before issuing payment stablecoins. The OCC intends this application and licensing process to be comprehensive so that other filings with the OCC would not be required.
- The OCC will notify an applicant within 30 days after receiving an application whether the application is “substantially complete,” and provide a 30-day notification after receipt of additional required information.
- “Substantially complete” triggers the 120-day statutory decision clock under which no action is deemed approval by the OCC, unless the OCC issues a denial.
- Notably, the OCC may, as authorized by the GENIUS Act, grant waivers on GENIUS Act requirements for up to 12 months for substantially complete applications that are pending as of the effective date of the GENIUS Act. The OCC also anticipates evaluating any submitted waiver request after the issuance of the final rule, even before the final rule becomes effective.
- The OCC is considering whether to prohibit a PPSI from issuing more than one brand of payment stablecoins (*i.e.*, more than one set of payment stablecoins marketed under the same name) due to uncertainty about reserve assets and increased run risk among brands of payment stablecoins issued by one PPSI. The OCC is considering such a limitation but may offer a streamlined application process for an affiliate of an approved PPSI.

### Implications for Market Participants

The NPR is a significant step toward implementing a Federal regulatory regime for payment stablecoins, providing a pathway for banks and non-banks to participate in the stablecoin market. Banks and nonbanks alike considering stablecoin issuance or related activities should carefully review the proposed requirements and assess the impact against strategies and plans, current products and offerings, and their readiness for compliance, including capital, reserve management, risk controls, and reporting infrastructure.

### Participation in the Rulemaking Process

Given the detail, depth, and number of questions the OCC is seeking comments on, and the NPR’s discussion of various alternative approaches, sharing viewpoints with the OCC during the rulemaking process is an opportunity to shape the emerging rules and framework. We are available to answer questions, discuss specific scenarios, and provide guidance on how to submit a comment to the OCC’s proposed stablecoin regulations and the GENIUS Act.

## For More Information

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We are available at any time to answer questions, discuss scenarios, and provide guidance. If you would like further information concerning the matters discussed in this article, please contact a member of the Compliance, Regulatory and Payments group or the Investment Management group or visit us online at [chapman.com](http://chapman.com).

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1 <https://www.govinfo.gov/content/pkg/FR-2026-03-02/pdf/2026-04089.pdf>

2 The OCC will have regulatory or enforcement authority over PPSIs, including subsidiaries of national banks or Federal savings associations, Federal qualified payment stablecoin issuers, State qualified payment stablecoin issuers, and foreign payment stablecoin issuers.

3 <https://www.fdic.gov/board/federal-register-notice-approval-requirements-issuance-payment-stablecoins-subsidiaries-fdic>;  
<https://www.federalregister.gov/documents/2026/02/12/2026-02868/investments-in-and-licensing-of-permitted-payment-stablecoins-issuers>.

4 <https://www.occ.treas.gov/news-issuances/bulletins/2026/bulletin-2026-4.html>;  
<https://www.occ.treas.gov/news-issuances/federal-register/2026/91fr9977.pdf>.

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