OCC Finalizes Stablecoin Framework under the GENIUS Act

November 10, 2026

On October 21, 2026, the Office of the Comptroller of the Currency (the "OCC") issued a final rule (the "Final Rule")[1] implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the "GENIUS Act") for payment stablecoin issuers and related activities subject to OCC jurisdiction.[2]

The Final Rule follows the OCC's notice of proposed rulemaking published in March 2026 (the "Proposed Rule"), which we discussed in our March 6, 2026 client alert. While the OCC kept the Proposed Rule's basic framework, the Final Rule (i) drops the rebuttable presumption that certain affiliate and related third-party arrangements violate the yield prohibition; (ii) replaces the automatic seven-day redemption extension with a 24-hour notice requirement under which a hold on redemptions may continue with OCC approval; (iii) swaps most of the proposed quantitative reserve tests for principles-based standards supported by stress testing; (iv) simplifies the capital framework; and (v) permits a single issuer to issue multiple brands of stablecoins. The net effect is a more flexible rule, but one that gives the OCC more discretion. Many open questions, including the outer limits of the yield prohibition and the treatment of white-label structures, will be worked out application by application and in the examination process. Requirements relating to the Bank Secrecy Act, anti-money laundering, and sanctions are not covered by the Final Rule and will be addressed in a separate Treasury rulemaking.

The Final Rule and the GENIUS Act both take effect on January 18, 2027. Once the GENIUS Act takes effect, issuing payment stablecoins in the United States without approval from the OCC (or a state regulator, under a substantially similar regime) as a permitted payment stablecoin issuer will be unlawful, and the statute provides no phase-in. An applicant can seek a waiver only if its substantially complete application is on file by January 18, 2027, and the OCC will begin accepting applications once the application forms receive OMB approval. Existing and prospective issuers operating or issuing in the U.S. should therefore begin preparing applications now.

Notable Provisions of the Final Rule

Prohibition on Interest or Yield (§ 15.10(c)(4))

- **Rebuttable presumption eliminated.** The Final Rule removes the proposed presumption that arrangements with affiliates or "related third parties" constitute prohibited yield. The OCC concluded that the presumption could be both over- and under-inclusive in a nascent market.
- **Case-by-case supervision instead.** The OCC will monitor arrangements through the licensing process and ongoing supervision, take action where it finds violations or evasion, and publish guidance as appropriate. It also expects to propose a rule clarifying the yield prohibition once it has more experience.
- **No safe harbors or definitions.** The OCC declined to define "interest," "yield," "pay," or "use." The OCC confirmed several points: (i) the prohibition does not apply to interest on deposits, including tokenized deposits; (ii) payments for bona fide services generally are not prohibited; (iii) payments made for reasons other than holding, using, or retaining a payment stablecoin fall outside the prohibition because of the word "solely"; and (iv) the prohibition applies equally to retail and institutional holders.

Reserve Assets (§ 15.11)

- **Core 1:1 requirement retained.** Reserve assets must be identifiable, segregated from and not commingled with the issuer's other assets, and held directly or with an eligible financial institution. Reserve asset value must equal or exceed outstanding issuance value at all times. Even an immaterial intraday shortfall due to settlement timing or otherwise is not excused.

- **Hybrid diversification approach.** The Proposed Rule offered two alternatives: a principles-based standard with an optional quantitative safe harbor ("Option A"), or mandatory quantitative tests covering daily and weekly liquidity, concentration, and maturity ("Option B"). The Final Rule keeps Option A's principles-based standard for all issuers but drops the safe harbor, retaining only two quantitative requirements as mandatory floors: 5% daily liquidity and a 40% single-counterparty limit, discussed below. Because maintaining those floors does not by itself establish compliance, issuers may need to hold more diverse reserves, or reserves above outstanding issuance value, depending on their risk profile and operational complexity, and should be prepared to justify their diversification choices to the OCC.

    - **Daily liquidity requirement reduced to 5%.** Issuers must hold at least 5% of reserve assets (down from the proposed 10%) as demand deposits, funds in share accounts payable on demand, or balances at a Federal Reserve Bank.

    - **Counterparty limit refocused.** Exposure to any one counterparty is capped at 40% of reserve assets. Exposures to the U.S. Government, to qualifying custodians holding reserves in custody, and from centrally-cleared repo and reverse repo transactions are excluded from that 40% cap. Assets held directly by the issuer are also outside the cap. Federal Reserve Bank balances, however, count toward the limit. To rely on the custodian exclusion, the issuer must identify itself to the custodian as a permitted payment stablecoin issuer, obtain the custodian's commitment to comply with Section 10 of the GENIUS Act, and conduct ongoing due diligence and monitoring of the arrangement.

    - **Certain diversification and concentration metrics eliminated.** The Final Rule drops the 30% weekly liquidity requirement, the 50% limit on daily liquidity held at a single institution, the 20-day weighted average maturity limit, and the 0.5% minimum insured deposit requirement for issuers above $25 billion.

- **Buffer, monetization, and stress testing.** Issuers must show they can monetize reserves under both normal and adverse conditions, taking into account market access, financing channels, haircut assumptions, and operational readiness. They must also stress test regularly, including under significant rising interest rate scenarios, and ensure the reserve portfolio can support timely redemption under stress, which may require holding a buffer above outstanding issuance value. The OCC did not set a buffer level; issuers with longer-duration portfolios may need a larger buffer than those holding mostly demand deposits.

- **More flexibility on surplus withdrawals.** The Proposed Rule allowed surplus reserves to be withdrawn only monthly. Under the Final Rule, issuers may withdraw them at any time after appropriate due diligence confirms that reserve asset value will not fall below outstanding issuance value. Income earned on reserve assets is not subject to a withdrawal limitation.

Redemption (§ 15.12)

- **Two-business-day ceiling retained, with a defined start and end.** The redemption clock starts when the issuer receives a redemption order and the customer has been onboarded, provided onboarding procedures are reasonably designed so as not to cause undue delay, including in times of stress. Redemption is complete when the issuer has fully processed and initiated the outgoing transfer or has credited the customer's account with the issuer.

- **Automatic seven-day extension eliminated.** Commenters warned that the automatic extension could reinforce panic and potentially contribute to de-pegging. In its place, an issuer must notify the OCC within 24 hours if redemption requests exceed 10% of the outstanding issuance value of any brand of payment stablecoin in a

single 24-hour period. The issuer may then ask the OCC for an extension in redemption time, which the OCC may grant or deny at its discretion.

- **Per-brand measurement.** The 10% threshold applies brand by brand, so a surge in redemptions of a single brand triggers notice even if the issuer's aggregate redemptions remain below 10%.

- **New disclosures and a conflict-of-law carve-out.** Issuers must disclose that payment stablecoins are not legal tender, not deposits, and not federally insured or guaranteed. The OCC will not require a redemption that would cause the issuer to violate other applicable law, such as sanctions requirements.

Capital and Operational Backstop (§§ 15.40–15.42)

- **Individualized capital with a permanent $5 million floor.** Minimum capital will continue to be set issuer by issuer, and the OCC published the factors it will consider. The proposed $5 million floor now applies permanently for the life of the issuer, regardless of how long it has been operating.

- **Simplified capital elements. The** Proposed Rule would have imported the bank capital framework, requiring capital to consist of common equity tier 1 and additional tier 1 capital instruments that each met detailed eligibility criteria. Capital is now measured as GAAP equity less goodwill, other intangible assets, deferred tax assets, and any equity-funded operational backstop assets.

- **Operational backstop.** Issuers must maintain a separate pool of liquid assets equal to 12 months of total expenses. One-time expenses unrelated to ongoing operations may be excluded with OCC approval. Up to 50% of the backstop may be funded with subordinated, unsecured debt with a maturity of at least five years that is not funded by an affiliate, subject to amortization over its final five years.

- **Continuous compliance.** Capital and backstop requirements apply at all times rather than only at quarter-end. An issuer must notify the OCC within 24 hours of any shortfall. An issuer that is still noncompliant at quarter-end may not issue new payment stablecoins, and an issuer that fails the requirements at the end of two consecutive quarters must begin liquidating reserves and redeeming its payment stablecoins. An issuer that draws down its backstop to address a temporary disruption or other operational event may continue operating if, within seven days, it submits a plan the OCC deems viable to restore the backstop within 90 days.

Supervision, Licensing, and Other Provisions

- **Examinations and reporting.** The extended examination cycle was shortened to 18 to 24 months (from 18 to 36 months). It will be supplemented by weekly and quarterly reporting, and monthly reserve composition reports must be examined by a registered public accounting firm.

- **Multi-brand issuance and SPVs.** The OCC did not adopt the single-brand restriction it had considered, nor does it require each brand to be backed by its own segregated reserve pool, an approach the FDIC has proposed. Brand structures will instead be reviewed in the licensing process, where the OCC can attach conditions if it is not satisfied that each brand's holders are protected. Issuers may also use separate special purpose vehicle (“SPV”) issuers, but each SPV needs its own license and must publish its own monthly composition report.

- **Custody and rehypothecation.** The OCC now permits custodians to take a first-priority lien, security interest, and set-off rights against reserve assets related to satisfying obligations associated with the use, receipt, or provision of standard custodial service. It also pre-approved, for all issuers, repurchase agreements involving Treasury bills with a maturity of 93 days or less.

- **State qualified issuers.** A nonbank state-qualified issuer that exceeds $10 billion in total consolidated outstanding issuance value, measured at a point in time, must notify the OCC within five calendar days. It must either cease net new issuance beginning on the date it reaches the threshold or transition to Federal oversight within 360 days. Any waiver request is due within 240 days and requires affirmative OCC approval, even if the

issuer believes it qualifies for the statutory presumption. A transitioned issuer may return to state supervision once the OCC determines it no longer exceeds $10 billion.

- **Foreign issuers.** Registered foreign issuers are subject to the yield prohibition, monthly U.S. reserve reporting, and full-scope OCC examinations. Reserves must be held at U.S.-organized eligible financial institutions, and they are deemed sufficient to meet U.S. customers' liquidity demands only under one of four pathways: (i) fewer than 50% of outstanding issuance is held by U.S. holders and U.S. reserves equal at least 50% of outstanding issuance; (ii) substantially all reserves are held in the United States; (iii) U.S. reserves that are able to support timely U.S. redemptions under normal and adverse conditions; or (iv) the OCC approves a detailed proposal in advance.

- **Licensing.** The OCC will consider, in addition to the statutory factors, whether an applicant's proposed structure adequately addresses run risk and ensures its ability to redeem. The OCC may conditionally approve an application, and an approved applicant may begin operating immediately, subject to any conditions. Applications that remain incomplete 60 days after the OCC identifies missing information will be returned. A substantially complete application is deemed approved after 120 days unless denied, but for applications filed before the effective date that period does not begin until January 18, 2027.

- **Waivers for pending applicants.** Waivers for GENIUS Act requirements may be requested on or before January 18, 2027 by: (i) an insured national bank, Federal savings association, or insured Federal branch with a substantially complete application pending for a subsidiary; or (ii) a nonbank entity, uninsured national bank, or uninsured Federal branch with a substantially complete application pending to become a Federal qualified issuer. A waiver may last up to 12 months beginning January 18, 2027. The OCC may grant a waiver if it is in the public interest or justified by extraordinary circumstances, and may still deny the underlying application. In concurrent guidance (OCC Bulletin 2026-51[3]), the OCC stated that it generally expects to waive only the licensing requirement and only for existing issuers currently operating in the U.S.

- **Narrower "customer" definition.** Only persons that deal directly with the issuer, by buying its products or services or by asking it to convert, redeem, or repurchase a payment stablecoin, are now "customers." Someone who obtains a stablecoin through an exchange, wallet, or other distributor that is not the issuer's agent becomes a customer only by approaching the issuer to redeem. The Final Rule separately defines a "payment stablecoin holder" as the beneficial owner of a payment stablecoin.

Key Takeaways

- **Greater flexibility, with more supervisory judgment.** The changes to the liquidity metrics, the redemption extension, and the yield prohibition reduce rigid rule-based triggers. However, they shift more weight to issuer-specific stress testing, monetization planning, and OCC discretion, so issuers should expect closer supervisory engagement on reserve and redemption practices.

- **Yield and rewards programs remain a live issue.** Eliminating the rebuttable presumption is not a safe harbor. Issuers, affiliates, distribution partners, and platforms should assess existing and planned rewards, revenue-sharing, and white-label arrangements against the "solely in connection with" standard and the OCC's anti-evasion authority. They should also remain vigilant for announcements regarding OCC enforcement and guidance, as well as any legislative developments.

- **Redemption operations need stress-ready onboarding.** The redemption clock waits for onboarding only if the issuer's onboarding procedures are reasonably designed not to unduly delay onboarding, including in times of stress. Otherwise, the clock can run from receipt of a redemption order, so onboarding capacity during periods of stress is now a compliance issue that will require resilient technology. Issuers should also build 24-hour escalation procedures for the 10% notification trigger.

- **Capital planning should account for the backstop.** The 12-month backstop is deducted from capital to the extent it is funded with equity. Issuers should model their capital and backstop needs together and consider whether qualifying subordinated debt is an efficient funding source.
- **Prepare now for January 18, 2027.** Existing issuers that intend to rely on a waiver should prepare substantially complete applications so they can file as soon as the OCC announces it is accepting submissions. The OCC has 30 days to determine completeness, so late filings risk missing the deadline. Banks, prospective issuers, State qualified issuers approaching $10 billion, custodians, and foreign issuers should also review their reserve management, redemption policies and disclosures, capital arrangements, custody agreements, and compliance frameworks before the effective date. They should monitor the forthcoming BSA/AML and sanctions rulemaking, the FDIC's and Federal Reserve's pending GENIUS Act rules (which differ from the OCC's approach in certain respects, including on the yield presumption), and any further OCC guidance.

For More Information

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 client alert, please contact a member of the Compliance, Regulatory and Payments group or the Investment Management group or visit us online at chapman.com.

1 OCC Bulletin 2026-50, https://occ.gov/news-issuances/bulletins/2026/bulletin-2026-50.html; OCC News Release 2026-92a, https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-92a.pdf

2 Subsidiaries of national banks and Federal savings associations, Federal qualified payment stablecoin issuers, certain nonbank State qualified issuers, and foreign payment stablecoin issuers registered with the OCC.

3 GENIUS Act: Waivers and Application Submission Guidance (October 21, 2026), https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-51.html#ft1.

This document has been prepared by Chapman and Cutler LLP attorneys for informational purposes only. It is general in nature and based on authorities that are subject to change. It is not intended as legal advice and no attorney-client relationship is created. Accordingly, readers should consult with, and seek the advice of, their own counsel with respect to any individual situation that involves the material contained in this document, the application of such material to their specific circumstances, or any questions relating to their own affairs that may be raised by such material.

To the extent that any part of this summary is interpreted to provide tax advice, (i) no taxpayer may rely upon this summary for the purposes of avoiding penalties, (ii) this summary may be interpreted for tax purposes as being prepared in connection with the promotion of the transactions described, and (iii) taxpayers should consult independent tax advisors.

© 2026 Chapman and Cutler LLP. All rights reserved. Attorney Advertising Material.