



The OCC issues proposed rulemaking to implement the GENIUS Act

Initial perspectives on the Office of the Comptroller of the Currency (OCC) proposal

On February 25, 2026, the OCC issued a proposed rulemaking to implement the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act which would apply to permitted payment stablecoin issuers (PPSIs) and foreign payment stablecoin issuers (collectively, "Issuers") under the OCC's jurisdiction as well as certain custody activities conducted by OCC-supervised entities.¹ The OCC proposal follows a recent proposal from the Federal Deposit Insurance Corporation (FDIC) to establish a regulatory framework for the application of PPSIs through subsidiaries of FDIC-supervised insured depository institutions (IDIs) in December 2025.²

5 insights you should know

- 1 Reserve requirements and management:** Under the proposal, an Issuer would be required to maintain segregated reserve assets, with a fair value equal to or greater than the outstanding issuance value of payment stablecoins (PSCs) at all times (permitting withdrawal of surplus reserve assets only once per month). The proposal outlines requirements for diversification of reserve assets, both in terms of the types of reserve assets as well as the institutions at which the reserve assets are held. The OCC is seeking comments on two approaches for reserve asset diversification requirements, one of which is principles-based with an optional quantitative safe harbor, with the other approach imposing quantitative requirements on all Issuers.
- 2 Redemption requirements:** The proposed rule would require PPSIs to publish redemption policies enabling timely redemption of PSCs, which has been defined as not to exceed two business days. The redemption period would automatically be extended to seven calendar days if a PPSI receives redemption requests for more than 10% of all outstanding PSCs value within a 24-hour period and may be further extended if the OCC determines that the PPSI poses a threat to safety and soundness or financial stability.
- 3 Capital considerations:** The proposal acknowledges the novelty and evolving business requirements of PSC issuers, and the OCC has opted not to establish a quantitative methodology for calculating capital requirements. Instead, the OCC proposes establishing tailored capital requirements based on the business model and risk profile of each PPSI, subject to an initial floor of \$5m during the 3-year de novo period. This approach is similar to the process the OCC applies for national trust banks (NTBs) under OCC Bulletin 2007-21, and the proposal permits NTBs to elect to apply the proposed capital rules instead of the existing bank capital rules in 12 CFR Part 3. However, the proposal discusses a number of quantitative factors and alternative approaches for determining capital requirements, including approaches based on (1) issuance value; (2) price, interest rate and credit risk of reserve assets; and (3) consideration of the fair value of assets held in custody. Given the discussion of alternative approaches, potential Issuers should monitor the final rule for clarity on capital requirements.
- 4 Operational backstop:** In addition to capital requirements, the proposal would require Issuers to maintain an operational backstop of highly liquid assets equal to 12 months of the Issuer's total expenses. For de novo PPSIs, initial operational backstop requirements would be set based on reasonable expense projections and subsequently adjusted each quarter based on actual expenses incurred. In addition to the capital considerations and operational backstop, the proposal will require PPSIs to develop processes to assess their capital adequacy (considering their business model and risk profile) and meet their capital requirements on an ongoing basis. These processes will be evaluated during supervisory examinations.
- 5 Foreign Payment Stablecoin Issuers (FPSIs):** The proposal expands upon the GENIUS Act regarding FPSIs, including requiring approved FPSIs to produce all reports required of PPSIs, and subjecting FPSIs to full-scope examinations at the same frequency as PPSIs. Additionally, the proposal requires monthly reporting by FPSIs on the outstanding PSC balances held by US customers and the composition of FPSI reserves, including the geographic location of holdings. FPSIs would be required to hold reserves in the US that are sufficient to meet the demands of US customers.



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The GENIUS Act takes effect on the earlier of: (i) 18 months after enactment (July 18, 2025) or (ii) 120 days after the primary federal payment stablecoin regulators issue final implementing regulations. The OCC expects to update those regulations over time as issuer business practices evolve. Issuers should continue to monitor and evaluate regulatory developments and be prepared to incorporate changing regulatory standards into their operations as the regulatory framework matures.

5 considerations to evaluate

1

Prohibitions on yield: Consistent with the GENIUS Act, the proposed rule prohibits PPSIs from paying PSC holders any form of interest or yield solely in connection with holding, use, or retention of PSCs. In addition, and in order to prohibit potential circumvention of the rules, the proposal introduces a rebuttable presumption prohibiting payment of yield or interest through an affiliate or “related third party.” Potential PPSIs will need to carefully evaluate this proposed presumption to ensure that affiliate and third-party arrangements are structured and documented in way that would clearly align with OCC requirements, while also assessing how the proposed presumption could impact forecasted adoption rates.

2

Reporting requirements demand the ability to respond quickly and accurately: PPSIs will be required to produce several different types of reports including (1) weekly confidential reporting to the OCC regarding issuance, reserves, redemptions, and other detailed information; (2) monthly reporting on the composition of reserves, which must be examined by a public accounting firm; and (3) quarterly reports on the financial condition of the PPSI. Applicants should build reporting capabilities that enable production of accurate, auditable data on demand, recognizing that reporting intensity may increase based on size, risk profile, or supervisory concerns.

3

Bank-grade risk and control capabilities: The proposed rule sets out clear, principles-based requirements across IT and cybersecurity, smart contracts, private key management, third party risk, custody operations, and internal audit, scaled to the Issuer’s size and risk profile. Applicants should assess whether existing capabilities are sufficient or whether material design, documentation, governance, and independent testing uplift is required to meet OCC expectations, including board approved programs, defined accountability, and ongoing supervisory validation. Additionally, PPSIs need to be prepared to notify both the OCC and PSC holders of any unauthorized access to sensitive information and to ensure continuity of operations.

4

Crossing the \$10B threshold for State-qualified PSC issuers: State-qualified issuers would be required to notify the OCC within 5 days of exceeding the \$10B threshold and either transition to federal oversight within 360 days or cease net new issuance. State-qualified PSC issuers seeking to remain supervised solely by a State regulator must submit a waiver request within 240 days. The OCC will consider a combination of factors related to both the Issuer and the State regulator when reviewing any waiver requests. Issuers opting to register with State regulators will need to monitor their total PSC issuance and proactively prepare for the transition to OCC supervision upon crossing the threshold (unless a waiver is approved).

5

Potential legal-entity restrictions: The Supplementary Information asks for comment on whether a PPSI should be restricted to issuing only one brand of PSC. If the OCC were to include this restriction in the final rule, PPSIs pursuing multi-coin or white-label strategies may need to establish multiple PPSIs or series entities, with implications for governance, capital, reserves, reporting, and supervisory complexity. While the OCC raises the possibility of a streamlined process for approving PPSI applications if the Issuer already has approved affiliates, this approach may have operational, cost and other significant implications for potential Issuers planning to offer multiple coins.

Endnotes

1. Office of the Comptroller of the Currency (OCC), "[GENIUS Act Regulations: Notice of Proposed Rulemaking](#)," February 25, 2026.
2. Federal Deposit Insurance Corporation (FDIC), "[FDIC Approves Proposal to Establish GENIUS Act Application Procedures for FDIC-Supervised Institutions Seeking to Issue Payment Stablecoins](#)," December 16, 2025. See Deloitte, "[FDIC issues proposal for stablecoin issuer applications](#)," December 2025.

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