

DLx News Alert: FDIC Proposes Application Framework for Bank Stablecoin Subsidiaries Under the GENIUS Act

December 16, 2025

On December 16, 2025, the Federal Deposit Insurance Corporation (the “FDIC”) approved the issuance of a Notice of Proposed Rulemaking (the “FDIC NPRM” or the “Notice”)¹ establishing application and approval procedures for insured depository institutions seeking to issue payment stablecoins through subsidiaries under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “GENIUS Act”).² The proposal marks the first implementation step by a primary federal payment stablecoin regulator under the GENIUS Act and establishes the procedural roadmap for stablecoins to be issued by federally regulated banks.

Background

On July 18, 2025, President Donald Trump signed into law the GENIUS Act.³ The GENIUS Act directed the relevant federal regulatory agencies, including the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, and the FDIC, to establish application and approval procedures for payment stablecoin issuers.⁴ The FDIC, which under the GENIUS Act serves as the primary federal payment stablecoin regulator for state-chartered banks that are not members of the Federal Reserve System and for state-chartered savings associations,⁵ is the first primary federal regulator to release proposed rules implementing the Act’s application framework.

After the FDIC publishes the Notice in the Federal Register, the proposed rule will be open for public comment for a period of 60 days. Following the comment period, the FDIC may proceed

¹ Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions, Notice of Proposed Rulemaking, Fed. Deposit Ins. Corp. (Dec. 16, 2025), available at <https://www.fdic.gov/board/federal-register-notice-approval-requirements-issuance-payment-stablecoins-subsidiaries-fdic>.

² Pub. L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. §§ 5901–5916), available at [S.1582 – GENIUS Act – 119th Congress \(2025-2026\)](#).

³ *Supra* note 2; see also DLx Law PLLC, DLx News Alert: The U.S. Senate Passes GENIUS Act Stablecoin Bill (June 18, 2025), <https://dlxlaw.com/news-events-blog/dlx-news-alert-the-u-s-senate-passes-genius-act-stablecoin-bill/>.

⁴ See 12 U.S.C. § 5904(a)(2)(A); see also DLx Law PLLC, DLx News Alert: The GENIUS Act’s Signing Triggers Countdown to New Stablecoin Rules (July 19, 2025) <https://dlxlaw.com/news-events-blog/dlx-news-alert-the-genius-act-signing-triggers-countdown-to-new-stablecoin-rules/>.

⁵ See 12 U.S.C. § 5901(25)(A) (defining the “primary Federal payment stablecoin regulator” for a bank subsidiary issuing a stablecoin as the parent institution’s “appropriate Federal banking agency”); 12 U.S.C. § 1813(q) (designating the FDIC as the “appropriate Federal banking agency” for insured state nonmember banks and state savings associations).

toward finalizing the application framework contemplated by the GENIUS Act, with implications for insured depository institutions considering payment stablecoin issuance through subsidiaries. The proposal represents the first step in a broader, multi-agency rulemaking process under the Act.

Overview of Proposed Rule

The Notice provides a preview into the forthcoming framework for how depository institutions supervised by the FDIC (the “Applicants”) may apply for approval to issue payment stablecoins through a subsidiary.⁶ The rule it proposes would amend the FDIC’s regulations governing applications and notices (12 C.F.R. Part 303) to add a new section (§ 303.252) addressing the scope, content, and processing of applications, including related hearing and appeal procedures. Importantly, the proposed rule does not establish substantive or prudential requirements for prospective issuers, such as capital, liquidity, or reserve standards. The FDIC and other primary federal payment stablecoin regulators will address those requirements in subsequent rulemakings.

The FDIC structured proposed § 303.252 to govern the full lifecycle of a payment stablecoin application submitted to the Corporation, from initial filing through final determination. As described in the FDIC NPRM, the section addresses, among other things, the scope of covered applications, defined terms, filing location, required application contents, requests for additional information, processing decisions, and related hearing and appeal procedures.

1. Application Submission and Contents

Applicants seeking to issue payment stablecoins through a Permitted Payment Stablecoin Issuer (“PPSI”) subsidiary must submit a written application to their regional FDIC office.⁷ Under proposed § 303.252(d), each application must include information sufficient to permit the FDIC to evaluate the proposal under the standards set forth in the GENIUS Act. This information must include:

- **A description of the proposed payment stablecoin and activities**, including the activities of the PPSI subsidiary and the Applicant, how the stable value (or a reasonable expectation of stable value) will be maintained, and any proposed incidental activities related to stablecoin issuance (proposed § 303.252(d)(1));⁸

⁶ See FDIC NPRM at 10–11 (explaining that the definition of “Applicant” distinguishes the supervised institution from the subsidiary through which the institution would issue payment stablecoins).

⁷ *Id.* at 12-13.

⁸ *Id.* at 13-14.

- **Financial information about the PPSI subsidiary**, including planned capital and liquidity structure, reserve assets and composition and the related asset management plan, and three-year financial projections (proposed § 303.252(d)(2));⁹
- **Ownership, governance, and control information**, including organizing documents, the ownership and control structure of the PPSI subsidiary, a list of proposed directors, officers, and principal shareholders, and required background disclosure information for such personnel (proposed § 303.252(d)(3));¹⁰
- **Policies, procedures, and customer agreements**, including those addressing custody and safekeeping, segregation of customer and reserve assets, recordkeeping, reconciliation and transaction processing, redemption, and BSA/AML compliance (proposed § 303.252(d)(4)); and
- **An engagement letter with a registered public accounting firm** (proposed § 303.252(d)(5)).¹¹

Proposed § 303.252(e) would authorize the FDIC to request additional information from an Applicant as necessary to evaluate the application under the requirements imposed by Section 5(c) of the GENIUS Act.¹²

2. Completeness Review and Approvals

Pursuant to Section 5(d)(1)(B)(ii) of the GENIUS Act,¹³ proposed § 303.252(f) would require the FDIC to determine whether an application is substantially complete within 30 days.¹⁴ If the FDIC determines that an application is not substantially complete, it must notify the Applicant and identify the additional information required to complete the application. If the FDIC does not make a determination within the 30-day period, the application would be deemed substantially complete.¹⁵

Once the FDIC determines that an application is substantially complete (or if the 30-day period passes without a response from the Corporation), proposed § 303.252(g) would require the FDIC to approve or deny the application within 120 days.¹⁶ Under proposed § 303.252(g), the FDIC may approve an application without conditions or approve an application subject to conditions.

⁹ *Id.* at 14-15.

¹⁰ *Id.* at 15-16.

¹¹ FDIC NPRM at 16.

¹² *Id.* at 17.

¹³ 12 U.S.C. § 5904(d)(1)(B)(ii) (codifying a 30 day “substantial completeness” determination for all primary federal payment stablecoin regulators).

¹⁴ FDIC NPRM at 17.

¹⁵ *Id.*

¹⁶ *Id.* at 18.

The NPRM indicates that conditions imposed as part of an approval would generally “include routine items” and would be consistent with the requirements and standards set forth in the GENIUS Act.¹⁷

3. Denial, Hearing, and Appeal Procedures

If the FDIC denies a substantially complete application, proposed § 303.252(g)(3) would require the agency to provide the Applicant with written notice of the denial no later than 30 days after the date of the decision.¹⁸ In the notice, the FDIC must identify the basis for the denial with specificity, describe the material deficiencies underlying the decision, and include recommendations for addressing those deficiencies. The FDIC’s denial would not preclude the Applicant from submitting a subsequent application.

Under proposed § 303.252(h)(1), an Applicant whose application is denied may request a written or oral hearing before the FDIC within 30 days of receiving the denial, consistent with the agency’s procedures for appealing material supervisory determinations.¹⁹ If the Applicant submits a timely request, the FDIC must hold the hearing within 30 days of receipt of the request and issue a final determination within 60 days after the hearing, which would constitute final agency action.²⁰ If the Applicant does not request a hearing during this timeframe, the FDIC must notify the Applicant within 10 days after the hearing request period expires that the denial constitutes a final determination.²¹

Analysis

Consortium and Competition

The FDIC NPRM contemplates multi-bank stablecoin structures, including a “consortium approach”: arrangements in which a payment stablecoin is “backed or offered by multiple banks through a consortium,” and it indicates that the FDIC may process a single application for other FDIC-supervised consortium members in certain structures.²² This framework is notable for FDIC-supervised institutions, which generally include smaller banks, because it expressly accommodates consortium-based issuance models that may be attractive for groups of regional and community banks seeking to coordinate the issuance of payment stablecoins on a shared basis. This provision could provide regional banks the opportunity to compete with larger institutions such as Bank of America, Goldman Sachs, and UBS, which are among a group of

¹⁷ *Id.*

¹⁸ *Id.* at 19.

¹⁹ *Id.* at 19.

²⁰ FDIC NPRM at 20.

²¹ *Id.*

²² *See* FDIC NPRM at 14-15 (noting that the consortium could file a single application).

major global lenders exploring a joint stablecoin initiative.²³ Such a network could enable participating regional banks to coordinate liquidity and payment settlement more efficiently, including for interbank transfers and time-sensitive commercial payments.

The NPRM’s consortium pathway raises several threshold questions that are likely to draw industry comment, including what it means for a consortium to be considered a “subsidiary of each” participating bank,²⁴ how supervisory responsibility and liability would be allocated among consortium members, and whether prudential expectations such as capital, liquidity, and sources-of-strength commitments would apply at the consortium level, the operating subsidiary, or to each member bank individually.

Front-Loaded Application Requirements

Although robust initial application requirements, including detailed technical and operational plans, are typical of FDIC approval frameworks, the Notice’s application requirements may nevertheless draw industry comment given the technical complexity of payment stablecoin issuance and the likelihood that smaller banks or consortia will be early applicants. In particular, commenters may focus on how these requirements interact with the “substantial completeness” determination and statutory decision timelines.

Substantial Completeness

Banks may balk at the FDIC’s discretion to determine whether an application is “substantially complete” (and to require additional information before the statutory decision clock runs).²⁵ Because the Notice defines the term “substantial completeness” in reference to whether the FDIC believes the record is adequate to evaluate the GENIUS Act’s Section 5(c) factors,²⁶ banks may focus comments on how the agency will interpret “sufficient information” and what types of gaps trigger additional information requests. Banks may question whether the FDIC’s approach to “substantial completeness” risks becoming in effect a rolling completeness process, delaying the start of the statutory decision clock.

Timelines in Context

²³ See Elizabeth Howcroft & Tommy Reggiori Wilkes, Major Banks Explore Issuing Stablecoins Pegged to G7 Currencies, REUTERS (Oct. 10, 2025), <https://www.reuters.com/business/finance/major-banks-explore-issuing-stablecoins-pegged-g7-currencies-2025-10-10/>.

²⁴ See FDIC NPRM at 15 (“The FDIC would anticipate accepting and processing a single application on behalf of all other FDIC-supervised members of the consortium if the consortium could be considered a subsidiary of each.”)

²⁵ *Id.* at 17 (explaining that an application is not “substantially complete” where it “does not contain sufficient information for the FDIC to render a decision on whether the applicant satisfies the factors described in section 5(c) of the GENIUS Act”).

²⁶ 12 U.S.C. § 5904(c).

The timeline that the FDIC NPRM establishes (30 days for the FDIC to determine whether an application is “substantially complete,” followed by a 120-day decision period) is mandated by the GENIUS Act.²⁷ This timeline is longer than certain FDIC transaction-processing targets, such as merger applications²⁸ (which generally have 60-day processing goals), but broadly consistent with others, including deposit insurance applications²⁹ (which typically contemplate a 120-day review period).

Feel free to contact the DLx Law team with any questions you might have.

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²⁷ See [12 U.S.C. § 5904\(d\)\(1\)\(B\)\(ii\)](#) (“Not later than 30 days after receiving an application (...) [the regulator] shall notify the applicant” whether the application is substantially complete); [12 U.S.C. § 5904\(d\)\(1\)\(A\)](#) (“Not later than 120 days after receiving a substantially complete application (...) [the regulator] shall render a decision.”).

²⁸ See Fed. Deposit Ins. Corp., Applications Procedures Manual § 4 (Mergers) (describing a 60-day processing timeframe for merger applications once accepted as substantially complete), <https://www.fdic.gov/resources/regulations/applications-procedures-manual/index.html>.

²⁹ See Fed. Deposit Ins. Corp., Deposit Insurance Applications Procedures Manual (describing a 120-day review timeframe for deposit insurance applications once accepted as substantially complete), <https://www.fdic.gov/resources/regulations/applications-procedures-manual/deposit-insurance.html>.