

DLx News Alert: OCC Proposes Prudential Framework for Stablecoin Issuers Under the GENIUS Act

Friday, February 27, 2026

On February 25, 2026, the Office of the Comptroller of the Currency (OCC) issued a Notice of Proposed Rulemaking (NPRM)¹ that would establish a comprehensive prudential regulatory framework for payment stablecoin issuers under the GENIUS Act.² The proposed rule would formalize payment stablecoin issuance as a federally supervised financial activity and establish enforceable capital, liquidity, reserve, custody, and risk-management standards applicable to national banks, federal savings associations, and federally qualified nonbank issuers. The proposal is set to be published in the Federal Register on March 2, 2026, which will kick off a 60-day public comment period before the OCC can promulgate the final rule.

The OCC's proposed rule establishes the first substantive prudential standards under the GENIUS Act and provides the clearest indication to date of how federal supervisors intend to regulate payment stablecoin issuers. The Federal Deposit Insurance Corporation's (FDIC) proposed rule in December 2025³ addressed procedural requirements governing applications by insured depository institutions seeking approval to issue payment stablecoins through subsidiaries, but it did not establish ongoing supervisory standards applicable to issuers. Additional rulemakings from the Federal Reserve (Fed) and the National Credit Union Administration (NCUA) are expected as federal regulators continue working toward GENIUS's statutory deadline of July 18, 2026, for issuing implementing regulations.⁴ Once finalized, these interagency rules will establish the operative supervisory framework governing payment stablecoin issuance in the United States.

Industry participants and other interested stakeholders ought to strongly consider submitting comments by the end of April, especially if they are potentially concerned over outcomes of the OCC's proposed characterizations of yield payments or thresholds for federal supervisory requirements or foreign issuers.

¹ Office of the Comptroller of the Currency, *OCC Requests Comments on Proposal to Implement GENIUS Act*, News Release 2026-9 (Feb. 25, 2026), <https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-9.html>; Office of the Comptroller of the Currency, *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*, Notice of Proposed Rulemaking (Feb. 25, 2026), <https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-9a.pdf> [hereinafter OCC NPRM].

² *Guiding and Establishing National Innovation for U.S. Stablecoins Act*, Pub. L. No. 119-27, 139 Stat. 419 (2025), available at <https://www.congress.gov/bill/119th-congress/senate-bill/1582/text> [hereinafter GENIUS Act].

³ *Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions*, 90 Fed. Reg. 59409 (proposed Dec. 19, 2025), available at <https://www.fdic.gov/board/federal-register-notice-approval-requirements-issuance-payment-stablecoins-subsidiaries-fdic>.

⁴ See GENIUS Act § 13(a).

Under the proposed rule, the OCC would subject payment stablecoin issuers to capital and liquidity requirements tailored to that issuer’s risk profile, with supervisory expectations calibrated on a case-by-case basis through operational and risk-based standards rather than fixed quantitative metrics.⁵ The OCC would evaluate prudential compliance through an issuer’s demonstrated ability to manage reserves and satisfy redemption obligations under varying conditions.⁶ The proposed rule would require a permitted issuer to satisfy redemption requests within 2 business days under ordinary market conditions.⁷ The proposed rule would automatically extend that redemption period to 7 days in periods when an issuer “faces redemption demands in excess of 10% of its outstanding issuance value in a single 24-hour period.”⁸

Yield Payments

The GENIUS Act prohibits stablecoin issuers from paying interest or yield on stablecoins,⁹ but uncertainty has remained as to whether rewards programs, rebates, or affiliated payment arrangements may constitute prohibited yield in economic substance.¹⁰ The OCC’s proposal addresses these concerns by focusing on the economic substance of payments made to stablecoin holders rather than their formal characterization. The proposal establishes a rebuttable presumption that payments arising from arrangements closely connected to an issuer’s payment activities or involving contractual or control relationships with affiliated parties constitute prohibited interest or yield.¹¹ Issuers may attempt to rebut this presumption by demonstrating that the relevant arrangement does not function as a substitute for interest payments and is not designed to evade the GENIUS Act’s statutory prohibition.¹² The OCC’s proposal explains that arrangements outside the presumption remain subject to supervisory review on a case-by-case basis, but that independent

⁵ OCC NPRM at 46-48.

⁶ *Id.* (requiring issuers to demonstrate the operational capability to access and monetize reserve assets on short notice in order to satisfy redemption requests).

⁷ *See* OCC NPRM at 60.

⁸ *Id.*

⁹ *See* GENIUS Act § 4(a)(11).

¹⁰ The debate about these arrangements has prompted significant pushback from the banking lobby and complicated congressional consideration of the Digital Asset Market Clarity Act of 2025 (the “CLARITY Act”). *See, e.g.,* American Bankers Association, *Close the Payment of Interest Loophole*, Letter to the United States Senate (Jan. 14, 2026), <https://www.aba.com/advocacy/policy-analysis/close-payment-of-interest-loophole-letter> (arguing that incentive payments routed through affiliates may evade statutory prohibitions on interest and enable stablecoins to operate as deposit substitutes); Jesse Hamilton, *Latest White House Talks on Stablecoin Yield Make Progress With Banks, No Deal Yet*, COINDESK (Feb. 19, 2026), <https://www.coindesk.com/policy/2026/02/19/latest-white-house-talks-on-stablecoin-yield-make-progress-with-banks-no-deal-yet> (reporting that banking groups argued stablecoin rewards threaten traditional deposits and pushed for restrictions during negotiations around the CLARITY Act).

¹¹ OCC NPRM at 37-39.

¹² *Id.* at 39.



merchant discounts and profit sharing with non-affiliate partners in white label arrangements are not, on their own, treated as prohibited yield.¹³

Required Conversion to Federal Supervision

Section 4(d)(2) of the GENIUS Act requires state-supervised stablecoin issuers with an outstanding stablecoin issuance of more than \$10 billion to transition to federal oversight, and the OCC's NPRM outlines how that statutory transition would be implemented. Specifically, the proposed rule establishes transition procedures requiring these formerly state-supervised issuers to notify the OCC upon exceeding the statutory threshold, submit supervisory information demonstrating their ability to operate under federal supervision, certify compliance with the federal regulatory framework (or provide a remediation plan), and undergo an initial OCC examination following transition.¹⁴

Foreign Issuers

The proposed rule also addresses the treatment of foreign payment stablecoin issuers offering payment stablecoins to U.S. persons, requiring foreign issuers to register with the OCC and comply with applicable prudential standards as a condition of accessing U.S. markets.¹⁵ The proposed rule would also require foreign issuers to maintain required reserves at United States financial institutions sufficient to support redemption obligations for U.S. customers.¹⁶ The proposed rule does not establish detailed Bank Secrecy Act or sanctions compliance procedures, instead indicating that those requirements will be addressed through separate Treasury-coordinated rulemaking.¹⁷

The proposed rule remains subject to public comment and revision prior to adoption as a final rule, and additional interagency rulemakings are expected to further develop the GENIUS Act's regulatory framework.

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

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¹³ *Id.* at 40.

¹⁴ *Id.* at 82-89.

¹⁵ OCC NPRM at 106.

¹⁶ *Id.*

¹⁷ *Id.* at 71.





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