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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–4666; Project Identifier AD–2025–01677–R; Amendment 39–23494; AD 2026–21–05]

RIN 2120–AA64

Airworthiness Directives; MD Helicopters, LLC Helicopters

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for certain MD Helicopters, LLC (MDHI) Model 369D, 369E, 369F, 369FF, 369H, and 500N helicopters. This AD was prompted by a report of mechanical damage to the main transmission drive shaft coupling (coupling). This AD requires a one-time visual inspection of the couplings for cracks of the splines and, depending on the results, replacement of the couplings. The FAA is issuing this AD to address the unsafe condition on these products.

DATES: This AD is effective November 27, 2026.

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* under Docket No. FAA–2026–4666; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, any comments received, and other information. The address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Binod Singh, Aviation Safety Engineer, FAA, 3960 Paramount Boulevard, Lakewood, CA 90712; phone: (562) 627–5228; email: *binod.singh@faa.gov*.

SUPPLEMENTARY INFORMATION:

Background

The FAA issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain MDHI Model 369D, 369E, 369F, 369FF, 369H, and 500N helicopters. The NPRM was published in the **Federal Register** on July 1, 2026 (91 FR 39903). The NPRM was prompted by a report that couplings having part number (P/N) 369H5660 were found with mechanical damage to the root fillets, spline faces, and the major diameter. It was also reported that a new vendor improperly manufactured certain couplings having P/N 369H5660, with a total of 148 shipped to customers between June 3, 2020, and May 1, 2022. The manufacturer reported that 86 affected couplings have been recovered, with the remaining 62 affected couplings at unknown locations.

In the NPRM, the FAA proposed to require a one-time visual inspection of the couplings for cracks of the splines and, depending on the results, replacement of the couplings. The FAA is issuing this AD to address the unsafe condition on these products.

Discussion of Final Airworthiness Directive

Comments

The FAA received one comment from an anonymous commenter. The following presents the comment received on the NPRM and the FAA's response to the comment.

Request for Clarification of the Determination for the One-Time Visual Inspection

An anonymous commenter requested that the FAA clarify the determination for a one-time visual inspection. The commenter stated that the NPRM proposed to require a one-time visual inspection for spline cracking. The commenter specified that if spline cracking is caused by fatigue, alignment wear, or operational vibration, then a single inspection only catches existing cracks but fails to protect against future fatigue failures occurring hundreds of flight hours later. The commenter asked what data or modeling was evaluated in making the determination that a one-time visual inspection is safer than a recurring inspection interval or a time-in-service replacement requirement. In addition, the commenter asked whether data was gathered from different agencies or incident logs to further back up the analysis and could be used to monitor the unsafe condition for recurrence.

The FAA agrees to clarify. This AD addresses a manufacturing defect that could lead to fatigue cracking during normal helicopter operation. The one-time visual inspection is to determine whether a crack is present in the defective part and require immediate replacement if cracked. If the defective part is not cracked, the compliance time for replacement is set significantly earlier than the calculated critical crack propagation threshold, which ensures that all defective parts are replaced before any fatigue crack reaches a critical failure point. Therefore, recurring inspections are unnecessary. The FAA did not change this AD as a result of this comment.

Additional Changes to This AD

In the NPRM, the FAA inadvertently included multiple references related to material incorporated by reference (IBR). However, no IBR material was necessary for the NPRM or this AD. Therefore, the FAA has removed all IBR references from this AD. In addition, paragraph (j) ''Material Incorporated by Reference'' of this AD has been changed to state ''None.''

Conclusion

The FAA reviewed the relevant data, considered any comments received, and determined that air safety requires adopting this AD as proposed. Accordingly, the FAA is issuing this AD to address the unsafe condition on these products. Except for minor editorial changes, this AD is adopted as proposed in the NPRM. None of the changes will increase the economic burden on any operator.

Costs of Compliance

The FAA estimates that this AD affects 568 helicopters of U.S. registry.

The FAA estimates the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Visually inspect couplings	1 work-hour × $85 per hour = $85	$0	$85	$48,280

The FAA estimates the following costs to do any replacement that would be required based on the results of the inspection. The agency has no way of determining the number of helicopters that might need this replacement:

ON-CONDITION COSTS

Action	Labor cost	Parts cost	Cost per product
Replace coupling	2 work-hours × $85 per hour = $170	$1,681 (per coupling)	Up to $3,532.

The FAA has included all known costs in its cost estimate. According to the manufacturer, however, some of the costs of this AD may be covered under warranty, thereby reducing the cost impact on affected operators.

Authority for This Rulemaking

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, section 106, describes the authority of the FAA Administrator. Subtitle VII: Aviation Programs, describes in more detail the scope of the Agency's authority.

The FAA is issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: General requirements. Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will not have a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that this AD:

(1) Is not a ''significant regulatory action'' under Executive Order 12866,

(2) Will not affect intrastate aviation in Alaska, and

(3) Will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

The Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

■ 2. The FAA amends § 39.13 by adding the following new airworthiness directive:

2026–21–05 MD Helicopters, LLC: Amendment 39–23494; Docket No. FAA–2026–4666; Project Identifier AD–2025–01677–R.

(a) Effective Date

This airworthiness directive (AD) is effective November 27, 2026.

(b) Affected ADs

None.

(c) Applicability

This AD applies to MD Helicopters, LLC (MDHI) Model 369D, 369E, 369F, 369FF, 369H, and 500N helicopters, certificated in any category, with an installed main transmission drive shaft coupling (coupling) part number 369H5660 with serial numbers 8564–0001 through 8564–0308.

(d) Subject

Joint Aircraft System Component (JASC) Code 6310, Engine/transmission coupling.

(e) Unsafe Condition

This AD was prompted by a report of mechanical damage to the coupling. The FAA is issuing this AD to detect and address couplings with damage to the root fillets, spline faces, and major diameter. The unsafe condition, if not addressed, could result in fatigue cracks that grow from the damaged root fillets and spline faces, which could lead to failure of the coupling with consequent loss of power to the main rotor blades and possible emergency autorotational landing.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Required Actions

Within 50 hours time-in-service (TIS) or 6 months after the effective date of this AD, whichever occurs first, using a bright light and 10X magnification, visually inspect each coupling for cracks to the spline.

Note 1 to paragraph (g): Examples of acceptable couplings with standard broaching tool marks and mechanical damage may be found in Figure 1 and Figure 2, as applicable, of MD Helicopters Service Bulletin SB369H–264R1, SB369D–230R1, SB369E–130R1, SB369F–121R1, and SB500N–067R1, dated May 26, 2023 (co-published as one document).

(1) If any cracks are found on any coupling, before further flight, remove the affected coupling from service and replace with a serviceable coupling.

(2) If there are no cracks on any coupling, within 300 hours TIS after the effective date of this AD, replace the affected coupling with a serviceable coupling.

(h) Alternative Methods of Compliance (AMOCs)

(1) The Manager, West Certification Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the West Certification Branch, send it to the attention of the person identified in paragraph (i) of this AD and email to: *AMOC@faa.gov*.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager

of the local flight standards district office/certificate holding district office.

(i) Additional Information

For more information about this AD, contact Binod Singh, Aviation Safety Engineer, FAA, 3960 Paramount Boulevard, Lakewood, CA 90712; phone: (562) 627–5228; email: *binod.singh@faa.gov*.

(j) Material Incorporated by Reference

None.

Issued on October 20, 2026.

Steven W. Thompson,

Acting Deputy Director, Compliance & Airworthiness Division, Aircraft Certification Service.

[FR Doc. 2026–21664 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2026–2712; Project Identifier AD–2025–00931–T; Amendment 39–23483; AD 2026–20–10]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes; Correction

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule; correction.

SUMMARY: The FAA is correcting an airworthiness directive (AD) that was published in the **Federal Register**. That AD applies to certain The Boeing Company Model 787–8, 787–9, and 787–10 airplanes. As published, a paragraph reference specified in the regulatory text is incorrect. This document corrects that error. In all other respects, the original document remains the same.

DATES: This correction is effective November 12, 2026. The effective date of AD 2026–20–10 remains November 12, 2026.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of November 12, 2026 (91 FR 64259, October 8, 2026).

The Director of the Federal Register approved the incorporation by reference of a certain other publication listed in this AD as of October 11, 2019 (84 FR 54765, October 11, 2019).

ADDRESSES:

AD Docket: You may examine the AD docket at *regulations.gov* by searching for and locating Docket No. FAA–2026–2712; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule; correction, any comments received, and other information. The street address for Docket Operations is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

Material Incorporated by Reference:

- For Boeing material identified in this AD, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminster Blvd., MC 110–SK57, Seal Beach, CA 90740–5600; telephone 562–797–1717; website *myboeingfleet.com*.
- You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. It is also available at *regulations.gov* under Docket No. FAA–2026–2712.

FOR FURTHER INFORMATION CONTACT: Emanuel Chaves Torres, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 562–627–5350; email: *emanuel.chaves.torres@faa.gov.*

SUPPLEMENTARY INFORMATION:

Background

AD 2026–20–10, Amendment 39–23483 (91 FR 64259, October 8, 2026) (AD 2026–20–10), requires repetitive operational checks of the leading edge (LE) outboard (OB) slats and applicable on-condition actions, revising the airplane flight manual (AFM) to prohibit flap retraction under icing conditions after landing, and revising the existing maintenance or inspection program, as applicable, to incorporate a new operation check. AD 2026–20–10 also requires replacing the LE outboard geared rotary actuator (GRA) with a LE outboard lockout actuator (LEOLA) at leading edge OB slat locations and revising the existing maintenance or inspection program, as applicable, to incorporate a new certification maintenance requirement (CMR). That AD applies to certain The Boeing Company Model 787–8, 787–9, and 787–10 airplanes.

Need for Correction

As published, a paragraph reference specified in the regulatory text of AD 2026–20–10 is incorrect. Paragraph (l) of AD 2026–20–10 inadvertently references paragraph (i) of the AD instead of paragraph (n) of the AD.

Material Incorporated by Reference Under 1 CFR Part 51

The FAA reviewed Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024. This material specifies procedures for replacing the LE outboard GRA with a LEOLA at leading edge slat 2 and slat 11 outboard locations and revising the operator's maintenance program to incorporate CMR document item 27–CMR–14, ''Functionally check the Leading Edge Power Drive Unit Half System Torque Brake.''

This AD also requires Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019, which the Director of the Federal Register approved for incorporation by reference as of October 11, 2019 (84 FR 54765, October 11, 2019).

This material is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

Correction of Publication

This document corrects an error and correctly adds the AD as an amendment to 14 CFR 39.13. Although no other part of the preamble or regulatory information has been corrected, the FAA is publishing the entire rule in the **Federal Register**.

The effective date of this AD remains November 12, 2026.

Since this action only corrects a paragraph reference, it has no adverse economic impact and imposes no additional burden on any person. Therefore, the FAA has determined that notice and public comment procedures are unnecessary.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

■ 1. The authority citation for part 39 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Corrected]

■ 2. The FAA amends § 39.13 by:

■ a. Removing Airworthiness Directive (AD) 2019–20–07, Amendment 39–19760 (84 FR 54765, October 11, 2019); and
■ b. Adding the following new AD:

2026–20–10 The Boeing Company: Amendment 39–23483; Docket No. FAA–2026–2712; Project Identifier AD–2025–00931–T.

(a) Effective Date

This airworthiness directive (AD) is effective November 12, 2026.

(b) Affected ADs

This AD replaces AD 2019–20–07, Amendment 39–19760 (84 FR 54765, October 11, 2019) (AD 2019–20–07).

(c) Applicability

This AD applies to The Boeing Company Model 787–8, 787–9, and 787–10 airplanes, certificated in any category, as identified in Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024.

(d) Subject

Air Transport Association (ATA) of America Code 27, Flight Controls.

(e) Unsafe Condition

This AD was prompted by a determination that the leading edge (LE) outboard (OB) slat system could be out of position without flight deck annunciation. The FAA is issuing this AD to address a potential condition in which the LE OB slat system could be out of position without flight deck annunciation. The unsafe condition, if not addressed, could result in insufficient lift, resulting in inability to maintain continued safe flight and landing.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Retained Required Actions, With No Changes

This paragraph restates the requirements of paragraph (g) of AD 2019–20–07, with no changes. Except as specified by paragraph (h) of this AD: At the applicable times specified in the ''Compliance'' paragraph of Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019, do all applicable actions identified in, and in accordance with, the Accomplishment Instructions of Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019.

Note 1 to paragraph (g): Guidance for accomplishing the actions required by this AD can be found in Boeing Alert Service Bulletin B787–81205–SB270051–00, Issue 001, dated July 5, 2019, which is referred to in Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019.

(h) Retained Exception to Service Information Specifications, With No Changes

This paragraph restates the requirements of paragraph (h) of AD 2019–20–07, with no changes. For purposes of determining compliance with the requirements of this AD: Where Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019, uses the phrase ''the Issue 001 date of Requirements Bulletin B787–81205–SB270051–00 RB,'' this AD requires using ''October 11, 2019'' (the effective date of AD 2019–20–07).

(i) Retained Airplane Flight Manual (AFM) Revision To Prohibit Flap Retraction Under Icing Conditions, With No Changes

This paragraph restates the requirements of paragraph (i) of AD 2019–20–07, with no changes. Within 60 days after October 11, 2019 (the effective date of AD 2019–20–07), revise the Limitations Section of the existing AFM to include the information in figure 1 to paragraph (i) of this AD. This may be done by inserting a copy of figure 1 to paragraph (i) of this AD into the Limitations Section of the existing AFM.

Figure 1 to Paragraph (i): AFM Revision

Flap Operation After Landing (Required by AD 2019–20–07)

In order to prevent failure of the slat drive system after landing, flaps must not be retracted if:

- Operating on the ground with ice, snow, slush, or standing water in icing conditions, or;
- An accumulation of airframe ice is observed or suspected.

Under circumstances where the flight crew deems it necessary to retract the flaps for safety reasons, they must notify maintenance via an approved means.

(j) Retained Maintenance or Inspection Program Revision To Incorporate a New Operation Check, With No Changes

This paragraph restates the requirements of paragraph (j) of AD 2019–20–07, with no changes. Within 60 days after October 11, 2019 (the effective date of AD 2019–20–07), revise the existing maintenance or inspection program, as applicable, to incorporate the information specified in figure 2 to paragraph (j) of this AD. This may be done by inserting a copy of figure 2 to paragraph (j) of this AD into the existing maintenance or inspection program.

Figure 2 to Paragraph (j): Maintenance or Inspection Program Revision

1. Cold Weather Maintenance Procedure—Handling

A. General

(3) After an airplane lands in icing conditions, do the OPERATION CHECKS—SLAT/FLAP INSPECTION in this task before retracting the slats/flaps.

NOTE: Icing conditions exist when OAT (on the ground) or TAT (in-flight only) is 50 °F (10 °C) or below, and any of the following exist:

- When visible moisture (clouds, fog with visibility of one statute mile (1600 m) or less, rain, snow, sleet, ice crystals, and so on) is present.
- When ice, snow, slush or standing water is present on the taxiways, or runways.

(a) Do this inspection to make sure that contaminants (ice, snow, slush) are not present which can either obstruct retraction of the LE slats or TE flaps, or freeze the slats to the fixed leading edge after retraction.

(b) The type and area of inspection is as follows:

(1) Do an examination of the entire leading edge slats and trailing edge flaps areas.

G. Operation Checks

(1) **SLAT/FLAP INSPECTION**

After any landing in icing conditions, do this inspection with the slats/flaps (flaps 25 detent) fully extended (Figure 2):

WARNING: MAKE SURE THAT YOU USE THE NECESSARY PRECAUTIONS IF PERSONNEL ARE NEAR THE FLIGHT CONTROL SURFACES. THE FLIGHT CONTROL SURFACES CAN MOVE QUICKLY. THIS CAN CAUSE INJURIES TO PERSONNEL AND DAMAGE TO EQUIPMENT.

(a) Examine these areas for contaminants (ice, snow, slush):

(1) Slats/flaps surfaces

(2) Leading edge contact surfaces

NOTE: ''Contact surfaces'' refers to the areas of the slat and the fixed wing that will be in contact after slat retraction.

(3) Slat actuation areas, including exposed areas of the slat track cavity, and slat cove

(4) Flap tracks, hinges, seals

(b) Remove the contamination that you find.

Figure 2 to Paragraph (j): Maintenance or Inspection Program Revision Continued

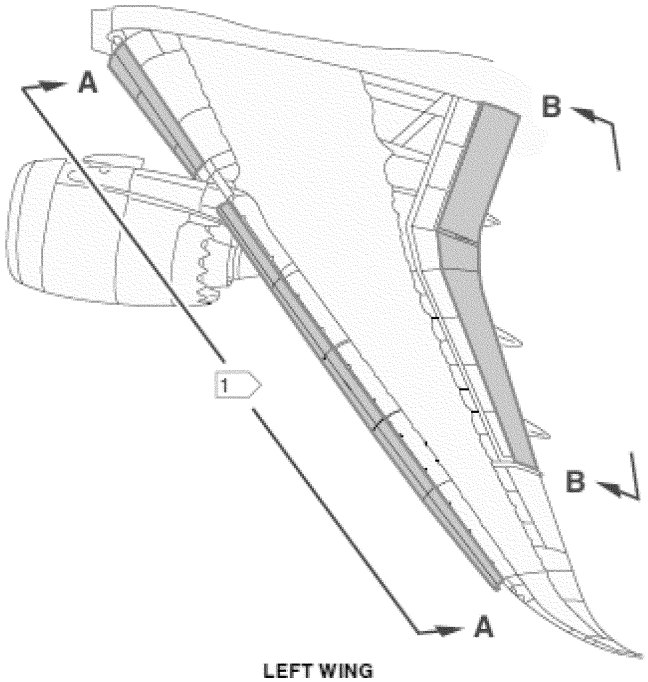
(a) Confirm a contaminant-free condition in these areas immediately prior to retraction of the slats/flaps surfaces.
(1) Slats/flaps surfaces
(2) Leading edge contact surfaces
NOTE: ''Contact surfaces'' refers to the areas of the slat and the fixed wing that will be in contact after slat retraction.
(3) Slat actuation areas, including exposed areas of the slat track cavity, and slat cove
(4) Flap tracks, hinges, seals

(d) When the inspection is complete, do these steps:
NOTE: These steps make sure that the leading edge slat system is functional.
NOTE: Two persons are necessary to do these steps. One person will move the flap control lever in the flight compartment, and the other will confirm slat position from the ground.
(1) Do not use Alternate mode to operate the surfaces.
NOTE: The Alternate mode only allows extension of slats to the Middle (sealed) position and not to the Extended (gapped) position.
WARNING: MAKE SURE THAT YOU USE THE NECESSARY PRECAUTIONS IF PERSONNEL ARE NEAR THE FLIGHT CONTROL SURFACES. THE FLIGHT CONTROL SURFACES CAN MOVE QUICKLY. THIS CAN CAUSE INJURIES TO PERSONNEL AND DAMAGE TO EQUIPMENT.
(2) Retract the leading edge slats to the full up position (Flaps UP detent).
(a) Make sure that you visually confirm from the ground that the slats have retracted to the Retracted (up) position.
(3) Extend the leading edge slats to the full extend position (Flaps 25 detent).
(a) Make sure that you visually confirm from the ground that the slats have extended to the Extended (gapped) position.
(4) Retract the leading edge slats to the full up position (Flaps UP detent).
(a) Make sure that you visually confirm from the ground that the slats have retracted to the Retracted (up) position.

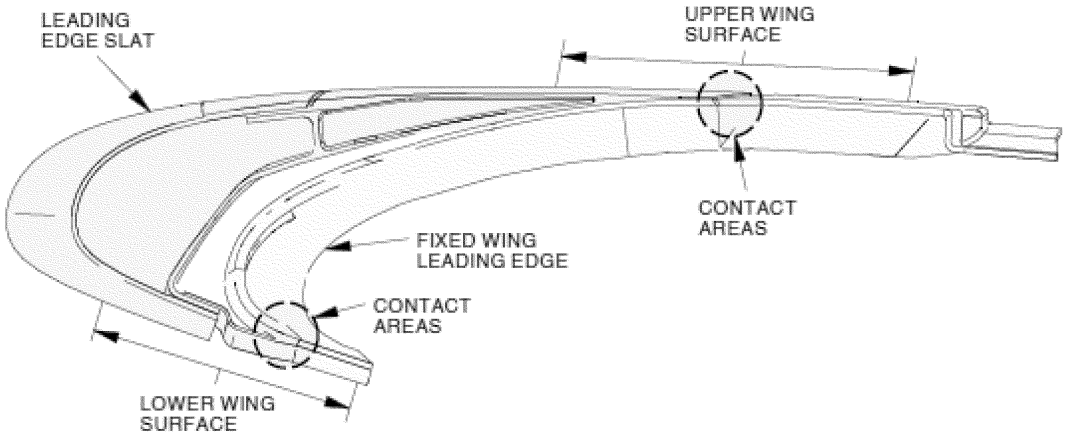
(e) When all of the above steps are completed, the OPERATION CHECKS—SLAT/FLAP INSPECTION is complete.

BILLING CODE 4910–13–P

Figure 2 to Paragraph (j): Maintenance or Inspection Program Revision Continued



LEFT WING
(RIGHT WING IS ALMOST THE SAME)



A-A

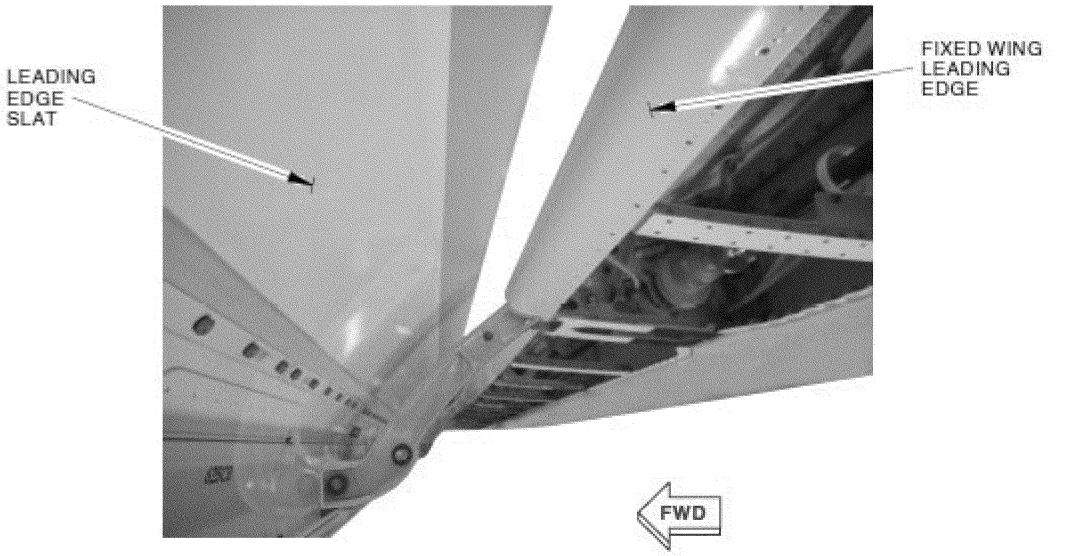
1 INSPECT ENTIRE LENGTH OF LEADING EDGE SLATS AND FIXED WING LEADING EDGE IN THIS AREA

2888580 S0000687155_V1

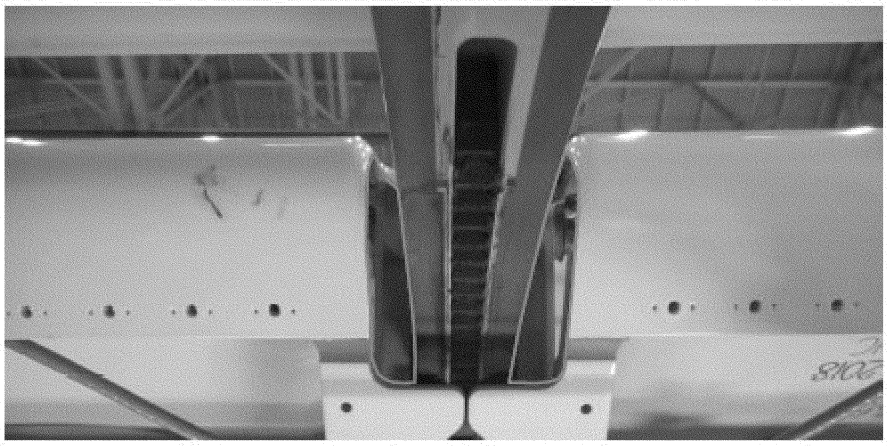
ICN-B787-A-000021-A-81205-26930-A

Figure 2 (Sheet 1 of 3) Slat and Flap Inspection

Figure 2 to Paragraph (j): Maintenance or Inspection Program Revision Continued



ACTUATION AREAS
(TYPICAL)
A-A



SLAT TRACK CAVITY
(TYPICAL)
(VIEW IN THE AFT DIRECTION)
A-A

2896941 S0000691106_V1

ICN-B787-A-000021-A-81205-27016-A

Figure 2 (Sheet 2 of 3) Slat and Flap Inspection

Figure 2 to Paragraph (j): Maintenance or Inspection Program Revision Continued

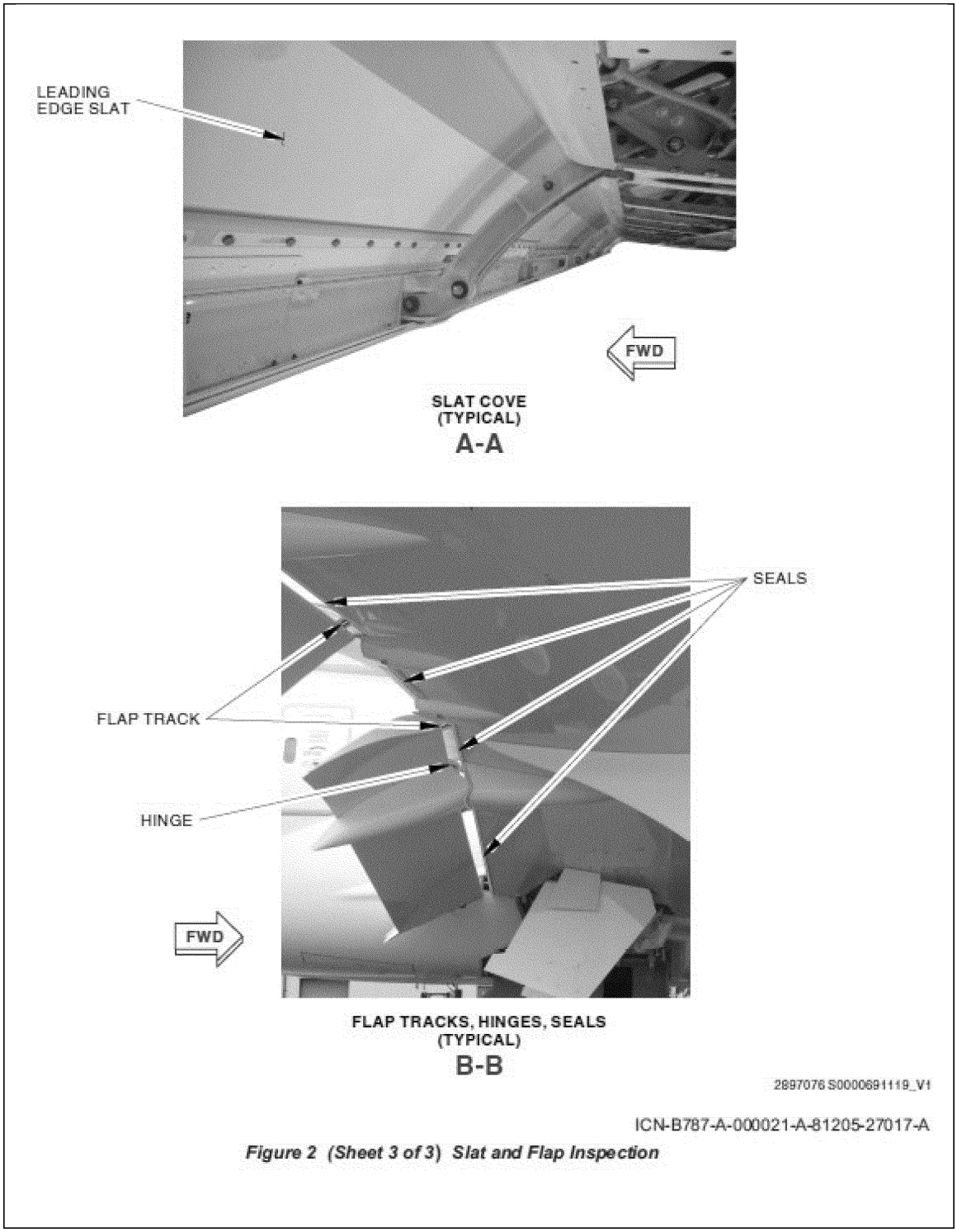


Figure 2 (Sheet 3 of 3) Slat and Flap Inspection

BILLING CODE 4910–13–C

(k) Retained No Alternative Actions or Intervals, With No Changes

This paragraph restates the requirements of paragraph (k) of AD 2019–20–07, with no changes. After the existing maintenance or inspection program has been revised as required by paragraph (j) of this AD, no alternative actions (*e.g.,* inspections) or intervals may be used unless the actions or intervals are approved as an alternative method of compliance (AMOC) in accordance with the procedures specified in paragraph (p) of this AD.

(l) New Required Actions

Except as specified by paragraph (n) of this AD: At the applicable times specified in the ''Compliance'' paragraph of Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024, do all applicable actions identified

in, and in accordance with, the Accomplishment Instructions of Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024.

Note 2 to paragraph (l): Guidance for accomplishing the actions required by this AD can be found in Boeing Alert Service Bulletin B787–81205–SB270055–00, Issue 002, dated November 25, 2024, which is referred to in Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024.

(m) Terminating Action

Accomplishing the actions required by paragraph (l) of this AD terminates the requirements of paragraphs (g), (i), and (j) of this AD for that airplane. After all affected airplanes in an operator's fleet have complied with paragraph (l) of this AD, the AFM revision required by paragraph (i) of this AD may be removed and the maintenance or inspection program revision required by paragraph (j) of this AD may be removed.

(n) Exceptions to Requirements Bulletin Specifications

Where the Compliance Time column of the tables in the ''Compliance'' paragraph of Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024, refers to the Issue 001 date of Requirements Bulletin B787–81205–SB270055–00 RB, this AD requires using the effective date of this AD.

(o) Credit for Previous Actions

This paragraph provides credit for the actions specified in paragraph (l) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 001, dated December 12, 2023.

(p) Alternative Methods of Compliance (AMOCs)

(1) The Manager, AIR–520, Continued Operational Safety Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or responsible Flight Standards Office, as appropriate. If sending information directly to the manager of the Continued Operational Safety Branch, send it to the attention of the person identified in paragraph (q)(1) of this AD. Information may be emailed to: *AMOC@faa.gov*. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the responsible Flight Standards Office.

(2) An AMOC that provides an acceptable level of safety may be used for any repair, modification, or alteration required by this AD if it is approved by The Boeing Company Organization Designation Authorization (ODA) that has been authorized by the Manager, AIR–520, Continued Operational Safety Branch, FAA, to make those findings. To be approved, the repair method, modification deviation, or alteration deviation must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(3) AMOCs approved for AD 2019–20–07 are approved as AMOCs for the corresponding provisions of paragraphs (g), (i), and (j) of this AD.

(q) Additional Information

(1) For more information about this AD, contact Emanuel Chaves Torres, Aviation Safety Engineer, FAA, 2200 South 216th St., Des Moines, WA 98198; phone: 562–627–5350; email: *emanuel.chaves.torres@faa.gov*.

(2) Material identified in this AD that is not incorporated by reference is available at the address specified in paragraph (r)(5) of this AD.

(r) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the material listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this material as applicable to do the actions required by this AD, unless this AD specifies otherwise.

(3) The following material was approved for IBR on November 12, 2026 (91 FR 64259, October 8, 2026).

(i) Boeing Alert Requirements Bulletin B787–81205–SB270055–00 RB, Issue 002, dated November 25, 2024.

(ii) [Reserved]

(4) The following material was approved for IBR on October 11, 2019 (84 FR 54765, October 11, 2019).

(i) Boeing Alert Requirements Bulletin B787–81205–SB270051–00 RB, Issue 001, dated July 5, 2019.

(ii) [Reserved]

(5) For Boeing material identified in this AD, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminster Blvd., MC 110–SK57, Seal Beach, CA 90740–5600; telephone 562–797–1717; website *myboeingfleet.com*.

(6) You may view this material at the FAA, Airworthiness Products Section, Operational Safety Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

(7) You may view this material at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, visit *www.archives.gov/federal-register/cfr/ibr-locations* or email *fr.inspection@nara.gov*.

Issued on October 20, 2026.

Lona C. Saccomando,

Acting Deputy Director, Integrated Certificate Management Division, Aircraft Certification Service.

[FR Doc. 2026–21686 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–13–P

POSTAL SERVICE

39 CFR Part 775

Revision of National Environmental Policy Act Implementing Procedures; Extension of Comment Period

AGENCY: United States Postal Service.

ACTION: Interim final rule; extension of comment period.

SUMMARY: On September 25, 2026, the United States Postal Service (USPS) published an interim final rule with request for comments to partially rescind and update its remaining National Environmental Policy Act (NEPA) implementing procedures, which were promulgated to implement the now-rescinded Council on Environmental Quality (CEQ) regulations. USPS requested public comments by October 25, 2026. USPS is now extending the comment period until November 9, 2026, to allow the public additional review and submission time for any comments on the interim final rule.

DATES: The comment period for the interim final rule published on September 25, 2026 (91 FR 60827) is extended. USPS must receive comments by November 9, 2026, to ensure consideration.

ADDRESSES: Interested parties may direct comments and questions to: Mr. Thomas Shepherd, Environmental Counsel, United States Postal Service, 475 L'Enfant Plaza SW, Office 6606, Washington, DC 20260–6201, or at *NEPA@usps.gov*.

All submissions must include the agency name, ''United States Postal Service,'' and the subject heading ''NEPA Procedures Rulemaking.'' Note that comments sent by mail may be subject to delay due to Federal security screening. Faxed comments are not accepted. All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Thomas Shepherd, Environmental Counsel, or Asif Ansari, Director, Environmental Affairs, at *NEPA@usps.gov* or at (202) 738–2939.

SUPPLEMENTARY INFORMATION: On September 25, 2026, USPS published an interim final rule partially rescinding and updating its remaining National Environmental Policy Act (NEPA) implementing procedures (91 FR 60827). USPS is revising its NEPA implementing regulations to contain only: (i) definitions of terms used in the regulations; (ii) administrative and routine actions excepted from NEPA review in appendix A; (iii) its revised categorical exclusions in appendix B based upon experience with existing regulations and new policies and infrastructure that have been implemented since the establishment of

the categorical exclusions; (iv) related requirements for determining when NEPA applies to USPS actions and for the application of categorical exclusions; and (v) a provision for emergency circumstances. Going forward, USPS will maintain the remainder of its NEPA procedures—which apply only to USPS's internal processes—in a Handbook separate from the Code of Federal Regulations (CFR). This interim final rule requests comments on this action and related matters to inform USPS's decision-making. USPS has decided to extend the public comment period for 15 days to allow for additional review and submission time. Therefore, the public comment period for the notice of proposed rulemaking will now close on November 9, 2026.

Daria Schildkraut,

Attorney, Ethics and Legal Compliance.

[FR Doc. 2026–21699 Filed 10–22–26; 8:45 am]

BILLING CODE 7710–12–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 260305–0067; RTID 0648–XF991]

Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Cod by Catcher Vessels Using Trawl Gear in the Central Regulatory Area of the Gulf of Alaska

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Temporary rule; closure.

SUMMARY: NMFS is prohibiting directed fishing for Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the Gulf of Alaska (GOA). This action is necessary to prevent exceeding the 2026 total allowable catch (TAC) of Pacific cod allocated to catcher vessels using trawl gear in the Central Regulatory Area of the GOA.

DATES: Effective 1200 hours, Alaska local time (A.l.t.), October 21, 2026, through 2400 hours, A.l.t., December 31, 2026.

FOR FURTHER INFORMATION CONTACT: Abby Jahn, 907–586–7228.

SUPPLEMENTARY INFORMATION: NMFS manages the groundfish fishery in the GOA exclusive economic zone according to the Fishery Management Plan for Groundfish of the GOA (FMP) prepared and recommended by the North Pacific Fishery Management Council under authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). Regulations governing fishing by U.S. vessels in accordance with the FMP appear at subpart H of 50 CFR part 600 and 50 CFR part 679.

The annual 2026 Pacific cod TAC allocated to catcher vessels using trawl gear in the Central Regulatory Area of the GOA not participating in the cooperative fishery of the Rockfish Program is 7,782 metric tons (mt) as established by the final 2026 and 2027 harvest specifications for groundfish in the GOA (91 FR 11902, March 11, 2026).

The Regional Administrator, Alaska Region, NMFS (Regional Administrator) has determined that the annual 2026 Pacific cod TAC allocated to catcher vessels using trawl gear in the Central Regulatory Area of the GOA will be, or has been, reached. Therefore, in accordance with § 679.20(d)(1)(i) and (d)(1)(ii)(B), the Regional Administrator is establishing a directed fishing allowance of 5,782 mt and is setting aside the remaining 2,000 mt as incidental catch to support other anticipated groundfish fisheries. The Regional Administrator finds that this directed fishing allowance will be or has been reached. Consequently, in accordance with § 679.20(d)(1)(iii), NMFS is prohibiting directed fishing for Pacific cod caught by catcher vessels using trawl gear in the Central Regulatory Area of the GOA to prevent exceeding this sector's annual allocation of Pacific cod TAC.

While this closure is effective the maximum retainable amounts at § 679.20(e) and (f) apply at any time during a trip. This closure does not apply to fishing by vessels participating in the cooperative fishery of the Rockfish Program in the Central Regulatory Area of the GOA.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act. This action is required by 50 CFR part 679, which was issued pursuant to section 304(b) of the Magnuson-Stevens Act, and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment would be impracticable and contrary to the public interest, as it would prevent NMFS from responding to the most recent fisheries data on the catch of Pacific cod in a timely fashion and would delay the closure of Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the GOA. NMFS was unable to publish a notice providing time for public comment because the most recent, relevant data regarding catch of Pacific cod by catcher vessels using trawl gear in the Central Regulatory Area of the GOA only became available as of October 20, 2026.

There is good cause under 5 U.S.C. 553(d)(3) to establish an effective date less than 30 days after date of publication. This finding is based upon the reasons provided above for waiver of prior notice and opportunity for public comment.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: October 20, 2026.

Shannon Bettridge,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–21680 Filed 10–21–26; 4:15 pm]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 260305–0067; RTID 0648–XG002]

Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 620 in the Gulf of Alaska

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Temporary rule; closure.

SUMMARY: NMFS is prohibiting directed fishing for pollock in Statistical Area 620 in the Gulf of Alaska (GOA). This action is necessary to prevent exceeding the annual 2026 total allowable catch (TAC) of pollock in Statistical Area 620 in the GOA.

DATES: Effective 1200 hours, Alaska local time (A.l.t.), October 21, 2026 through 2400 hours, A.l.t., December 31, 2026.

FOR FURTHER INFORMATION CONTACT: Abby Jahn, 907–586–7228.

SUPPLEMENTARY INFORMATION: NMFS manages the groundfish fishery in the GOA exclusive economic zone according to the Fishery Management Plan for Groundfish of the Gulf of Alaska (FMP) prepared and recommended by the North Pacific Fishery Management Council under

authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act). Regulations governing fishing by U.S. vessels in accordance with the FMP appear at subpart H of 50 CFR part 600 and 50 CFR part 679.

The annual 2026 TAC of pollock in Statistical Area 620 in the GOA is 60,477 metric tons (mt) as established by the final 2026 and 2027 harvest specifications for groundfish in the GOA (91 FR 11902, March 11, 2026).

The Regional Administrator, Alaska Region, NMFS (Regional Administrator) has determined that the annual 2026 TAC of pollock in Statistical Area 620 in the GOA will be or has been reached. Therefore, in accordance with § 679.20(d)(1)(i) and 679.20(d)(1)(ii)(B), the Regional Administrator is establishing a directed fishing allowance of 60,277 mt and is setting aside the remaining 200 mt as incidental catch because it is necessary to support other anticipated groundfish fisheries. The Regional Administrator finds that this directed fishing allowance will be or has been reached. Consequently, in accordance with § 679.20(d)(1)(iii), NMFS is prohibiting directed fishing for pollock in Statistical Area 620 in the GOA to prevent exceeding the annual apportionment of pollock TAC for this area.

While this closure is effective, the maximum retainable amounts at § 679.20(e) and (f) apply at any time during a trip.

Classification

NMFS issues this action pursuant to section 305(d) of the Magnuson-Stevens Act. This action is required by 50 CFR part 679, which was issued pursuant to section 304(b) of the Magnuson-Stevens Act, and is exempt from review under Executive Order 12866.

Pursuant to 5 U.S.C. 553(b)(B), there is good cause to waive prior notice and an opportunity for public comment on this action, as notice and comment would be impracticable and contrary to the public interest, as it would prevent NMFS from responding to the most recent fisheries data on pollock catch in a timely fashion, and would delay the closure of directed fishing for pollock in Statistical Area 620 in the GOA. NMFS was unable to publish a notice providing time for public comment because the most recent, relevant data on pollock catch in Statistical Area 620 in the GOA only became available as of October 21, 2026.

There is good cause under 5 U.S.C. 553(d)(3) to establish an effective date less than 30 days after date of publication. This finding is based upon the reasons provided above for waiver of prior notice and opportunity for public comment.

Authority: 16 U.S.C. 1801 *et seq.*

Dated: October 21, 2026.

Shannon Bettridge,

Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–21676 Filed 10–21–26; 4:15 pm]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register
Vol. 91, No. 204
Friday, October 23, 2026

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

NUCLEAR REGULATORY COMMISSION

10 CFR Part 74

[Docket No. PRM–74–1; NRC–2026–4456]

Irradiated Fuel Reprocessing Plants

AGENCY: Nuclear Regulatory Commission.

ACTION: Petition for rulemaking; notice of docketing, and request for comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) has received a petition for rulemaking (PRM) from Howard L. Hall, Ph.D., dated August 14, 2026, requesting that the NRC remove the exclusion of irradiated fuel reprocessing plants and establish material control and accounting requirements appropriate to that facility class. The petition was docketed by the NRC on September 14, 2026, and has been assigned Docket No. PRM–74–1. The NRC is examining the issues raised in PRM–74–1 to determine whether they should be considered in rulemaking. The NRC is requesting public comment on this petition at this time.

DATES: Submit comments by November 23, 2026.

ADDRESSES: Submit your comments, identified by Docket ID NRC–2026–4456, at *https://www.regulations.gov*. If your material cannot be submitted using *https://www.regulations.gov,* call or email the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions.

Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received, and will not be deleted, modified, or redacted. Comments may be submitted anonymously.

Follow the search instructions on *https://www.regulations.gov* to view public comments.

You can read a plain language description of this petition for rulemaking at *https://www.regulations.gov/docket/NRC-2026-4456*. For additional direction on obtaining information and submitting comments, see ''Obtaining Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Irene Wu, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–1951, email: *irene.wu@nrc.gov*.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2026–4456 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–4456.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at *https://www.nrc.gov/reading-rm/adams.html*. To begin the search, select ''Begin Web-based ADAMS Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737, or by email to *PDR.Resource@nrc.gov*. The ADAMS accession number for each document referenced (if it is available in ADAMS) is provided the first time that it is mentioned in this document.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time, Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal Rulemaking website (*https://www.regulations.gov*). Please include Docket ID NRC–2026–4456 in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at *https://www.regulations.gov* as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. The Petitioner and Petition

The PRM was submitted by Howard L. Hall, Ph.D., a nuclear and radiochemist. The petitioner submits this petition in his individual capacity as a member of the technical public, not on behalf of any institution. The PRM requests that the NRC amend 10 CFR part 74, ''Material Control and Accounting of Special Nuclear Material,'' of title 10 of the *Code of Federal Regulations* (10 CFR), to remove the exclusion of irradiated fuel reprocessing plants from the material control and accounting (MC&A) requirements in § 74.51(a). The petition proposes applying subpart E of 10 CFR part 74, ''Formula Quantities of Strategic Special Nuclear Material,'' requirements to irradiated fuel reprocessing facilities, adding bulk-processing provisions, and restoring proportionate relief for research and pilot-scale operations. The petition may be found in ADAMS at Accession No. ML26257A310.

III. Discussion of the Petition

The petitioner requests that the NRC amend its regulations in § 74.51(a) to remove the exclusion of irradiated fuel reprocessing plants and establish MC&A requirements for the bulk handling of formula quantities of plutonium in a continuous chemical process, either in

the existing subpart E of 10 CFR part 74 or in a new subpart. The petitioner argues that the current regulatory framework for reprocessing facilities is inadequate and incomplete. Current regulations in 10 CFR part 74 place reprocessing facilities under requirements designated for special nuclear material (SNM) of moderate strategic significance (subpart D of 10 CFR part 74, ''Special nuclear material of moderate strategic significance), even though large-scale reprocessing facilities would handle formula quantities of strategic SNM. The petitioner emphasizes the exclusion in § 74.51(a) was added to the regulations nearly 40 years ago when the NRC believed that commercial reprocessing was unlikely in the near future and that more advanced technology would be needed before new regulations could be written. The petitioner asserts that reprocessing has now become viable due to recent Federal actions, including Executive Order 14299, ''Deploying Advanced Nuclear Reactor Technologies for National Security'' (May 29, 2025; 90 FR 22581), recent U.S. Department of Energy solicitations, and emerging commercial proposals for privately funded reprocessing facilities.

The petitioner proposes several regulatory updates to 10 CFR part 74. The proposals fall into four main categories:

1. Primary amendment to § 74.51(a): The petitioner proposes removing ''an irradiated fuel reprocessing plant'' from the exclusion list in § 74.51(a). This change would place reprocessing facilities under subpart E of 10 CFR part 74 MC&A requirements for licensees possessing formula quantities of strategic SNM. The petitioner also proposes a conforming amendment to § 74.41(a) in subpart D of 10 CFR part 74 to create an upper bound of less than five formula kilograms, to ensure reprocessing facilities are not subject to both subparts simultaneously.

2. Additions to subpart E of 10 CFR part 74 specifically addressing bulk chemical processing: The petitioner proposes adding a new section to subpart E establishing requirements specific to the continuous chemical processes used in reprocessing plants. The proposed requirements include near-real time accountancy for each material balance area for material balance periods of days to weeks; quantitative targets for inventory difference uncertainty; process monitoring aligned to the flowsheets of the continuous reprocessing operations employed; safeguards-by-design at the construction stage; and compatibility with international safeguards.

3. Clarification of requirements for research and development (R&D) and pilot-scale operations: The petitioner proposes the NRC confirm the applicability of existing subpart E of 10 CFR part 74 provisions for R&D reprocessing operations and clarify requirements for pilot-scale reprocessing operations.

4. Alternative approach if subpart E is not amended: If the NRC prefers to preserve the structure of subpart E, the petitioner proposes creating a new subpart in 10 CFR part 74 specifically for reprocessing plants which provides requirements equivalent to subpart E and incorporating the proposed elements for bulk chemical processing and small-scale operations.

The petitioner concludes that rulemaking is the appropriate method to resolve the problem because it is a generic issue affecting all prospective reprocessing licensees, and rulemaking provides clarity and consistency in requirements for this facility class. The petitioner argues that establishing an updated, predictable, MC&A framework for reprocessing facilities will reduce long-term burden on applicants, enhance safeguards effectiveness, and align the regulatory landscape with current national nuclear fuel cycle initiatives.

IV. Request for Comment

The NRC is seeking general comments from the public on the PRM. Additionally, the NRC asks the following specific questions:

1. Should the exclusion for irradiated fuel reprocessing facilities be removed from § 74.51(a)? Please explain the basis for your response.

2. Given the requirements in subpart D of 10 CFR part 74, can a large-scale reprocessing facility credibly meet the subpart D general performance objectives for timely detection of a significant quantity and the required system capabilities for inventory difference and standard error of inventory difference without implementing some form of process monitoring? Please explain the basis for your response and provide examples as appropriate.

3. Is there a need to clarify the MC&A requirements for R&D and pilot-scale reprocessing operations? Please explain your response.

4. Are there additional changes to the MC&A regulations for reprocessing facilities that the NRC should consider? Please explain the basis for your response and provide specific recommendations to the extent possible.

V. Conclusion

The NRC has determined that the petition meets the sufficiency requirements for docketing a PRM under § 2.803, ''Petition for rulemaking-NRC action.'' The NRC will examine the issues raised in PRM–74–1 and any comments received in response to this comment request to determine whether these issues should be considered in rulemaking. The public can monitor further action on the rulemaking that will address this petition by searching Docket ID NRC–2026–4456 on the Federal rulemaking website, *https://www.regulations.gov*. The site allows members of the public to receive alerts when changes or additions occur in a docket folder. To subscribe: (1) navigate to the docket folder (NRC–2026–4456); (2) click the ''Subscribe'' link; and (3) enter an email address and click on the ''Subscribe'' link. The NRC also tracks the status of all NRC rules and PRMs on its website at *https://www.nrc.gov/about-nrc/regulatory/rulemaking/rules-petitions.html*.

Dated October 21, 2026.

For the Nuclear Regulatory Commission.

Jody Martin,

Secretary of the Commission.

[FR Doc. 2026–21690 Filed 10–22–26; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Chapter II

[Release Nos. 33–11451; 34–106698; File No. S7–2026–37]

List of Rules To Be Reviewed Pursuant to the Regulatory Flexibility Act

AGENCY: Securities and Exchange Commission.

ACTION: Publication of list of rules scheduled for review.

SUMMARY: The Securities and Exchange Commission (''Commission'') is publishing a list of rules to be reviewed pursuant to section 610 of the Regulatory Flexibility Act. The list is published to provide the public with notice that these rules are scheduled for review by the agency and to invite public comment on whether the rules should be continued without change, or should be amended or rescinded to minimize any significant economic impact of the rules upon a substantial number of small entities.

DATES: This release was published in the **Federal Register** on October 23, 2026. Comments should be submitted by November 23, 2026.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/comments/s7-2026-37/list-rules-be-reviewed-pursuant-regulatory-flexibility-act*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number S7–2026–37 on the subject line.

Paper Comments

- Send paper comments to Vanessa A. Countryman, Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number S7–2026–37. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission's website (*https://www.sec.gov/rules-regulations/public-comments/s7-2026-37*). Do not include personally identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

FOR FURTHER INFORMATION CONTACT: Sandra Sojka, General Attorney, Office of the General Counsel, 202–551–4928.

SUPPLEMENTARY INFORMATION: The Regulatory Flexibility Act (''RFA''), codified at 5 U.S.C. 601 through 612, requires an agency to review its rules that have a significant economic impact upon a substantial number of small entities within 10 years of the publication of such rules as final rules. 5 U.S.C. 610(a). The purpose of the review is ''to determine whether such rules should be continued without change, or should be amended or rescinded . . . to minimize any significant economic impact of the rules upon a substantial number of such small entities.'' 5 U.S.C. 610(a). The RFA sets forth specific considerations that must be addressed in the review of each rule:

- The continued need for the rule;
- The nature of complaints or comments received concerning the rule from the public;
- The complexity of the rule;
- The extent to which the rule overlaps, duplicates or conflicts with other Federal rules, and, to the extent feasible, with state and local governmental rules; and
- The length of time since the rule has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the rule. 5 U.S.C. 610(b).

The list below includes rules adopted in 2017 that may have a significant economic impact on a substantial number of small entities (but excludes rules that have been substantially changed since adoption, rules that are minor amendments to previously adopted rules, and rules that are ministerial, procedural, or technical in nature). Where the Commission has previously made a determination of a rule's impact on small businesses, the determination is noted on the list.

The Commission particularly solicits public comment on whether the rules in the release listed below affect small businesses in new or different ways than when first adopted. The release listed below is scheduled for review by staff of the Commission.

Title: Exhibit Hyperlinks and HTML Format.

Citation: 17 CFR 229.601, 17 CFR 232.11, 17 CFR 232.102, 17 CFR 232.105, 17 CFR 239.40, 17 CFR 249.20f.

Authority: 15 U.S.C. 77c, 77e, 77f, 77g, 77h, 77j, 77k, 77s, 77s(a), 77z–2, 77z–3, 77aa(25), 77aa(26), 77ddd, 77eee, 77ggg, 77hhh, 77iii, 77jjj, 77nnn, 77sss, 77sss(a), 78a *et seq.,* 78c, 78c(b), 78i, 78j, 78j–3, 78l, 78m, 78n, 78n–1, 78o, 78o(d), 78o–7 note, 78u–5, 78w, 78w(a), 78ll, 78 mm, 80a–2(a), 80a–3, 80a–6(c), 80a–8, 80a–9, 80a–10, 80a–13, 80a–20, 80a–24, 80a–26, 80a–29, 80a–30, 80a–31(c), 80a–37, 80a–38(a), 80a–39, 80b–11; 7201 *et seq.;* 12 U.S.C. 5461 *et seq.;* 18 U.S.C. 1350; Sec. 953(b) Pub. L. 111–203, 124 Stat. 1904; Sec. 102(a)(3) Pub. L. 112–106, 126 Stat. 309 (2012); Sec. 107 Pub. L. 112–106, 126 Stat. 313 (2012); Sec. 71003 and Sec. 84001, Pub. L. 114–94, 129 Stat. 1312; and Sec. 72001 Pub. L. 114–94, 129 Stat. 1312 (2015), unless otherwise noted.

Description: The Commission adopted amendments to require registrants that file registration statements and reports subject to the exhibit requirements under Item 601 of Regulation S–K, or that file Forms F–10 or 20–F, to include a hyperlink to each exhibit listed in the exhibit index of these filings. To enable the inclusion of such hyperlinks, the amendments also require that registrants submit all such filings in HyperText Markup Language (''HTML'') format.

Prior RFA Analysis: When the Commission adopted the amendments on March 1, 2017, it published a Final Regulatory Flexibility Analysis in the adopting releases, Release Nos. 33–10322; 34–80132, available at: *https://www.govinfo.gov/content/pkg/FR-2017-03-17/pdf/2017-04365.pdf.* The Commission solicited comment on the Initial Regulatory Flexibility Analysis published in the proposing releases, Release Nos. 33–10201, 34–78737 (Sept. 12, 2016), available at: *https://www.govinfo.gov/content/pkg/FR-2016-09-12/pdf/2016-21313.pdf,* and considered comments received at that time.

By the Commission.

Dated: October 20, 2026.

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2026–21657 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 109

[Docket No. FDA–2025–D–4023]

Action Levels for Cadmium in Processed Food Intended for Babies and Young Children; Draft Guidance for Industry; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notification of availability.

SUMMARY: The Food and Drug Administration (FDA, the Agency, or we) is announcing the availability of a draft guidance for industry entitled ''Action Levels for Cadmium in Processed Food Intended for Babies and Young Children.'' The draft guidance, when finalized, will establish action levels for cadmium in certain processed foods intended for babies and young children less than 2 years old. The draft guidance is intended to set achievable action levels that will help further reduce cadmium in the food supply.

DATES: Submit either electronic or written comments on the draft guidance by December 22, 2026 to ensure that the Agency considers your comments on the draft guidance before it begins work on the final version of the guidance.

ADDRESSES: You may submit either electronic or written/paper comments on FDA guidances at any time as follows:

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to

the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov.*

• If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see ''Written/Paper Submissions'' and ''Instructions'').

Written/Paper Submissions

Submit written/paper submissions as follows:

• *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

• For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2025–D–4023 for ''Action Levels for Cadmium in Processed Food Intended for Babies and Young Children; Draft Guidance for Industry.'' Received comments will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

• Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' We will review this copy, including the claimed confidential information, in our consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

You may submit comments on any guidance at any time (see 21 CFR 10.115(g)(5)).

Submit written requests for single copies of the draft guidance to the Office of Food Chemical Safety, Dietary Supplements, and Innovation; Human Foods Program; Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740. Send two self-addressed adhesive labels to assist that office in processing your request. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the draft guidance.

FOR FURTHER INFORMATION CONTACT: Eileen Abt, Office of Food Chemical Safety, Dietary Supplements, and Innovation; Human Foods Program; Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740, 240–402–1529; or Barbara Little, Office of Regulations and International Programs; Human Foods Program; Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740, 240–402–2378.

SUPPLEMENTARY INFORMATION:

I. Background

We are announcing the availability of a draft guidance for industry entitled ''Action Levels for Cadmium in Processed Food Intended for Babies and Young Children.'' We are issuing the draft guidance consistent with our good guidance practices regulation (21 CFR 10.115). The draft guidance, when finalized, will represent the current thinking of FDA on this topic. It does not establish any rights for any person and is not binding on FDA or the public. You can use an alternate approach if it satisfies the requirements of the applicable statutes and regulations.

This draft guidance, when finalized, would, in accordance with § 109.6 (21 CFR 109.6), establish the following action levels for cadmium in processed food intended for babies and young children less than 2 years old: 10 parts per billion (ppb) for fruits, vegetables (excluding single-ingredient carrots), and mixtures (including grain- and meat-based mixtures); 25 ppb for single-ingredient carrots; 45 ppb for dry infant cereals; 20 ppb for yogurts, puddings, and custards; and 25 ppb for single-ingredient meats. Consistent with § 109.6(d), these action levels would reflect levels of cadmium at which FDA may regard the food as adulterated within the meaning of section 402(a)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 342(a)(1)). We intend to consider these action levels, in addition to other factors, when considering whether to bring enforcement action in a particular case.

We request comments on these proposed action levels in general, including on whether there may be sufficient data or information that would support different levels for these categories of foods.

As we develop final guidance on this topic, FDA will consider comments on costs or cost savings the guidance may generate, relevant for Executive Order 14192.

II. Paperwork Reduction Act of 1995

This draft guidance contains no collection of information. Therefore, clearance by the Office of Management and Budget under the Paperwork Reduction Act of 1995 is not required.

III. Electronic Access

Persons with access to the internet may obtain the draft guidance at *https://www.fda.gov/FoodGuidances, https://www.fda.gov/regulatory-information/search-fda-guidance-documents,* or *https://www.regulations.gov.* Use the FDA website listed in the previous sentence to find the most current version of the guidance.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21670 Filed 10–22–26; 11:15 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 117

[Docket No. FDA–2016–D–2343]

Hazard Analysis and Risk-Based Preventive Controls for Human Food; Draft Guidance for Industry; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notification of availability.

SUMMARY: The Food and Drug Administration (FDA, the Agency, or we) is announcing the availability of one additional draft chapter of a multichapter draft guidance for industry titled ''Hazard Analysis and Risk-Based Preventive Controls for Human Food.'' This multichapter draft guidance, when finalized, will explain FDA's current thinking on how to comply with the requirements for hazard analysis and risk-based preventive controls under FDA's regulation titled ''Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventive Controls for Human Food.'' The newly available draft chapter is titled ''Chapter 12: Control of Chemical Hazards.'' This draft guidance is not final nor is it in effect at this time.

DATES: Submit either electronic or written comments on the draft guidance by January 21, 2027 to ensure that the Agency considers your comment on this draft guidance before it begins work on the final version of the guidance.

ADDRESSES: You may submit comments on any guidance at any time as follows:

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov.*
- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see ''Written/Paper Submissions'' and ''Instructions'').

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.
- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2016–D–2343 for ''Hazard Analysis and Risk-Based Preventive Controls for Human Food.'' Received comments will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.gpo.gov/fdsys/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

You may submit comments on any guidance at any time (see 21 CFR 10.115(g)(5)).

Submit written requests for single copies of the draft guidance to the Office of Surveillance Strategy and Risk Prioritization, Human Foods Program, Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740. Send two self-addressed adhesive labels to assist that office in processing your requests. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the draft guidance document.

FOR FURTHER INFORMATION CONTACT: Lauren Robin, Office of Food Chemical Safety, Dietary Supplements, and Innovation, Human Foods Program, Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740, 240–429–6741; or Leah Proffitt, Office of Regulations and International Programs, Human Foods Program, Food and Drug Administration, 5001 Campus Dr., College Park, MD 20740, 240–402–2378.

SUPPLEMENTARY INFORMATION:

I. Background

We are announcing the availability of one additional draft chapter of a multichapter draft guidance for industry entitled ''Hazard Analysis and Risk-Based Preventive Controls for Human Food.'' The newly available draft chapter is entitled ''Chapter 12: Control of Chemical Hazards.'' We are issuing the draft guidance consistent with our good guidance practices regulation (21 CFR 10.115). The draft guidance, when finalized, will represent the current thinking of FDA on this topic. It does not establish any rights for any person and is not binding on FDA or the public. You can use an alternate approach if it satisfies the requirements of the applicable statutes and regulations.

We previously announced the availability of several chapters of that draft guidance as shown in table 1.

TABLE 1—AVAILABLE DRAFT CHAPTERS IN HAZARD ANALYSIS AND RISK-BASED PREVENTIVE CONTROLS FOR HUMAN FOOD

Chapter No.	Chapter title	Publication
N/A	Introduction	81 FR 57816, August 24, 2016; Revised 89 FR 7315, February 2, 2024.
1	The Food Safety Plan	81 FR 57816, August 24, 2016.
2	Conducting a Hazard Analysis	81 FR 57816, August 24, 2016.
3	Potential Hazards Associated with the Manufacturing, Processing, Packing, and Holding of Human Food.	81 FR 57816, August 24, 2016.
4	Preventive Controls	81 FR 57816, August 24, 2016.
5	Application of Preventive Controls and Preventive Control Management Components.	81 FR 57816, August 24, 2016.
6	Use of Heat Treatments as a Process Control	82 FR 41364, August 31, 2017.
11	Food Allergen Program	88 FR 66457, September 27, 2023.
14	Recall Plan	84 FR 53347, October 7, 2019.
15	Supply-Chain Program for Human Food Products	83 FR 3449, January 25, 2018.
16	Acidified Foods	88 FR 66457, September 27, 2023.
Appendix 1	Potential Hazards for Foods and Processes	81 FR 57816, August 24, 2016; Revised 89 FR 7315, February 2, 2024.
Appendix 2	Food Safety Plan Forms	81 FR 57816, August 24, 2016.
Appendix 3	Bacterial Pathogen Growth and Inactivation	81 FR 57816, August 24, 2016.

The FDA Food Safety Modernization Act (FSMA) (Pub. L. 111–353) enables FDA to better protect public health by helping to ensure the safety and security of the food supply. FSMA enables FDA to focus more on preventing food safety problems rather than relying primarily on reacting to problems after they occur. FSMA recognizes the important role industry plays in ensuring the safety of the food supply, including the adoption of modern systems of preventive controls in food production.

Section 103 of FSMA amended the Federal Food, Drug, and Cosmetic Act (FD&C Act) by adding section 418 (21 U.S.C. 350g) with requirements for hazard analysis and risk-based preventive controls for establishments that are required to register as food facilities under our regulations in 21 CFR part 1, subpart H, in accordance with section 415 of the FD&C Act (21 U.S.C. 350d). We have established regulations to implement these requirements within part 117 (21 CFR part 117).

The multichapter draft guidance for industry is intended to explain our current thinking on how to comply with the requirements for hazard analysis and risk-based preventive controls under part 117, principally in subparts C and G. This draft chapter addresses controls for known or reasonably foreseeable (''potential'') chemical hazards. On February 13, 2025, the Trump Administration issued Executive Order 14212 ''Establishing the President's Make American Healthy Again Commission'' (90 FR 9833). The goal of this Commission is to address the health crisis in America and lower chronic disease and, in furtherance of this goal, advance efforts to improve food quality and safety. This guidance seeks to help ''Make America Healthy Again'' by improving understanding of the regulations regarding controlling chemical hazards in foods, including radiological hazards, pesticide and drug residues, natural toxins, decomposition, and unapproved food or color additives, as specified in 21 CFR 117.130(b)(1)(ii), as well as environmental contaminants (*e.g.,* toxic elements (*e.g.,* lead, cadmium, arsenic), dioxin, and per- and polyfluoroalkyl substances (PFAS)), and hazardous chemicals that can form during food production (process-related contaminants). Controlling chemical hazards in foods helps ensure the safety and quality of the food supply and protect U.S. consumers.

We intend to announce the availability for public comment of additional chapters of the draft guidance as we complete them. The titles of the additional chapters that we expect to make available for public comment are included in the table of contents for the complete multichapter guidance.

As we develop final guidance on this topic, FDA will consider comments on costs or cost savings the guidance may generate, relevant for Executive Order 14192.

II. Paperwork Reduction Act of 1995

While this draft guidance contains no collection of information, it does refer to previously approved FDA collections of information. The previously approved collections of information are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3521). The collections of information in part 117 have been approved under OMB control number 0910–0751.

III. Electronic Access

Persons with access to the internet may obtain the draft guidance at either *https://www.fda.gov/FoodGuidances, https://www.fda.gov/regulatory-information/search-fda-guidance-documents,* or *https://www.regulations.gov.* Use one of the FDA websites listed in the previous sentence to find the most current version of the guidance.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21669 Filed 10–22–26; 11:15 am]

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DEPARTMENT OF THE TREASURY

31 CFR Part 36

[TREAS–DO–2026–0529]

RIN 1505–AC96

21st Century ROAD to Housing Act Prohibition on Large Institutional Investor Purchases of Single-Family Homes

AGENCY: Department of the Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Department of the Treasury (Treasury) is issuing this proposed rule to carry out the purposes of section 1001 of the 21st Century ROAD to Housing Act (the Act or the ROAD Act). Section 1001 of the ROAD Act prohibits large institutional investors from purchasing single-family homes, subject to certain exceptions.

The proposed rule would clarify certain terms relevant to those restrictions, including ''large institutional investor''; clarify the application of certain exceptions from the statutory prohibition; and clarify the statutory enforcement mechanism. The proposed rule is intended to provide clarity to market participants and other stakeholders on the application of the statute before the effective date of the ROAD Act.

DATES: Comments on this notice of proposed rulemaking must be received on or before November 23, 2026.

ADDRESSES: Written comments may be submitted through one of two methods:

- *Electronic Submission:* Comments may be submitted electronically through the Federal Government eRulemaking portal at *https://www.regulations.gov.*
- *Mail:* Send to U.S. Department of the Treasury, Attention: Office of Capital Markets, 1500 Pennsylvania Avenue NW, Washington, DC 20220.

Given potential delays in the receipt of comments by mail, we strongly encourage all comments to be submitted via *https://www.regulations.gov.* All comments should be captioned ''Restrictions on Large Institutional Investor Purchases of Single-Family Homes.'' Please include your name, organizational affiliation, address, email address, and telephone number in your comment. In general, all comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not submit any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: William Hicks, Office of Domestic Finance, 202–622–0148; Eric Froman, Office of the General Counsel, 202–622–1942; or *OGC_ROADAct@Treasury.gov.*

SUPPLEMENTARY INFORMATION:

I. Introduction and Overview

A. Statutory Background and Authority

Section 1001 of the ROAD Act,[1] enacted on July 11, 2026, is intended to promote homeownership opportunities for American families by prohibiting purchases of single-family homes by large institutional investors,[2] subject to specified ''excepted purchases.'' The statute defines ''excepted purchase'' to include purchases made pursuant to a build-to-rent program, renovate-to-rent program, homeownership program, or program to boost homeownership, among others.[3] In appropriate circumstances, these excepted activities can support or increase the nation's housing supply without reducing the availability of single-family homes for families and other owner-occupants.

The ROAD Act authorizes Treasury, in consultation with the Secretary of Housing and Urban Development, the Director of the Federal Housing Finance Agency, and the Chair of the Securities and Exchange Commission, to issue regulations to carry out the purposes of section 1001, including regulations to ''(i) minimize market disruptions upon identifying a risk of material negative impact on the housing market, including an impact on the ability of market participants to dispose of single-family homes in an orderly fashion; and (ii) mitigate, to the extent possible, negative impacts on consumers and communities.'' [4] Treasury's regulations may not ''amend the definitions'' of certain terms that are defined in the statute.[5]

The statute's requirements and prohibitions take effect on the date that is 180 days after the date of enactment of the Act (*i.e.,* on January 7, 2027).

B. Purpose of the Proposed Rule

Treasury is issuing this proposed rule in order to promote clarity for market participants and other stakeholders regarding the restrictions in section 1001 of the ROAD Act. Treasury may subsequently engage in additional rulemakings regarding other aspects of the statute.

This proposed rule is intended to clarify the meaning and application of certain terms that are used but not defined in the Act. Specifically, the proposed rule clarifies terms used in the statutory definitions of ''excepted purchase'' and ''large institutional investor'': ''program,'' ''build-to-rent program,'' ''renovate-to-rent program,'' ''homeownership program,'' ''program to boost homeownership,'' ''engaged in the business of,'' ''passive investor,'' ''purchase price of the single-family home,'' and ''structural or core system.'' Treasury also proposes to clarify the scope of excepted purchases made pursuant to sections 1001(a)(2)(F), (G), and (H) of the Act, which relate to certain purchases in connection with the satisfaction of debts previously contracted; certain purchases for the purpose of loss mitigation or compliance with servicing or investor obligations; and certain purchases from another large institutional investor. Finally, Treasury proposes to clarify the calculation of the maximum civil penalty for a purchase made in violation of the Act by more than one large institutional investor.

The proposed rule is intended to assist market participants and other stakeholders in determining whether particular acquisition structures, contractual arrangements, and purchase programs are consistent with the ROAD Act.[6]

C. Phased Rulemaking Approach

The purchase prohibition in section 1001 of the ROAD Act becomes effective 180 days after enactment.[7] Given this short implementation period and the need for market participants to make decisions regarding homebuilding, acquisitions, ownership structures, investment arrangements, and compliance systems, Treasury currently intends to take a phased rulemaking approach.

This proposed rule is the first phase, focusing on issues that Treasury believes would be beneficial to address as soon as possible to provide clarity and minimize market disruptions.

Treasury expects to consider engaging in future rulemakings to address other aspects of section 1001 of the ROAD Act, such as other statutory excepted-purchase categories, compliance procedures, reporting and recordkeeping, and enforcement actions.

D. Overview of the Proposed Rule

Following are brief summaries of the provisions of the proposed rule. For further explanation, see the discussion in section II below.

Proposed § 36.1 sets forth the authority, purpose, and scope of Part 36.

Proposed § 36.2 defines certain key terms for use in Part 36. Proposed § 36.2 defines ''property control right'' to mean a right, including a consent, approval, veto, or other right, that gives an entity the ability to make, direct, or prevent a second entity's decisions, directly or indirectly, related to the purchase, sale, holding, leasing, renovation, or management of a single-family home. As discussed below, this term is relevant within the proposed definition of ''passive investor.'' Proposed § 36.2 also defines ''purchase price of the property''

[1] 42 U.S.C. 19521.

[2] These and other terms are defined in section 1001(a) of the ROAD Act.

[3] *See* Section 1001(a)(2) of the ROAD Act.

[4] *Id.* at section 1001(b)(4)(A).

[5] *Id.* at section 1001(b)(4)(B).

[6] Section 1001(c)(8) of the Act requires a large institutional investor to submit an annual notice to the Department of Housing and Urban Development (HUD) with certain information about single-family homes over which the large institutional investor has direct or indirect investment control. HUD will prescribe the form and manner of that notice, which this proposed rule does not address.

[7] *Id.* at section 1001(f)(1).

and ''purchase price of the single-family home.'' These definitions are intended to distinguish the total amount paid to purchase a property, including the land on which the single-family home is situated, from the portion of that amount attributable to the structure for purposes of applying the renovate-to-rent exception. Proposed § 36.2 also defines ''structural or core system,'' based on the Department of Housing and Urban Development's (HUD's) residential building-code comparison framework for identifying systems or areas that affect structural integrity, habitability, life safety, or major building systems.

Proposed § 36.3 would define ''program'' for purposes of the statutory definition of ''excepted purchase,'' which refers to four categories of program-based excepted purchases: build-to-rent programs, renovate-to-rent programs, homeownership programs, and programs to boost homeownership. Under the proposal, a program would mean a set of written policies or written procedures that are adopted before the purchase of single-family homes pursuant to such program and are reasonably designed and implemented to ensure that all purchases of single-family homes pursuant to the program satisfy the applicable requirements of the Act, Part 36, and the program.

Proposed § 36.5 would clarify when a build-to-rent program meets the statutory requirements. Under the proposed rule, a build-to-rent program is a program pursuant to which purchased single-family homes have not been occupied by an owner-occupant before being purchased, are purchased within 18 months of the single-family home receiving its certificate of occupancy, and, after the purchase, are first occupied by renters.

Proposed § 36.6 would clarify when a renovate-to-rent program meets the statutory requirements. Under the proposal, a renovate-to-rent program is a program pursuant to which a large institutional investor substantially rehabilitates single-family homes that do not meet structural or core system elements of local building codes at the time of purchase, resolves all material deficiencies, and makes improvements to each single-family home in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home. Proposed § 36.6 also would provide a non-exclusive safe harbor for the substantial-rehabilitation requirement, if the large institutional investor makes improvements in an aggregate amount of not less than 10 percent of the purchase price of the single-family home on structural or core system elements and resolves all material deficiencies in such elements.

Proposed § 36.7 would clarify when a homeownership program meets the statutory requirements for that program. Under the proposal, a homeownership program would be a program pursuant to which a large institutional investor enters into contracts with renters to rent single-family homes purchased by the large institutional investor, where those contracts include certain terms relating to rental payments and fees and provide for specified consumer-credit treatment, positive reporting of rental payments, meaningful financial support for the purchase of the single-family home, the renter's right to purchase the single-family home, and the continuation of the homeownership program's terms in the event the home is sold to another large institutional investor. Proposed § 36.7 would also provide a non-exclusive safe harbor for determining whether a large institutional investor has provided meaningful financial support for the purchase of the single-family home.

Proposed § 36.8 would clarify when a program to boost homeownership meets the statutory requirements. Under the proposal, such a program would be a program pursuant to which a large institutional investor enters into contracts with renters to rent single-family homes purchased by the large institutional investor, where those contracts include certain terms relating to positive reporting of rental payments, a right of first refusal and 30-day first-look period, meaningful financial support for the renter's purchase of a single-family home, and the continuation of the program's terms in the event the home is sold to another large institutional investor. Proposed § 36.8 would also provide a non-exclusive safe harbor for determining whether a large institutional investor has provided meaningful financial support, a right of first refusal, and 30-day first-look period.

Proposed § 36.9 would clarify when a large institutional investor purchases a single-family home under the statutory exception for the satisfaction of certain debts previously contracted. Under the proposed rule, this category would include certain direct purchases by a large institutional investor in connection with the satisfaction of debts previously contracted by that large institutional investor, and certain indirect purchases by a large institutional investor from another person or entity that purchased the single-family home in connection with the satisfaction of debts previously contracted.

Proposed § 36.10 would clarify when a large institutional investor purchases a single-family home in accordance with the statutory exception for purchases for the purpose of loss mitigation or compliance with servicing or investor obligations. Under the proposed rule, this category would apply where the purchase is undertaken by a mortgage servicer, lender, or other entity that has a legal right to a single-family home for the purpose of loss mitigation or compliance with servicing or investor obligations, and not as a long-term investment strategy, and is solely as a result of specified default-related events. The proposed rule would also address purchases directly (by such a mortgage servicer, lender, or other entity) or indirectly (from such a mortgage servicer, lender, or other entity).

Proposed § 36.11 would clarify when a large institutional investor purchases a single-family home from another large institutional investor pursuant to section 1001(a)(2)(H) of the Act. Under the proposal, such a purchase would be an excepted purchase if the selling large institutional investor either owned the single-family home on the date of enactment of the Act or purchased the single-family home in compliance with the Act, including in a purchase from another large institutional investor under section 1001(a)(2)(H).

Proposed § 36.15 would clarify when an entity is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes for purposes of section 1001(a)(3)(A)(i)(I) of the Act. Under the proposal, an entity would fall within this scope if it invests, directly or indirectly, in, owns, rents, manages, or holds single-family homes for the purpose, in whole or in part, of receiving investment gains, rental income, management fees, or any other type of income or financial gain. Proposed § 36.15 would also clarify that an entity is not engaged in that business if the entity, directly or indirectly, invests in, owns, rents, manages, or holds single-family homes solely on a temporary and incidental basis in furtherance of a different bona fide business, only to the extent reasonably necessary for the conduct of such other bona fide business, and not as a regular or continuing investment strategy or portfolio management activity.

Proposed § 36.16 would define ''passive investor'' for purposes of section 1001(a)(3)(B)(iv) of the Act. Under the proposed rule, an entity would be a passive investor in a second entity only if it satisfies certain conditions relating to director and

management overlap and property control rights.

Proposed § 36.17 would clarify enforcement of the statutory restrictions under section 1001(d) of the Act, which provides for civil penalties of up to the greater of $1 million or three times the purchase price of the property. Under the proposed rule, a purchase of a single-family home that violates section 1001(b) of the Act with respect to more than one large institutional investor would be deemed a single violation for purposes of calculating the maximum civil penalty under section 1001(d)(1) of the Act. This provision is intended to prevent any single purchase of a single-family home from resulting in total penalties exceeding the statutory limit due to more than one large institutional investor being involved in the purchase.

Finally, proposed § 36.18 includes a severability provision.

II. Section-by-Section Discussion

A. Authority, Purpose, and Scope (Proposed § 36.1)

Proposed § 36.1 sets forth the authority, purpose, and scope of proposed Part 36.

The authority for Part 36 is section 1001 of the Act. Paragraph (b) notes that the Act authorizes Treasury to issue regulations to carry out the purposes of section 1001 of the Act.

B. Definitions (Proposed § 36.2)

1. Act or ROAD Act

The proposed rule defines ''Act'' or ''ROAD Act'' to mean the 21st Century ROAD to Housing Act, as amended from time to time.

2. Property Control Rights

The proposed rule defines ''property control right'' as ''a right, including a consent, approval, veto, or other right, that gives an entity the ability to make, direct, or prevent a second entity's decisions, directly or indirectly, related to the purchase, sale, holding, leasing, renovation, or management of a single-family home.'' This term is used in proposed § 36.16, which relates to passive investors for purposes of section 1001(a)(3)(B)(iv) of the Act, as discussed in section II.L below.

The proposed definition is intended to identify rights that provide an investor with an ability to control an entity's decisions regarding single-family homes it owns. An investor may have such authority, and therefore not be a passive investor, even if the investor does not own a majority of the entity's voting interests and does not have formal management authority over the entity.

The proposed formulation is intended to encompass the variety of rights that arise under investment agreements, limited partnership agreements, and other relevant structures. An investor may have the ability to make a decision itself, to direct the second entity or its manager to make or not make a decision, or to prevent a decision through a consent, approval, veto, or other right. Such rights appear to be inconsistent with passive investor status. The proposed definition focuses on rights related to a second entity's decisions to purchase, sell, hold, lease, renovate, or manage a single-family home. These decisions are central to the statutory framework because they affect whether and how a large institutional investor acquires, operates, retains, improves, or disposes of single-family homes.

Under the proposed rule, the definition would focus on rights related to single-family homes; as a result, investor rights unrelated to single-family homes would not generally be considered a property control right. Similarly, an investor's right to reduce or liquidate its investment would not generally be considered a property control right, even if it indirectly results in the sale of single-family homes by the second entity. Commercial contracts include various rights that protect the parties' interests, such as payment rights, default remedies, information rights, audit rights, inspection rights, and standard covenants, that would not generally be considered property control rights under the proposed definition. This approach is intended to avoid disrupting an investor's portfolio-level control of its investments.

The proposed definition focuses on the effect of the right rather than the label assigned to the right. A right may constitute a property control right even if it is described as a consent right, approval right, veto right, consultation right, covenant, restriction, or similar arrangement. The proposed definition does not set forth an exhaustive list of types of relevant rights. Contractual arrangements vary widely, and a fixed list would be both overinclusive and underinclusive.

Treasury is not proposing a safe harbor for minority-investor protective rights, because such arrangements may provide an entity with control over a second entity's purchases, sales, holdings, leases, renovations, or management of single-family homes.

Treasury invites comments on all aspects of the definition of ''property control right.'' In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 1: Is the proposed definition appropriate? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities? Are there ways in which the definition is either overinclusive or underinclusive?

Question 2: Is it appropriate for the definition of ''property control right'' to focus on an entity's decisions to purchase, sell, hold, lease, renovate, or manage a single-family home?

Question 3: Are the terms ''make,'' ''direct,'' and ''prevent'' in the proposed definition sufficiently clear?

Question 4: Should the definition include examples of rights that do or do not constitute property control rights? If so, what examples would be appropriate?

Question 5: Should any exclusions be added to the definition? How should such exclusions be framed to avoid creating opportunities for evasion of the statutory requirements?

Question 6: Should rights that become exercisable only after default, or a similar event, be treated differently from rights exercisable in the ordinary course of business?

Question 7: Should rights held by lenders, mortgage servicers, vendors, or similar entities be treated differently from rights held by investors?

3. Purchase Price of the Property

Treasury is proposing to define ''purchase price of the property'' to mean ''the total amount paid by an entity to purchase a single-family home, including the amount paid for the land on which the single-family home is situated.'' This definition is used (i) to calculate the ''purchase price of the single-family home,'' (ii) in the proposed rule's provisions regarding homeownership programs and programs to boost homeownership, and (iii) to calculate the statutory limit on civil penalties in enforcement actions.

Purchases of single-family homes generally include both the residential structure and the land on which the structure is situated. Accordingly, the statutory exception for renovate-to-rent programs requires ''improvements in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home,'' [8] while the statutory limit on civil penalties is based on ''the purchase price of the property involved.'' [9] Treasury believes it is appropriate to distinguish between these statutory terms as contemplated

[8] *Id.* at section 1001(a)(2)(C)(ii).

[9] *Id.* at section 1001(d)(1).

by the proposed definition, which distinguishes between the total amount paid in a real estate transaction and the portion of that amount attributable to the single-family home itself. Treasury preliminarily believes the Act's reference to ''purchase price of the property'' refers to the amount paid for both the single-family-home structure and the associated land.

The proposed definition of ''purchase price of the property'' refers to the amount paid by the purchaser, which provides an objective and administrable figure.

Treasury invites comments on all aspects of the definition of ''purchase price of the property.'' In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 8: Is the proposed definition of ''purchase price of the property'' appropriate and clear? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities? Should the rule distinguish between ''purchase price of the property'' and ''purchase price of the single-family home''?

Question 9: Should the definition be modified to address whether the ''total amount paid'' includes factors such as non-cash consideration, assumed liabilities, closing costs, transaction costs, seller credits, or other adjustments? If so, how? How should the definition account for the full scope of the definition of ''purchase'' including ''mergers, acquisitions, construction, foreclosures, or bulk purchases, whether or not for cash consideration''?

Question 10: Should the definition be modified to provide different rules for portfolio purchases, bulk purchases, purchases involving multiple structures, or purchases involving a single contract price for multiple single-family homes?

Question 11: Is it practicable to calculate the purchase price of the property, as defined in this proposed rule, in an objective and consistent manner? What modifications to the definition could be made to increase its administrability and consistent application?

4. Purchase Price of the Single-Family Home

Treasury is proposing to define ''purchase price of the single-family home'' to mean ''the portion of the purchase price of the property attributable to the value of the structure, as calculated by subtracting the tax-assessed value of the land at the time of the purchase on which the single-family home is situated from the purchase price of the property.'' This term is used in the exception for renovate-to-rent programs.

This definition is intended to provide a clear and simple method for calculating the purchase price of a single-family home. As noted above in the context of the definition of ''purchase price of the property,'' Treasury believes it is appropriate, in the purchase of a single-family home, to distinguish between the purchase price of the structure and the total amount paid for the structure and land together. Further, the Act's definition of ''single-family home'' refers to ''a structure,'' so it is appropriate for the ''purchase price of the single-family home'' to mean the purchase price of the ''structure,'' rather than the value of associated land. In addition, the renovate-to-rent exception is focused on substantial rehabilitation of single-family homes that do not meet structural or core system elements of local building codes, and a denominator focused on the value of the structure is better aligned with that statutory construct than a denominator that includes the value of the purchased land.

The proposed definition, which subtracts the tax-assessed value of land at the time of purchase, is intended to provide an administrable method for determining the portion of the purchase price attributable to the structure. Tax-assessed land values generally provide a transaction-specific, location-specific measure that may be more reliable and administrable than other valuation methods, such as appraisals.

Treasury recognizes, however, that tax assessment practices vary across jurisdictions. In some jurisdictions, land and improvement values may be separately assessed. In others, the relevant assessed values may not be current, may be subject to assessment limitations, may be under appeal, or may not be available at the time of purchase. Treasury alternatively considered deducting from the purchase price of the property an amount that is proportionate to the amount of the total tax-assessed value attributable to land, but that approach creates the risk of overly complicating the calculation and creating more uncertainty than the proposed definition.

Treasury invites comments on all aspects of the definition of ''purchase price of the single-family home.'' In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 12: Is the proposed definition of ''purchase price of the single-family home'' appropriate and clear? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities?

Question 13: Is it appropriate to define the purchase price of the single-family home by subtracting the tax-assessed value of the land from the purchase price of the property? What alternative calculation methodologies would be more appropriate, more administrable, or more reliable? Should the definition instead use another method, such as an appraisal, an assessed improvement value, a purchase agreement allocation, an insurance replacement-cost estimate, or another measure?

Question 14: Should the definition provide for an alternative calculation method in cases where the tax-assessed value of land is unavailable, not separately stated, not current, under appeal, or otherwise unreliable?

Question 15: Should the final rule address circumstances in which the tax-assessed value of land equals or exceeds the purchase price of the property?

5. Structural or Core System

a. Overview of Definition

Proposed § 36.2 would define ''structural or core system'' to mean ''systems or areas of a single-family home that substantially affect structural integrity, habitability, life safety, or the functioning of major building systems, which may include fire safety, light and ventilation, structural loads and seismic design, foundation systems, materials standards, construction components, glass, mechanical, plumbing, and electrical.'' This definition is intended to clarify the scope of the renovate-to-rent exception in section 1001(a)(2)(C) of the Act, which applies to purchases made pursuant to a renovate-to-rent program that substantially rehabilitates single-family homes ''that do not meet structural or core system elements of local building codes'' and makes improvements in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home.[10]

The proposed definition is intended, for purposes of the Act's renovate-to-rent exception, to clarify the types of building-code deficiencies that qualify as structural or core system elements and distinguish these improvements from cosmetic improvements, ordinary turnover work, routine maintenance, or discretionary upgrades. A deficiency would not qualify merely because the

[10] Section 1001(a)(2)(C) of the ROAD Act.

home is outdated, requires routine repairs, could benefit from modernization, or fails to satisfy a building-code requirement not related to structural integrity, habitability, life safety, or the functioning of major building systems. For example, ordinary painting, flooring replacement, landscaping, appliance upgrades, cabinet or countertop replacement, or other cosmetic or marketability improvements generally would not involve structural or core systems.

Treasury recognizes that renovation projects may include both qualifying and non-qualifying work under this definition. A project that involves substantial repairs to structural or core systems as well as incidental related demolition, finish work, restoration, or other work necessary to complete the rehabilitation would also qualify. Cosmetic work or other work unrelated to repairs to structural or core systems would not fall within the proposed definition.

A large institutional investor seeking to rely on the renovate-to-rent exception would need to identify deficiencies that result in the single-family home not meeting structural or core system elements (as defined in the proposed rule) of applicable local building codes. Notably, this definition and the related excepted purchase standard do not replace or displace applicable local building codes.

b. Use of HUD Residential Building-Code Comparison Framework

The proposed definition is based on HUD's residential building-code comparison framework under 24 CFR 200.926 and 200.926a. Treasury believes that incorporating existing standards from HUD will minimize administrative burdens and potential disruptions to existing construction practices. HUD's regulations provide that, when evaluating local building codes, HUD compares those codes to the areas listed in 24 CFR 200.926a. The listed major areas include fire safety, light and ventilation, structural loads and seismic design, foundation systems, materials standards, construction components, glass, mechanical, plumbing, and electrical.

Treasury is not proposing to incorporate HUD's minimum property standards wholesale or to make eligibility for the renovate-to-rent exception dependent on whether a property satisfies standards applicable to HUD mortgage insurance or other HUD programs. Rather, as reflected in the proposed definition, Treasury proposes to use the categories in HUD's framework as a reference point for identifying the types of local building-code elements that should be treated as structural or core systems for purposes of the renovate-to-rent category of excepted purchases under the Act.

Treasury believes this approach would promote consistency across jurisdictions nationwide. Local codes vary in terminology, organization, and scope. The proposed definition would provide a federal reference for the relevant categories of code requirements.

The proposed definition is intended to exclude single-family homes that have only cosmetic deficiencies or need only routine repairs rather than repairs to structural or core system deficiencies. For example, ordinary painting, flooring replacement, landscaping, appliance upgrades, cabinet replacement, countertop replacement, or other cosmetic or marketability improvements generally would not, standing alone, involve structural or core systems unless the work is necessary to address a covered local building-code deficiency relating to structural integrity, habitability, life safety, or a major building system.

At the same time, Treasury recognizes that renovation projects may include both qualifying and non-qualifying work. A project may involve repairs to structural or core systems as well as related demolition, finish work, restoration, or other work necessary to complete the rehabilitation, which would also qualify. Purely cosmetic work or other work unrelated to repairs to structural or core systems would not be considered within scope for purposes of this definition.

Treasury invites comments on all aspects of the ''structural or core system'' definition. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 16: Is the proposed definition of ''structural or core system'' appropriate and clear? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities? Is the proposed definition appropriately tailored to identify areas that affect structural integrity, habitability, life safety, or the functioning of major building systems?

Question 17: Is incorporating the categories from HUD's residential building-code comparison framework appropriate for identifying structural or core systems?

Question 18: Should any additional categories of structural or core systems be added to the definition? Should any proposed categories be removed?

Question 19: How should Treasury distinguish a structural or core system rehabilitation from cosmetic improvements, routine maintenance, ordinary turnover work, or discretionary upgrades?

C. Program (Proposed § 36.3)

1. Overview of ''Program''

Proposed § 36.3 would define ''program'' to mean a set of written policies or written procedures that are (i) adopted before the purchase of single-family homes pursuant to such program; and (ii) reasonably designed and implemented to ensure that all purchases of single-family homes pursuant to the program satisfy the applicable requirements of the Act, Part 36, and the program.

The Act uses the term ''program'' in the context of excepted purchases under build-to-rent programs, renovate-to-rent programs, homeownership programs, and programs to boost homeownership. The proposed definition of ''program'' would apply to each of these categories and reflects Treasury's view of the best interpretation of the statutory term, given the context in the Act and the need for a clear and objective standard.

Under the proposed definition, the relevant program must be tailored to the excepted-purchase category on which the large institutional investor intends to rely. For example, a build-to-rent program should be reasonably designed and implemented to ensure that all purchases satisfy the new-construction and rental property requirements; a renovate-to-rent program should be reasonably designed to ensure that all purchases satisfy applicable rehabilitation, local building-code deficiency, structural or core system, and improvement requirements; a homeownership program should be reasonably designed to ensure that all purchases satisfy the rental payment, consumer-credit treatment, positive rent reporting, meaningful financial support, purchase-right, and transfer-related requirements; and a program to boost homeownership should be reasonably designed to ensure that all purchases satisfy the positive rent reporting, right of first refusal and first-look, meaningful financial support, and transfer-related requirements. Therefore, the proposed definition of ''program'' would apply to proposed §§ 36.5, 36.6, 36.7, and 36.8, which address the Act's program-based excepted-purchase categories.

2. Written Policies or Written Procedures

The proposed definition would require a program to be codified in

''written policies or written procedures.'' Treasury believes that documentation of policies and procedures is necessary to distinguish a program from an ad hoc or post hoc characterization of purchases. For the same reason, Treasury proposes to require that a program be ''adopted before the purchase of single-family homes pursuant to such program'': a purchase cannot be made ''pursuant to'' a program, as the statute requires,[11] if the program does not yet exist at the time of the purchase.

The proposed definition does not prescribe a specific form for a program's written policies and procedures. Large institutional investors vary in size, structure, geography, property type, business model, and acquisition strategy. The proposed definition is intended to provide an appropriate degree of flexibility to avoid undue burdens.

While the proposed definition does not specify in detail the content of the required policies and procedures, Treasury generally expects that such documentation would include a combination of eligibility criteria, purchase criteria, property criteria, renter criteria, rehabilitation criteria, sales criteria, approval standards, compliance standards, review workflows, transaction checklists, approval processes, escalation procedures, certifications, training materials, monitoring procedures, and audit processes.

3. Reasonably Designed and Implemented

The proposed definition would require that the program be reasonably designed and implemented to ensure that all purchases of single-family homes pursuant to the program satisfy the applicable requirements of the Act, Part 36, and the program.

A reasonably designed program should be tailored to the requirements under the Act and part 36 for the relevant category of excepted purchase. The program should include policies and procedures sufficient to identify whether a purchase is eligible, document the basis for eligibility, and prevent purchases that do not satisfy the applicable requirements from being treated and reported as excepted purchases.

Treasury expects that large institutional investors seeking to rely on program-based excepted purchases would maintain records sufficient to demonstrate that the program was implemented and that relevant purchases were made pursuant to the program. The specific records may vary depending on the program and purchase.

This definition is intended to require meaningful compliance controls without disqualifying all purchases made pursuant to a program due to isolated, good-faith failures in the effectiveness of that program with respect to other purchases. This approach is intended to preserve the availability of the statutory exceptions and to avoid unnecessary disruption to housing supply, home building, and capital formation.

Treasury invites comments on all aspects of the ''program'' definition. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 20: Is the definition of program appropriate and clear? If not, what changes should be made? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities?

Question 21: Should Treasury adopt specific minimum program components, or is a flexible standard preferable? For example, minimum program components could include governance, audit, training, and other requirements. Should the Act's different program-based excepted-purchase categories have different required program components?

Question 22: How should Treasury consider the extent to which failures in the effectiveness of a program or in its implementation indicate that the program was not ''reasonably designed and implemented''?

Question 23: Should a one-time or small-scale initiative qualify as a program if it includes written policies or written procedures? Does the proposed definition create other risks of evasion that should be mitigated in the rule?

Question 24: Should large institutional investors be required to certify or otherwise affirm that each purchase of a single-family home pursuant to a program satisfies the requirements under the Act and Part 36?

D. Build-to-Rent Program (Proposed § 36.5)

1. Overview

Proposed § 36.5 would clarify when a build-to-rent program meets the requirements for an excepted purchase under section 1001(a)(2)(B) of the Act. That statutory provision states that a purchase of a single-family home is an excepted purchase if it is made ''pursuant to a build-to-rent program where the large institutional investor purchases, constructs, or constructs and retains newly constructed single-family homes to be managed as a rental property, whether as part of a community made up exclusively of renter-occupied single-family homes or as part of a community made up of single-family homes that are both owner- and renter-occupied.''

As proposed, a build-to-rent program is a program (as defined in proposed § 36.3) pursuant to which purchased single-family homes (i) have not been occupied by an owner-occupant before being purchased, (ii) are purchased within 18 months of the single-family home receiving its certificate of occupancy (or equivalent); and (iii) are, after the purchase, first occupied by renters, whether as part of a community made up exclusively of renter-occupied single-family homes or as part of a community made up of single-family homes that are both owner- and renter-occupied.[12] The proposed rule interprets ''newly constructed'' as excluding homes previously occupied by an owner-occupant and ''to be managed as a rental property'' as requiring initial rental use, and proposes the 18-month certificate-of-occupancy criterion as an administrable line for applying those statutory standards.

The proposed rule is intended to provide an administrable means for investors to make build-to-rent purchases that maintain liquidity in the build-to-rent market and do not reduce the availability of owner-occupant housing stock.

Treasury invites comments on all aspects of the build-to-rent program definition. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 25: Is the proposed definition appropriately tailored to identify purchases made pursuant to build-to-rent programs? Should the definition provide additional terms relating to single-family homes that a large institutional investor constructs or constructs and retains?

Question 26: Are there any additional conditions that should be included?

Question 27: Should the final rule adopt one of the alternative interpretations described below?

[11] *See* Sections 1001(a)(2)(B), (C), (D), (E) of the ROAD Act.

[12] Treasury interprets the latter part of this provision, relating to different types of ''communities,'' as clarifying that qualifying single-family home purchases are not limited to those in a particular kind of community, including if that community includes homes other than single-family homes.

The proposal focuses on objective indicators that a home was added to rental supply through a build-to-rent arrangement rather than acquired from existing housing stock. If a purchase of a single-family home does not meet the conditions in the proposed rule, the purchase would not be pursuant to a build-to-rent program and would not qualify for that category of excepted purchase.

2. Newly Constructed

The statutory build-to-rent exception applies to ''newly constructed'' [13] single-family homes. Proposed § 36.5(a) and (b) would implement this concept by requiring (i) that the home has not previously been occupied by an owner-occupant and (ii) is purchased within 18 months of the home receiving its certificate of occupancy (or equivalent).

A purchase of a home that has previously been occupied by an owner-occupant would not qualify as a purchase pursuant to a build-to-rent program. This distinction is important because the build-to-rent exception is directed at homes that are newly constructed for rental use, rather than homes that have already been part of the existing stock of owner-occupied housing. The proposed requirement would apply to occupancy before the single-family home was purchased.

Treasury preliminarily believes that a certificate of occupancy provides a clear, administrable standard for when a single-family home has been constructed. The 18-month standard in the proposed provision is intended to be an appropriate length of time for a single-family home to have been constructed before it may no longer be considered newly constructed in accordance with the Act.

Treasury has alternatively considered interpreting the statutory term ''newly constructed'' to be time-bound, such as covering homes constructed after enactment of the ROAD Act or homes that received their certificate of occupancy within a certain number of years. Treasury preliminarily believes that the approach in the proposed rule more appropriately construes the term ''newly constructed'' and covers the kinds of homes that are intended to be eligible for purchase by large institutional investors under the ROAD Act.

Treasury also considered an alternative under which a purchase of a single-family home could be made pursuant to a build-to-rent program if the single-family home was originally constructed to be rented and has remained rented. In effect, this would include existing build-to-rent properties in the scope of the build-to-rent program excepted purchase. However, interpreting ''newly constructed single-family home'' to include older homes that have been renter-occupied for potentially decades appears to be inconsistent with the statutory text and purpose. Because ''newly constructed'' and ''originally constructed'' are not equivalent, such an interpretation would effectively render ''newly constructed'' meaningless. In addition, focusing the exemption on single-family homes that are not pre-existing is consistent with the ROAD Act's goal to increase overall housing supply.

3. Managed as a Rental Property

Proposed § 36.5(c) would require that a single-family home is, after the purchase by a large institutional investor, first occupied by renters. This requirement is intended to ensure that purchases pursuant to a build-to-rent program meet the statutory requirement that they be single-family homes purchased ''to be managed as a rental property'' [14]—not homes purchased for resale, land banking, speculative appreciation, or other purposes. To effectuate this statutory language, the proposal would require more than a general intention to rent the single-family home. Treasury preliminarily believes that the strongest, most objective evidence that a large institutional investor purchased the single-family home ''to be managed as a rental property'' is that the large institutional investor actually rents the home. At the same time, proposed § 36.5 would not prohibit the large institutional investor from selling the home.

Treasury invites comments on all aspects of the ''build-to-rent program'' provision. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 28: Is this provision appropriate and clear? If not, what changes should be made? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities? Is it appropriately tailored to identify purchases made pursuant to build-to-rent programs?

Question 29: Should any additional conditions or requirements be added to the proposed interpretation of ''build-to-rent program''?

Question 30: Should the final rule adopt one of the alternative interpretations described above?

Question 31: Should the rules implement the statutory references to communities in a different manner than as proposed?

Question 32: Are the proposed conditions for no prior owner-occupancy and purchases within 18 months appropriate and administrable indicators for determining whether a home is newly constructed? What alternatives should Treasury consider to either or both of these factors?

Question 33: Should the final rule include additional or alternative indicators of new construction, such as the date of certificate of occupancy, date of substantial completion, date of construction permit issuance, or date of first utility activation? Is Treasury's interpretation that a home is considered a single-family home only once it has received a certificate of occupancy (or equivalent) appropriate? Is there a different threshold that Treasury should use? Are there any jurisdictions where reference to ''certificate of occupancy'' is not appropriate or unworkable, and if so, what would be a suitable replacement in the rule?

Question 34: Is 18 months after the certificate of occupancy (or equivalent) an appropriate period of time for determining whether a single-family home is newly constructed?

Question 35: Is the requirement that a single-family home be first occupied by a renter an appropriate and administrable indicator of the intended use of the single-family home?

Question 36: Should the final rule specify a minimum period for which a single-family home must be rented after the purchase to satisfy this requirement?

Question 37: Should the rule be revised to reflect circumstances in which a single-family home is held unoccupied by a large institutional investor after the purchase, before being occupied by a renter?

4. Documentation of Build-to-Rent Program Eligibility

Treasury expects that a large institutional investor seeking to rely on the build-to-rent exception would maintain documentation sufficient to demonstrate that the purchase was made pursuant to a build-to-rent program and that the purchase of the single-family home satisfied the requirements of proposed § 36.5, including that the single-family home was purchased within 18 months of the certificate of occupancy and never previously owner-occupied. Relevant documentation may include program

[13] *See* Section 1001(a)(2)(B) of the ROAD Act.

[14] *See* Section 1001(a)(2)(B) of the ROAD Act.

policies and procedures, acquisition approvals or checklists, purchase agreements, certificates of occupancy or construction records, records showing that the home was not previously occupied by an owner-occupant, leasing records demonstrating that the first occupant was a renter, and other transaction records showing that the purchase was reviewed and approved under the build-to-rent program.

Appropriate documentation may vary depending on the property, jurisdiction, and program structure. Treasury is not proposing specific documentation requirements in proposed § 36.5, but expects that documentation will be important for determining whether a purchase was made pursuant to a build-to-rent program and whether the requirements of the exception were satisfied.

Treasury invites comments on documentation related to the build-to-rent exception. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 38: What records should a large institutional investor be expected to maintain to demonstrate that a home was purchased pursuant to a build-to-rent program? Should Treasury require specific documentation—such as certificate of occupancy, title records, or contracts with a builder or developer—to establish that a single-family home was newly constructed? What records should a large institutional investor maintain to demonstrate that a home was rented after being purchased?

E. Renovate-to-Rent Program (Proposed § 36.6)

1. Overview

Proposed § 36.6 would clarify when a renovate-to-rent program meets the requirements for an excepted purchase under section 1001(a)(2)(C) of the Act. That statutory provision states that a purchase of a single-family home is an excepted purchase if it is made ''pursuant to a renovate-to-rent program that (i) substantially rehabilitates single-family homes that do not meet structural or core system elements of local building codes; and (ii) makes improvements in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home.''

As proposed, a renovate-to-rent program is a program (as defined in proposed § 36.3) pursuant to which the large institutional investor (i) substantially rehabilitates (including by resolving all material deficiencies in) single-family homes that do not meet structural or core system elements of local building codes at the time of purchase; and (ii) makes improvements, including those made to resolve such deficiencies, to each single-family home in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home.

Proposed § 36.6 largely reflects the text of the Act, with limited clarifications intended to promote the purposes of the statute and provide an administrable framework for applying the renovate-to-rent exception. As specified by the Act, the exception would apply only to purchases of single-family homes that require meaningful rehabilitation of structural or core system elements, not those requiring only cosmetic improvements, ordinary turnover work, routine maintenance, or discretionary upgrades. The exception is intended to be available for purchases that restore deficient single-family homes to a condition in which they may be safely used as rental housing. Therefore, the proposed rule would require the large institutional investor to resolve all material deficiencies in single-family homes under a renovate-to-rent program.

A purchase would not qualify as made pursuant to a renovate-to-rent program merely because it is later described as having involved rehabilitation work. Instead, consistent with the proposed approach for each type of ''program'' described in the Act, the large institutional investor must have a program that satisfies proposed § 36.3 and must make the purchase pursuant to that program. Appropriate activities for each single-family home purchased under this exception would generally be expected to include identifying, before or at the time of purchase, whether the single-family home does not meet structural or core system elements of local building codes; determining whether those deficiencies are material; resolving all material deficiencies; and ensuring that the 15 percent threshold described above is satisfied.

Treasury invites comments on all aspects of the proposed clarification of ''renovate-to-rent program.'' In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 39: Is this provision appropriate and clear? If not, what changes should be made? How could it be modified to better accomplish the statutory purposes while minimizing market disruptions and mitigating negative impacts on consumers and communities? Is it appropriately tailored to identify purchases made pursuant to renovate-to-rent programs? What alternatives should Treasury consider?

Question 40: Does the proposed definition appropriately distinguish substantial rehabilitation of deficient single-family homes from cosmetic improvements, routine maintenance, ordinary turnover work, or discretionary upgrades?

Question 41: Should any additional conditions or requirements be added to the proposed interpretation of ''renovate-to-rent program''? For example, should the final rule require that the renovations be completed within a specified time after the purchase (e.g., six months)?

Question 42: Should the final rule provide additional required components for renovate-to-rent programs, such as inspection procedures, purchase approval standards, contractor review procedures, completion tracking, or internal certification requirements?

2. Structural or Core System Deficiencies at the Time of Purchase

Proposed § 36.6(a)(1) would require that the single-family home not meet structural or core system elements of local building codes at the time of purchase. Making this determination as of the time of purchase is intended to comply with the Act, which contemplates the renovate-to-rent exception applying only to the purchase of single-family homes that are materially deficient when acquired. A home would not become eligible for the exception solely because of post-purchase deterioration or damage. Conversely, a single-family home that has no material deficiencies in structural or core system elements of local building codes at the time of purchase could not be substantially rehabilitated for purposes of the proposed rule.

Local building codes vary across jurisdictions, and the manner in which deficiencies are identified, documented, and resolved differs depending on local law and practice. Treasury is not proposing to establish a federal building-code enforcement regime or to displace local building officials. Rather, proposed § 36.6 would use local building codes to determine whether the home has relevant deficiencies, and proposed § 36.2 would identify the categories of local building-code elements that constitute structural or core systems for purposes of the renovate-to-rent exception.

Treasury invites comments on the proposed requirement that the home not meet structural or core system elements of local building codes at the time of

purchase. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 43: Is the time of purchase the appropriate time to determine whether a single-family home does not meet structural or core system elements of local building codes?

Question 44: Should the final rule provide additional guidance on how a large institutional investor should determine whether a home does not meet structural or core system elements of local building codes?

Question 45: Should the final rule provide additional guidance on what constitutes a ''material deficiency''? If so, how should the rule distinguish material deficiencies from minor or technical noncompliance with local building codes?

Question 46: Should the final rule require a particular form of evidence that a home does not meet structural or core system elements of local building codes, such as an inspection report, code violation notice, contractor certification, engineer certification, architect certification, permit record, or other documentation?

3. Substantial Rehabilitation, Improvements, and Safe Harbor

Proposed § 36.6(a)(1) would require the large institutional investor to substantially rehabilitate the single-family home, including by resolving all material deficiencies in structural or core system elements of local building codes. This requirement is consistent with the text of the Act and is intended to ensure that the purchaser in fact rehabilitates the single-family home. A renovation that leaves material deficiencies in structural integrity, habitability, life safety, or major building systems unresolved would not constitute substantial rehabilitation for purposes of the Act or the proposed rule. The requirement for substantial rehabilitation would not be satisfied by work that merely improves marketability or increases rental value.

Proposed § 36.6(a)(2) would require the large institutional investor to make improvements, including the improvements described in proposed § 36.6(a)(1), to each single-family home in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home. This requirement largely reflects the statutory text, with limited additions. First, the proposed rule clarifies the Act by applying this requirement to each relevant single-family home to ensure that the exception only applies as contemplated by the Act. Second, the proposed rule provides that improvements made under proposed § 36.6(a)(1) (regarding substantial rehabilitation) count toward the 15 percent threshold. Under proposed § 36.6(a)(2), all improvements by the large institutional investor, not only the improvements related to the substantial rehabilitation of the single-family home, would count toward the 15 percent threshold.

Proposed § 36.6(b) would provide that a large institutional investor that makes improvements to structural or core system elements of a single-family home that does not meet structural or core system elements of local building codes at the time of purchase in an aggregate dollar amount of not less than 10 percent of the purchase price of the single-family home, and that resolves all material deficiencies in such structural or core system elements, will be deemed to have satisfied proposed § 36.6(a)(1), which sets forth the requirements related to substantial rehabilitation. This non-exclusive safe harbor is intended to provide a clear standard for determining when a large institutional investor has substantially rehabilitated a deficient single-family home. In general, determining whether a large institutional investor has substantially rehabilitated a single-family home may depend on the facts and circumstances. Proposed § 36.6(b) would provide greater certainty in cases where a large institutional investor makes a meaningful level of improvements specifically to structural or core system elements and resolves all material deficiencies in such elements.

The proposed safe harbor provision would not reduce the statutory 15 percent improvement requirement. A large institutional investor that satisfies proposed § 36.6(b) would be deemed to have satisfied proposed § 36.6(a)(1) but would still need to satisfy proposed § 36.6(a)(2). Accordingly, if the investor makes improvements equal to 10 percent of the purchase price of the single-family home to structural or core system elements and resolves all material deficiencies in such elements, the investor would still need to make total improvements to the single-family home in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home.

As discussed above in section II.B, proposed § 36.2 would define the term ''purchase price of the single-family home,'' which proposed § 36.6 would use both for the 15 percent improvement requirement in proposed § 36.6(a)(2) and for the 10 percent safe harbor threshold in proposed § 36.6(b). Using the purchase price of the single-family home, rather than the purchase price of the entire property including land, is intended to focus the renovate-to-rent exception on rehabilitation of the home itself. Land values vary significantly across jurisdictions and may bear little relationship to the cost or extent of rehabilitation needed to resolve structural or core system deficiencies. By using the purchase price of the single-family home, the proposed rule is intended to align the two percentage thresholds with the value of the structure that is being rehabilitated.

Treasury invites comments on all aspects of the substantial-rehabilitation and improvement requirements and the proposed safe harbor. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 47: Should the final rule define ''substantially rehabilitates''? If so, what definition would be appropriate to fulfill the purposes of the Act? Should such a definition use quantitative or qualitative factors?

Question 48: Is resolving all material deficiencies in structural or core system elements an appropriate component of substantial rehabilitation and a renovate-to-rent program?

Question 49: Is a 10 percent threshold an appropriate safe harbor for the substantial-rehabilitation requirement? Should it be higher or lower, or should it be calculated in a different manner than as proposed? Should the 10 percent threshold alternatively be calculated only including improvements to resolve material deficiencies in structural or core system elements?

Question 50: Should the final rule further clarify what costs count as ''improvements'' for purposes of the 15 percent threshold?

Question 51: Should the final rule distinguish between costs directly related to structural or core system work and other renovation costs? For mixed-scope renovation projects, what costs should count toward the statutory requirement that improvements equal at least 15 percent of the purchase price of the single-family home?

Question 52: Should ''soft'' costs, such as permitting, architectural and engineering costs, inspection, contractor overhead, or project-management costs, count toward the 15 percent threshold?

Question 53: Is it appropriate to apply both the 15 percent improvement requirement and the 10 percent safe harbor threshold by reference to the purchase price of the single-family home? Should one or both of these include the cost of the land associated with the single-family home?

4. Documentation of Renovate-to-Rent Program Eligibility

Treasury expects that a large institutional investor seeking to rely on the renovate-to-rent exception would maintain documentation sufficient to demonstrate that the purchase was made pursuant to a renovate-to-rent program and that the purchase of the single-family home satisfied the requirements of proposed § 36.6, including that the single-family home did not meet structural or core system elements of applicable local building codes and that the rehabilitation addressed those deficiencies. Relevant documentation may include program policies and procedures, inspection reports, code violation notices, contractor assessments, engineer or architect reports, permit records, photographs, rehabilitation scopes of work, invoices, proof of payment, records of completed work, purchase-price calculations, and records supporting the calculation of the applicable improvement thresholds.

Appropriate documentation may vary depending on the property, jurisdiction, program structure, and type of rehabilitation performed. Treasury is not proposing specific documentation requirements in proposed § 36.6, but expects that documentation will be important for determining whether a purchase was made pursuant to a renovate-to-rent program and whether the requirements of the exception were satisfied.

Treasury invites comments on documentation related to the renovate-to-rent exception. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 54: What records should a large institutional investor maintain to demonstrate that a home did not meet structural or core system elements of local building codes at the time of purchase? Should Treasury require specific documentation—such as an inspection, permit, code citation, contractor certification, or engineer certification—to establish that a deficiency relates to structural or core systems? What records should a large institutional investor maintain to demonstrate that all material deficiencies were resolved?

Question 55: What records should a large institutional investor maintain to demonstrate that the 10 percent and 15 percent thresholds were satisfied?

F. Homeownership Program (Proposed § 36.7)

1. Overview

Proposed § 36.7 would clarify when a homeownership program meets the requirements for an excepted purchase in section 1001(a)(2)(D) of the Act. That statutory provision states that a purchase of a single-family home is an excepted purchase if it is made pursuant to a homeownership program that (i) requires rental payments and other fees not greater than those on other similarly situated single-family homes not covered by the program; (ii) is subject to a contract between the large institutional investor and renter that is considered a consumer credit transaction secured by a dwelling or real property; (iii) provides for positive reporting of rental payments to consumer reporting agencies; and (iv) requires contribution of meaningful financial support from the large institutional investor, including price concessions, for the purchase of the single-family home by the renter.

As proposed, a homeownership program is a program (as defined in proposed § 36.3) that generally includes the provisions as described in section 1001(a)(2)(D) of the Act. The proposed rule also includes several clarifications, described below, of the statutory requirements in order to provide an administrable framework for determining when a purchase of a single-family home is made pursuant to a homeownership program.

Treasury invites comments on all aspects of the proposed provision regarding homeownership programs. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 56: Is the proposed definition appropriately tailored to identify purchases made pursuant to a homeownership program? What changes, if any, should be made?

Question 57: Are the proposed contract requirements sufficient to distinguish homeownership programs from ordinary rental arrangements? Should additional conditions for rental contracts be added?

Question 58: Should the final rule include additional conditions for homeownership programs? Should any of the proposed conditions be modified or removed?

2. Rental Payments and Fees

As set forth in the Act, proposed § 36.7(a)(1) would require that contracts under a homeownership program require rental payments and any other fees that are not greater than those collected by the large institutional investor on other similarly situated single-family homes not covered by the homeownership program.

Determining whether single-family homes are similarly situated may require consideration of facts and circumstances. Relevant factors may include location, size, number of bedrooms and bathrooms, property condition, amenities, lease term, market rent, timing of lease execution, and other features that affect rental value. Treasury is not proposing a specific comparison methodology at this time, but expects that a large institutional investor seeking to rely on the homeownership program exception would maintain records sufficient to support its determination that the renter's rental payments and other fees are not greater than those collected on other similarly situated single-family homes not covered by the program.

Treasury invites comments on all aspects of the rental-payment and fee limitation. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 59: Should Treasury define ''similarly situated'' for purposes of this requirement?

Question 60: Should the final rule provide guidance as to how to compare rental payments and fees where the large institutional investor does not own or rent comparable single-family homes in the same market? What would be an appropriate reference point?

3. Consumer-Credit Transaction

As set forth in the Act, proposed § 36.7(a)(2) would require that contracts under a homeownership program are considered consumer credit transactions secured by a dwelling or real property.

Proposed § 36.7(a)(2) is not intended to alter the application of federal or state consumer financial laws. Instead, the proposed rule would require that the contract under the homeownership program have the treatment specified in section 1001(a)(2)(D) of the Act.

Treasury invites comments on all aspects of the consumer-credit treatment requirement. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 61: Is the proposed rule sufficiently clear regarding the requirement that the contracts be considered consumer credit transactions secured by a dwelling or real property? What additional clarification regarding the treatment of contracts in the manner required by the Act would be beneficial?

Question 62: Are additional clarifications needed to promote consistency with other federal or state

consumer financial laws or otherwise to reduce burdens on the parties? What types of rent-to-own contracts may constitute ''consumer credit transactions secured by a dwelling or real property'' under existing federal or state law?

4. Positive Reporting of Rental Payments

As set forth in the Act, proposed § 36.7(a)(3) would require contracts under a homeownership program to require the large institutional investor to inform the renter of the option for positive reporting of rental payments to consumer reporting agencies and to provide for such positive reporting for any renter who opts into such reporting.

The proposed rule would require the large institutional investor to provide positive reporting at no charge or expense to the renter. This proposed requirement is intended to ensure that the renter actually receives the intended benefit of the program, as contemplated by the Act, and that such benefit is not offset by additional charges or expenses.

Treasury invites comments on all aspects of the positive-rent-reporting requirement. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 63: Should the final rule specify when and how the renter must be informed of the option for positive reporting? If so, what terms should be included in the rule? Should ''positive reporting of rental payments'' be defined as ''paid-as-agreed'' or an alternative definition?

Question 64: Should the final rule specify any standards for the accuracy, frequency, or duration of rental payment reporting?

Question 65: Is the requirement that positive reporting be provided at no charge or expense to the renter appropriate for a homeownership program and beneficial to renters?

5. Meaningful Financial Support and Right To Purchase

As set forth in the Act, proposed § 36.7(a)(4) would require contracts under a homeownership program to require the large institutional investor to contribute meaningful financial support for the purchase of the single-family home by the renter. In addition, the proposed rule states that the contract must provide the renter the right, exercisable no later than the termination of the contract, to purchase the single-family home from the large institutional investor at a price no greater than fair market value minus the amount of such meaningful financial support.

The requirement to contribute meaningful financial support is central to distinguishing a homeownership program from an ordinary rental program. A homeownership program should provide the renter with real economic assistance in purchasing the single-family home, rather than merely providing the renter with a right to make an offer at market price. Proposed § 36.7(a)(4) would require that the renter's purchase price be reduced by the amount of meaningful financial support, ensuring that the support is reflected in the economics of the purchase.

The proposed rule would require that the renter have a right to purchase the single-family home and that such right be exercisable no later than the termination of the contract. Treasury preliminarily believes that the renter having a right to purchase the single-family home at a price no greater than fair market value minus the amount of any meaningful financial support is necessary for a homeownership program described in the Act to be meaningful. Absent such a requirement, the provision of meaningful financial support could be obviated by a large institutional investor refusing to accept an offer from a renter. The timing of this requirement is intended to ensure that the renter has a meaningful opportunity to exercise the purchase right before the contractual arrangement ends, regardless of the duration or structure of the contract. Large institutional investors could choose whether to provide the right during the term of the rental contract, at termination of the contract, or a combination thereof.

Relatedly, proposed § 36.7(b) would provide a non-exclusive safe harbor for meaningful financial support. Under the proposal, a large institutional investor would be deemed to contribute meaningful financial support for the purchase of the single-family home by a renter who has rented the single-family home for at least 5 years if, in the event the renter purchases the single-family home from the large institutional investor, the amount of such financial support is at least the lesser of (i) $5,000 or (ii) 2.5 percent if the renter has rented the single-family home for at least five years and at least 3.5 percent if the renter has rented the single-family home for at least seven years. In each case, the applicable percentage would be calculated using the lesser of (a) the purchase price of the property purchased by the renter or (b) the Federal Housing Administration's mortgage limit for a one-unit property that applies to the county where the single-family home is located and that is in effect on the date the renter purchases the single-family home. Thus, the applicable safe-harbor percentage would increase when the renter's rental reaches five and seven years.

This safe harbor is intended to promote clarity and administrability, as the statute does not specify the amount of financial support that should constitute ''meaningful financial support'' in a homeownership program. The proposed approach would increase with the duration of the renter's rental of the single-family home, up to a maximum of seven years, while using a county-specific reference to account for regional differences in home prices. The use of the lesser of the purchase price of the property and the applicable Federal Housing Administration mortgage limit is intended to promote meaningful financial support while limiting the extent to which the amount of support increases solely because the renter purchases a higher-priced property. This lesser-of approach is intended to provide large institutional investors with greater certainty for long-term financial projections, which may support the use of homeownership programs. The 3.5 percent amount in the proposed rule is based on the Federal Housing Administration's minimum down payment amount, as described below in the context of programs to boost homeownership. Although meaningful financial support provided pursuant to a homeownership program may not be eligible to supplement a renter's down payment under federal mortgage standards, because it may be considered an interested party contribution, Treasury believes that using the same approach for meaningful financial support in each program will simplify the rules and therefore minimize market confusion. For purposes of the safe-harbor calculation, the purchase price of the property would be determined before applying or crediting meaningful financial support. This treatment would avoid a circular calculation in which the amount of support reduces the purchase price used to calculate that same support.

The proposed rule would increase the safe-harbor amount in stages based on the renter's completed rental period. This approach is intended to balance the goal of providing progressively greater assistance to longer-term renters with the goal of encouraging large institutional investors to offer homeownership programs. Making the full 3.5 percent safe harbor amount available at the beginning of the rental relationship could discourage large institutional investors from offering such programs. Conversely, providing no safe-harbor amount until the renter

has completed seven years of rental could delay the renter's transition to homeownership or reduce the number of renters who ultimately receive meaningful financial support.

Treasury also believes it is appropriate to cap the amount of financial support required to satisfy the safe harbor at $5,000. This amount is intended to ensure that the financial support will be impactful for the renter's purchase of the single-family home, without making the program cost-prohibitive for large institutional investors.

Under proposed § 36.7(b)(2), to qualify for the safe harbor, the large institutional investor must not directly or indirectly recover any portion of the meaningful financial support from the renter, including by increasing the purchase price of the single-family home or imposing any expense, charge, or fee in connection with the financial support. This requirement is intended to ensure that the financial support provides a net economic benefit to the renter, as contemplated by the Act, and is not offset through an increase in the purchase price or through separately imposed costs.

Because proposed § 36.7(b) would provide a non-exclusive safe harbor, a contribution that does not satisfy the safe-harbor formula may nevertheless constitute meaningful financial support based on the facts and circumstances. This could include support provided where a renter purchases the single-family home before completing five years of the rental or where the support is structured differently than contemplated by the safe harbor, provided that the support gives the renter a real economic benefit and is not directly or indirectly recovered from the renter.

Treasury invites comments on all aspects of the meaningful financial support and purchase-right requirements and the related safe harbor. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 66: Is the proposed requirement that the renter be able to purchase the single-family home at a price no greater than fair market value minus meaningful financial support appropriate?

Question 67: Should the final rule define ''fair market value'' or specify how fair market value must be determined?

Question 68: Is the proposed formula an appropriate safe harbor for meaningful financial support? Are the 2.5 and 3.5 percent amounts appropriate? Is the $5,000 cap on the amount required to rely on the safe harbor an appropriate amount? Do the five- and seven-year thresholds appropriately balance the considerations Treasury describes? Should Treasury provide a safe harbor for support provided before five years? Should the final rule provide a mechanism to ensure that a large institutional investor cannot evade the meaningful financial support provision by materially altering the terms of the rental agreement to discourage the renter from renewing the rental agreement? Is it appropriate to use the lesser of the purchase price of the property and the Federal Housing Administration mortgage limit for a one-unit property in the relevant county? Should additional safe harbors be provided?

Question 69: Should the final rule provide additional guidance or examples regarding when a large institutional investor has directly or indirectly recovered meaningful financial support, including through an increase in the purchase price of the single-family home? What other factors should be used to indicate whether support constitutes meaningful financial support under a homeownership program?

6. Termination of Financial Support

Proposed § 36.7(c) would provide that a homeownership program does not fail to satisfy proposed § 36.7(a) solely because the program allows the large institutional investor's obligation to contribute meaningful financial support under proposed § 36.7(a)(4) to terminate in any of three circumstances: (i) if, as of the scheduled date for the renter's purchase of the single-family home, the renter has failed to pay all rent then due and payable to the large institutional investor, other than amounts lawfully withheld; (ii) if the renter breaches the rental contract in a manner that permits the large institutional investor to terminate the contract under applicable law; or (iii) if the renter elects to terminate the rental contract for a purpose other than purchasing the single-family home. Proposed § 36.7(c) would not require or automatically cause the obligation to contribute meaningful financial support to terminate; instead, it would permit a homeownership program to include contractual terms allowing termination of that obligation in the specified circumstances without causing the program to fail to satisfy proposed § 36.7(a).

This approach is intended to avoid situations in which a large institutional investor is required to provide meaningful financial support to a renter who has failed to pay their rent, breached other material contractual obligations, or chosen to end the rental for a purpose other than purchasing the single-family home. The condition would not include future rent that is contemplated by the rental contract but is not yet due and payable. The proposed breach condition would not require that the large institutional investor actually evict the renter. A breach that does not permit termination of the rental contract under applicable law would not satisfy this condition. Treasury believes that the alternative of requiring a large institutional investor to actually terminate the rental contract or evict the renter in order to eliminate the requirement for meaningful financial support would create adverse incentives.

Treasury invites comments on all aspects of the proposed termination provision. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 70: Is it appropriate to permit the obligation to provide meaningful financial support to terminate if, as of the scheduled purchase date, the renter has failed to pay all rent then due and payable, other than amounts lawfully withheld? Should this provision be conditioned or otherwise modified? Should the final rule provide additional guidance regarding what amounts constitute rent ''then due and payable'' or what amounts have been ''lawfully withheld''?

Question 71: Is it appropriate to permit the obligation to provide meaningful financial support to terminate if the renter breaches the rental contract in a manner that permits the large institutional investor to terminate the contract under applicable law? Is the standard for breach that permits termination of the rental contract sufficiently clear across jurisdictions? Would a different standard be more appropriate?

Question 72: Is it appropriate to permit the obligation to provide meaningful financial support to terminate if the renter elects to terminate the rental contract for a purpose other than purchasing the single-family home? Should the final rule provide additional guidance regarding when a renter terminates a rental contract ''for a purpose other than purchasing the single-family home''? Should the rule provide other grounds on which the obligation should be permitted to terminate?

7. Transfer to Another Large Institutional Investor

Proposed § 36.7(a)(5) would require contracts under a homeownership program to provide that, if the large institutional investor sells or otherwise transfers the single-family home to another large institutional investor before termination of the contract, the transferring large institutional investor's obligations under proposed § 36.7(a)(1) through (4) are automatically deemed to be assigned to, and enforceable by the renter against, the transferee large institutional investor. The transferring large institutional investor also would be required to cause the transferee large institutional investor expressly to assume those obligations in writing and effective upon consummation of the transfer.

The relevant provision of the Act does not expressly address the continuation of homeownership program obligations when a large institutional investor sells the single-family home to another large institutional investor. Proposed § 36.7(a)(5) is intended to preserve the renter protections associated with a homeownership program and contemplated by the Act. Without such a requirement, a large institutional investor could transfer the home to another large institutional investor in a manner that eliminates the renter's rights under the program. Such a result would be inconsistent with the purpose of the statutory exception for homeownership programs.

The proposed rule would require both automatic assignment and express written assumption of the large institutional investor's obligations. Automatic assignment is intended to ensure that the renter's rights are not dependent on the parties' actions, while express written assumption would provide additional clarity and mitigate the risk of disputes regarding the transferee's obligations.

Treasury invites comments on all aspects of the transfer-related requirements. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 73: Are the automatic-assignment and express-assumption requirements appropriate and workable under applicable law? Would they pose undue burdens? Should they be modified or replaced in a way that preserves the intended benefit for renters participating in homeownership programs?

Question 74: Should the final rule address transfers of single-family homes other than to large institutional investors?

Question 75: Should the final rule specify remedies, notice requirements, or documentation requirements in connection with transfers?

G. Program To Boost Homeownership (Proposed § 36.8)

1. Overview

Proposed § 36.8 would clarify when a program to boost homeownership meets the requirements for an excepted purchase under section 1001(a)(2)(E) of the Act. That statutory provision states that a purchase of a single-family home is an excepted purchase if it is pursuant to a program to boost homeownership that (i) provides for positive reporting of rental payments to consumer reporting agencies for any renter, who must be informed of and opts into such reporting; (ii) provides for the right of first refusal and a 30-day ''first look'' period; and (iii) may entail meaningful financial support from the large institutional investor, including price concessions, for the purchase of a single-family home by the renter (whether it is the home the renter occupies or another home).

As proposed, a program to boost homeownership is a program (as defined in proposed § 36.3) that generally includes the provisions as described in section 1001(a)(2)(E) of the Act. The proposed rule also includes several clarifications, described below, of the statutory requirements intended to provide an administrable framework for determining when a purchase of a single-family home is made pursuant to a program to boost homeownership, while preserving the practical availability of programs that support renters' transition to homeownership.

Under the Act and the proposed rule, a program to boost homeownership differs from a homeownership program in several important respects. Under section 1001(a)(2)(D) of the Act, a homeownership program provides for the renter to purchase ''the single-family home'' rented by the renter from the large institutional investor; in contrast, section 1001(a)(2)(E) of the Act provides for the renter to purchase ''a single-family home,'' not necessarily the home occupied by the renter.

Treasury invites comments on all aspects of the proposed provision regarding programs to boost homeownership. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 76: Is the proposed definition appropriately tailored to identify purchases made pursuant to a program to boost homeownership? What changes, if any, should be made?

Question 77: Are the proposed contract requirements sufficient to distinguish programs to boost homeownership from ordinary rental arrangements and from homeownership programs? Should additional conditions for rental contracts be added?

Question 78: Should the final rule include additional conditions for programs to boost homeownership? Should any of the proposed conditions be modified or removed?

2. Positive Reporting of Rental Payments

As set forth in the Act, proposed § 36.8(a)(1) would require contracts under a program to boost homeownership to require the large institutional investor to inform the renter of the option for positive reporting of rental payments to consumer reporting agencies and to provide for such positive reporting for any renter who opts into such reporting. The proposed rule would require the large institutional investor to provide positive reporting at no charge or expense to the renter, to ensure that the renter actually receives the intended benefit of the program, as contemplated by sections 1001(a)(2)(E) and 1001(b)(4)(A)(ii) of the Act, and that such benefit is not offset by additional charges or expenses.

This requirement serves the same general purpose as the positive-reporting requirement for homeownership programs under proposed § 36.7(a)(3). The positive-reporting requirement may support renters' ability to establish or improve credit histories relevant to mortgage eligibility and a transition to homeownership. Providing that reporting without charge or expense may support homeownership.

Treasury invites comments on all aspects of the positive-reporting requirement. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 79: Should the final rule specify when and how the renter must be informed of the option for positive reporting?

Question 80: Should the positive-reporting requirements for homeownership programs and programs to boost homeownership be identical?

3. Meaningful Financial Support

Proposed § 36.8(a)(3) would require contracts under a program to boost homeownership to provide for the large institutional investor to contribute meaningful financial support for the purchase of a single-family home by the renter, whether it is the home the renter occupies or another home.

Section 1001(a)(2)(E)(iii) of the Act states that a program to boost homeownership may entail the provision of meaningful financial support. Its reference to such support reflects the relevance of this factor to programs to boost homeownership. The statute does not mandate excepted-purchase treatment for programs that do not provide such support. Proposed § 36.8(a)(3) specifies how Treasury proposes to evaluate meaningful financial support, in order to give effect to the statutory framework for programs to boost homeownership and to promote the purpose of increasing homeownership.

The meaningful financial support provided under a program to boost homeownership, as opposed to a homeownership program, is required regardless of whether the renter purchases the single-family home occupied by the renter or another single-family home. A renter may be interested in purchasing the home the renter occupies but may also prefer or need to purchase a different home. Proposed § 36.8 would permit meaningful financial support to be used for the purchase of another single-family home, thereby focusing on the renter's transition to homeownership rather than on only the disposition of the specific rented property.

Proposed § 36.8(b) would provide a safe harbor for meaningful financial support, similar to the safe harbor for homeownership programs, described above. Under the proposal, a large institutional investor would be deemed to contribute meaningful financial support to a renter who has rented a single-family home for at least 5 years if, in the event the renter purchases a single-family home, the amount of the support is at least the lesser of (i) $5,000 or (ii) 2.5 percent if the renter has rented the single-family home for at least five years and at least 3.5 percent if the renter has rented the single-family home for at least seven years. In each case, the applicable percentage would be calculated using the lesser of (a) the purchase price of the property purchased by the renter or (b) the Federal Housing Administration's mortgage limit for a one-unit property that applies to the county where the single-family home rented by the renter is located and that is in effect on the date the renter purchases a single-family home. As under proposed § 36.7(b), the safe-harbor percentage would change only when the renter reaches the specified five- and seven-year thresholds and would not be prorated between those thresholds.

Treasury preliminarily believes this formula would provide a clear and administrable standard while accounting for both the duration of the renter's rental of the single-family home and regional variation in home prices. Proposed § 36.8(b)(2) would specify how the contribution must be provided. If the seller of the single-family home is not the large institutional investor, the large institutional investor would be required to transmit the amount to the seller of the single-family home for the renter's account at or before the sale. Treasury has proposed financial support of up to 3.5 percent under this formula because, if the purchase price does not exceed the applicable Federal Housing Administration mortgage limit and applicable mortgage requirements permit, a contribution at that level could potentially satisfy the renter's minimum down payment for a Federal Housing Administration-insured mortgage. Treasury does not propose to require a specific account structure for a large institutional investor's contribution of meaningful financial support to a third-party seller. If the seller is the large institutional investor, the large institutional investor would be required to credit the amount toward the purchase price. Because a contribution by a large institutional investor that is selling the home to a renter may be considered an interested party contribution for purposes of Federal mortgage standards, the contribution would not count towards a down payment. As a result, a price concession may be an appropriate alternative in this situation. These payment mechanics are intended to ensure that the financial support is actually available for the renter's purchase and is not merely a post-closing reimbursement or unenforceable promise. For purposes of the safe-harbor calculation, the purchase price of the property would be determined before applying or crediting meaningful financial support. This treatment would avoid a circular calculation in which the amount of support reduces the purchase price used to calculate that same support.

The proposed rule would increase the safe-harbor amount in stages based on the renter's completed period of rental, to encourage large institutional investors to offer programs to boost homeownership while providing progressively greater assistance to longer-term renters. Making the full 3.5 percent safe-harbor amount available at the beginning of the rental relationship could discourage participation by large institutional investors, while further delaying any safe-harbor amount could slow the renter's transition to homeownership or reduce the number of renters who ultimately receive support.

Treasury also believes it is appropriate to cap the amount of financial support required to satisfy the safe harbor at $5,000. This amount is intended to ensure that the financial support will be impactful for the renter's purchase of a single-family home, without making the program cost-prohibitive for large institutional investors.

Proposed § 36.8(b)(3) would require the large institutional investor not, directly or indirectly, to recover any portion of the meaningful financial support from the renter, including by increasing the purchase price of the single-family home or imposing any expense, charge, or fee in connection with the financial support. This requirement is intended to ensure that the economic value of the support is not reduced by offsetting charges.

Treasury invites comments on all aspects of the meaningful financial support requirement. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 81: Is it appropriate for Treasury to define a program to boost homeownership to require the provision of meaningful financial support? Is the proposed formula an appropriate safe harbor for meaningful financial support under a program to boost homeownership? Should the formula for meaningful financial support be the same for homeownership programs and programs to boost homeownership?

Question 82: Are the proposed payment mechanics appropriate when the renter purchases a home from a third party?

4. Termination for Unpaid Rent, Material Damage, and Breach

Proposed § 36.8(c) would provide that a program to boost homeownership does not fail to satisfy proposed § 36.8(a) solely because the program allows the large institutional investor's obligation to contribute meaningful financial support to terminate (i) if the renter has not paid all rent then due and payable to the large institutional investor as of the scheduled date for the renter's purchase of the single-family home, other than amounts lawfully withheld; (ii) if the renter has caused material damage to the single-family home occupied by the renter, beyond ordinary wear and tear, excluding any damage caused by the large institutional investor's failure to maintain the single-family home, and the large institutional investor has provided the renter with

written notice and a reasonable opportunity to cure; or (iii) if the renter breaches the rental contract in a manner that permits the large institutional investor to terminate the rental contract under applicable law.

These termination provisions are intended to account for unpaid rental obligations, material damage caused by the renter, and certain breaches by the renter, similar to the reasons for proposed § 36.7 described above. The proposed provision is intended to prevent the requirement to provide meaningful financial support from eliminating ordinary obligations under the rental contract. For that reason, the proposed rule would limit the termination for material damage to damage beyond ordinary wear and tear, would exclude damage caused by the large institutional investor's failure to maintain the single-family home, and would require written notice to the renter and a reasonable opportunity to cure.

The proposed breach condition would not require that the large institutional investor actually evict the renter. A breach that does not permit termination of the rental contract under applicable law would not satisfy this condition. Treasury believes that the alternative of requiring a large institutional investor to actually terminate the rental contract or evict the renter in order to eliminate the requirement for meaningful financial support would create adverse incentives.

Treasury invites comments on all aspects of these proposed termination provisions. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 83: Is it appropriate to permit meaningful financial support to be terminated where, as of the scheduled purchase date, the renter has failed to pay all rent then due and payable, other than amounts lawfully withheld? Is it appropriate to permit meaningful financial support to be terminated for material damage caused by the renter beyond ordinary wear and tear, subject to the maintenance exclusion, notice requirement, and opportunity to cure? Is it appropriate to permit meaningful financial support to be terminated where the renter breaches the rental contract in a manner that permits the large institutional investor to terminate the contract under applicable law? Should any other factors be added to the requirements in this paragraph of the proposed rule?

Question 84: Should the final rule define ''material damage,'' ''ordinary wear and tear,'' or ''reasonable opportunity to cure''?

Question 85: Treasury has not proposed a similar material-damage termination for homeownership programs under proposed § 36.7 because the renter would purchase the occupied home and would thereafter be responsible for necessary repairs. Should the final rule include a similar provision for homeownership programs?

5. Termination of the Financial-Support Obligation

Proposed § 36.8(d) would provide that a large institutional investor's obligation to contribute meaningful financial support to a renter under a program to boost homeownership may terminate beginning 90 days after the renter no longer occupies a single-family home owned by the large institutional investor. As a result, the right to terminate such obligation pursuant to the applicable contract would not render the purchase of the single-family home ineligible to be an excepted purchase under the Act.

This provision is intended to provide a reasonable transition period after the renter no longer occupies a single-family home owned by the large institutional investor. A program to boost homeownership is tied to the renter's rental relationship with the large institutional investor. Requiring the obligation to remain available for at least 90 days after the renter no longer occupies a single-family home owned by the large institutional investor is intended to provide a reasonable transition period without requiring the investor to maintain the obligation indefinitely. During that period, the renter may have additional time to obtain financing and identify another single-family home to purchase. The 90-day provision would not prevent earlier termination to the extent separately permitted under proposed § 36.8(c).

Treasury invites comments on all aspects of this proposed termination provision. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 86: Is 90 days an appropriate period before the obligation to contribute meaningful financial support may terminate? Should termination based on other factors be permissible? Should this proposed termination right be narrowed or eliminated?

Question 87: Should the termination provision depend on the reason the renter no longer occupies the single-family home?

6. Facts-and-Circumstances Support

Proposed § 36.8(e) would provide that a contribution that does not satisfy the safe harbor may constitute meaningful financial support based on the facts and circumstances, including the economic value of price concessions, down-payment assistance, closing-cost assistance, or other support for the renter's purchase.

Programs to boost homeownership may provide meaningful financial support in forms that are not fully captured by a single formula. For example, a large institutional investor may provide support through a below-market sale price, assistance with closing costs, or similar support. These forms of support may have substantial economic value to the renter even if they do not take the form specified in proposed § 36.8(b)(1) and (2). At the same time, a facts-and-circumstances standard should not undermine the administrability of the proposed rule.

Treasury invites comments on all aspects of the facts-and-circumstances provision. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 88: Is it appropriate to provide a facts-and-circumstances path for meaningful financial support? Should the final rule provide additional examples, valuation rules, or documentation requirements for alternative forms of meaningful financial support?

Question 89: Should the final rule include additional examples of support that may constitute meaningful financial support? Should the final rule specify how to value price concessions, closing-cost assistance, or similar support?

Question 90: Should a similar facts-and-circumstances provision be included for homeownership programs under proposed § 36.7?

7. Right of First Refusal and 30-Day First-Look Period

As specified in section 1001(a)(2)(E)(ii) of the Act, proposed § 36.8(a)(2) would require contracts under a program to boost homeownership to provide the renter with a right of first refusal and a 30-day first-look period. Proposed § 36.8(f) would provide a non-exclusive safe harbor for this requirement.

Under the proposed safe harbor, a large institutional investor would be deemed to provide the required right of first refusal and 30-day first-look period if, until the earlier of 90 days after the renter's rental contract terminates or the date the single-family home is rented to a person other than such renter, the large institutional investor provides certain rights specified in proposed § 36.8(f)(1), (2), and (3).

The proposed time period for these rights is intended to prevent a large institutional investor from declining to renew a rental agreement with a renter and immediately selling the single-family home, while also not requiring the large institutional investor to offer such rights to multiple individuals at once.

During the applicable period, before the large institutional investor lists, markets, solicits offers for the purchase of, negotiates for the potential sale of, or accepts from any person other than the renter any offer to purchase the single-family home occupied by the renter, the large institutional investor must provide the renter with written notice. The notice must include the large institutional investor's intent to sell the home, the proposed sale or list price, any proposed material sale terms known to the large institutional investor, the amount of any meaningful financial support to which the renter is entitled, and the manner and date by which the renter may submit an offer to purchase the home.

Proposed § 36.8(f)(2) would require that, during the 30-day period beginning on, but not including, the date the notice is provided, the large institutional investor not list, market, solicit offers for the purchase of, negotiate for the potential sale of, or accept from any person other than the renter any offer to purchase the single-family home. This restriction is intended to provide the renter a meaningful first opportunity to consider purchasing the home without competing against other potential purchasers during the first-look period.

Proposed § 36.8(f)(3) would address the right of first refusal. If, after the 30-day first-look period described above, the large institutional investor receives a bona fide offer from any person other than the renter that the large institutional investor is prepared to accept and that is less than or equal to a price offered by the renter during the first-look period, then, before accepting that offer, the large institutional investor must provide the renter with written notice of all material economic terms of the offer and not less than five business days to elect to purchase the home on terms that match the material economic terms of the offer, before giving effect to any meaningful financial support required under proposed § 36.8(a)(3). If the renter timely elects to match such terms, the large institutional investor must sell the home to the renter on such terms, subject to customary closing conditions applicable to an owner-occupant purchaser.

This two-stage structure is intended to give effect to both the 30-day first-look period and the right of first refusal, which are not further described in section 1001 of the Act. The first-look period provides the renter an exclusive initial opportunity to make an offer. The right of first refusal protects the renter if the large institutional investor later receives a bona fide offer that it is prepared to accept and that is less than or equal to the renter's earlier offer. Measuring the renter's ability to match the third-party offer before giving effect to meaningful financial support is intended to ensure that the renter receives the benefit of the required support.

Proposed § 36.8(g) would provide that, for purposes of the safe harbor in proposed § 36.8(f), written notice would be deemed to be provided on the date the notice is delivered personally to the renter, sent by electronic means to an electronic address designated by the renter for notices under the rental agreement, or deposited in the U.S. mail or with a commercial delivery service for delivery to the renter's address for notices under the rental agreement, at the option of the large institutional investor. If notice is provided by mail or commercial delivery service, the applicable response period would begin on the third business day after the notice is deposited.

Treasury invites comments on all aspects of the 30-day first-look period and the right of first refusal. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 91: Does proposed § 36.8(f) appropriately implement the right of first refusal and 30-day first-look period? What changes, if any, should be made? Should any additional safe harbors be provided?

Question 92: Should the large institutional investor be prohibited from listing, marketing, soliciting offers, negotiating, or accepting offers from others during the 30-day first-look period, as proposed? Should they be prohibited from any other activities?

Question 93: Is five business days an appropriate period for the renter to elect to match a third-party offer?

Question 94: Should the right of first refusal apply only to third-party offers at or below the renter's first-look offer, as proposed, or should it apply more broadly? Should the right of first refusal apply to any type of offer to purchase, including portfolio and bulk sales?

Question 95: Are the proposed methods of written notice appropriate?

8. Transfer to Another Large Institutional Investor

Proposed § 36.8(a)(4) would require contracts under a program to boost homeownership to provide that, if the large institutional investor sells or otherwise transfers the single-family home to another large institutional investor before the renter's rights under the program terminate, the transferring large institutional investor's obligations under proposed § 36.8(a)(1) through (3) are automatically deemed to be assigned to, and enforceable by the renter against, the transferee large institutional investor. The transferring large institutional investor also would be required to cause the transferee large institutional investor expressly to assume those obligations in writing and effective upon consummation of the transfer.

The relevant provision of the Act does not expressly address the continuation of program obligations when a large institutional investor sells the single-family home to another large institutional investor. Proposed § 36.8(a)(4) is intended to preserve the renter protections associated with a program to boost homeownership and contemplated by the Act. Without such a requirement, a large institutional investor could transfer the home to another large institutional investor in a manner that eliminates the renter's rights under the program. Such a result would be inconsistent with the purpose of the statutory exception for programs to boost homeownership.

The proposed rule would require both automatic assignment and express written assumption of the large institutional investor's obligations. Automatic assignment is intended to ensure that the renter's rights are not dependent on the parties' actions, while express written assumption would provide additional clarity and mitigate the risk of disputes regarding the transferee's obligations.

Treasury invites comments on all aspects of the transfer-related requirements for programs to boost homeownership. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 96: Are the automatic-assignment and express-assumption requirements appropriate? Would they pose undue burdens? Should they be modified in a way that preserves the intended benefit for renters participating in programs to boost homeownership?

Question 97: Should the final rule address transfers of single-family homes

other than to large institutional investors?

Question 98: Should the final rule specify remedies, notice requirements, or documentation requirements in connection with transfers?

H. Satisfaction of Debts Previously Contracted (Proposed § 36.9)

Proposed § 36.9 would clarify the application of section 1001(a)(2)(F) of the Act, which states that a purchase of a single-family home is an excepted purchase if it is in connection with the satisfaction of debts previously contracted in good faith and where the large institutional investor has the right to repossess the single-family home under such contract.

The proposed rule primarily clarifies that a large institutional investor may purchase a single-family home in accordance with this category of excepted purchase either directly or indirectly. Specifically, the proposed rule provides for a large institutional investor to (i) directly purchase the single-family home, by purchasing the single-family home in connection with the satisfaction of debts previously contracted by such large institutional investor in good faith and where such large institutional investor has the right to repossess the single-family home under such contract; or (ii) indirectly purchase the single-family home, by purchasing the single-family home directly or indirectly from another person or entity that purchased the single-family home in connection with the satisfaction of debts previously contracted in good faith by such person or entity and where such person or entity had the right to repossess the single-family home under such contract.

This clarification of the statutory text is intended to ensure that the exception remains available for debt-collection and collateral-related circumstances that are distinct from ordinary investment purchases of single-family homes, while mitigating market disruptions. As set forth in the Act, the proposed rule would require that the debt was previously contracted in good faith and that the relevant person had the right to repossess the single-family home under the contract. This excepted purchase would not apply merely because a purchaser is owed money by a seller or because proceeds of the sale may be used to satisfy a debt; instead, the debt relationship must include a right to repossess the single-family home.

Proposed § 36.9(b), regarding indirect purchases, is intended to address circumstances in which a large institutional investor acquires a single-family home through a chain of transactions following a debt-satisfaction event. For example, an entity with the right to repossess a single-family home may acquire the home in connection with satisfaction of a debt and later sell the home. Prohibiting indirect purchases of such homes may disrupt debt markets in a manner that the Act did not intend. For example, if a bank that has repossessed a single-family home enters receivership, it would not be consistent with the purposes of the Act for this restriction potentially to prevent the sale of that bank or its assets to a large institutional investor. At the same time, the indirect-purchase provision should not permit evasion of the purchase prohibition. A large institutional investor should not be able to rely on the exception solely because a transaction is routed through an intermediary. The proposed rule therefore requires that the person or entity from which the home is purchased acquired the home in connection with the satisfaction of debts previously contracted in good faith and had the right to repossess the home under the contract.

Treasury invites comments on all aspects of proposed § 36.9. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 99: Is proposed § 36.9 appropriately tailored to purchases in connection with satisfaction of debts previously contracted? Is it appropriate for this provision to encompass both direct and indirect purchases, as proposed?

Question 100: Should the final rule address whether and how the exception applies to different forms of security interests, installment contracts, lease-purchase arrangements, or other secured obligations?

Question 101: Should the final rule permit indirect purchases from persons or entities that acquired the home in connection with satisfaction of debts previously contracted, as proposed? Should Treasury impose time limits, disposition requirements, or anti-evasion conditions on indirect purchases? Should the proposed rule be modified to ensure the continued availability of appropriate transactions by government-sponsored entities?

Question 102: What due diligence should a large institutional investor be expected to perform to determine whether the seller acquired the home in connection with satisfaction of debts previously contracted?

I. Loss Mitigation or Compliance (Proposed § 36.10)

Proposed § 36.10 would clarify the application of section 1001(a)(2)(G) of the Act, which states that a purchase of a single-family home is an excepted purchase if it is undertaken by a mortgage servicer, lender, or other entity that has a legal right to a single-family home, for the purpose of loss mitigation or compliance with servicing or investor obligations, and not as a long-term investment strategy, and is solely as a result of (i) a foreclosure; (ii) a deed-in-lieu of foreclosure; (iii) enforcement of a mortgage, deed of trust, or other security interest; or (iv) operation of law following borrower default.

Proposed § 36.10(a) reflects the statutory text. Proposed § 36.10(b) provides additional clarification that the large institutional investor purchasing the single-family home under this excepted-purchase category either (i) is the mortgage servicer, lender, or other entity; or (ii) purchases the single-family home directly or indirectly from such mortgage servicer, lender, or other entity. This clarification is intended to preserve the practical operation of mortgage servicing, default management, and investor-obligation compliance processes, by accounting for circumstances in which a mortgage servicer, lender, or other covered entity acquires a single-family home through a default-related process and later sells the home. The proposed rule would permit a large institutional investor to purchase the home directly or indirectly from such an entity where the conditions of proposed § 36.10 are satisfied. The availability of indirect purchases would be appropriate in this context for the same reasons described above with respect to proposed § 36.9.

Treasury invites comments on all aspects of proposed § 36.10. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 103: Is proposed § 36.10 appropriately tailored to purchases for loss mitigation or compliance? Should the rule provide examples of purchases that are for loss mitigation or compliance with servicing or investor obligations? Should the rule provide examples of purchases that would be considered part of a long-term investment strategy?

Question 104: Is the phrase ''mortgage servicer, lender, or other entity that has a legal right to a single-family home'' sufficiently clear? Should Treasury clarify whether this category of excepted purchase, or any other category of excepted purchase, is available to an

entity that is not a large institutional investor at the time of purchase?

Question 105: Are the specified default-related events appropriate? Should additional events be included?

Question 106: Is it appropriate to permit purchases directly or indirectly from covered entities? If so, should different conditions be imposed on those purchases? Should the proposed rule be modified to ensure the continued availability of appropriate transactions by government-sponsored entities? What due diligence should a large institutional investor be expected to perform to determine whether the seller acquired the home in a manner that would enable the large institutional investor to satisfy proposed § 36.10?

J. Purchases From Another Large Institutional Investor (Proposed § 36.11)

Proposed § 36.11 would clarify the application of section 1001(a)(2)(H) of the Act, which states that a purchase of a single-family home is an excepted purchase if the home is purchased from another large institutional investor that either owned the single-family home on the date of enactment of the Act or purchased the single-family home in compliance with section 1001 of the Act.

Proposed § 36.11 reflects the statutory text, with a clarification that the Act's reference to purchases of single-family homes in compliance with section 1001 of the Act includes a purchase from a large institutional investor that purchased the home under section 1001(a)(2)(H) of the Act. Treasury preliminarily believes this approach represents the best reading of the text and structure of section 1001(a)(2)(H). The ROAD Act permits a large institutional investor to purchase a single-family home from another large institutional investor where the selling large institutional investor purchased the home in compliance with the Act. With respect to potential means of compliance, the Act does not indicate that certain excepted purchases should be excluded. Therefore, under the proposed rule, a single-family home purchased in compliance with the Act would remain eligible for subsequent purchases by large institutional investors, provided that each transfer satisfies a purchase exemption, including section 1001(a)(2)(H). In addition to consistency with the statute, the proposed rule is intended to provide clarity and reduce market disruption by permitting orderly transfers of existing or compliant inventory among large institutional investors.

Treasury views the statutory phrase ''purchased the single-family home in compliance with the Act'' to include purchases made before the large institutional investor was subject to the prohibition under the Act, purchases that qualify for any category of excepted purchase, and purchases made under section 1001(b)(2)(B) of the Act (*i.e.,* purchases in connection with a restructuring or other reorganization of ownership of single-family homes that were owned or purchased on or before the date of enactment of the Act). This interpretation gives meaning to the plain text of the statute. Further, a contrary interpretation could impair market liquidity and orderly disposition of single-family homes without materially advancing the purposes of the Act.

At the same time, the proposed rule would not permit a large institutional investor to rely on section 1001(a)(2)(H) of the Act if the selling large institutional investor acquired the single-family home in violation of the Act. If a large institutional investor acquired a single-family home in violation of the Act, a later sale of that single-family home to another large institutional investor would not satisfy proposed § 36.11 merely because the seller is a large institutional investor. The selling large institutional investor must have owned the single-family home on the date of enactment or purchased the single-family home in compliance with the Act.

Treasury invites comments on all aspects of proposed § 36.11. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 107: Does proposed § 36.11 appropriately implement section 1001(a)(2)(H) of the Act? Would additional clarifications be beneficial? Does the proposed rule sufficiently clarify that a single-family home purchased in compliance with the Act may be transferred among large institutional investors more than once?

Question 108: Is Treasury's interpretation of ''purchased the single-family home in compliance with the Act'' appropriate? Should the final rule identify categories of compliant purchases, such as purchases before the effective date, excepted purchases, and prior purchases under section 1001(a)(2)(H)?

Question 109: Should Treasury require specific documentation showing that the selling large institutional investor owned the home on the date of enactment of the Act or purchased the home in compliance with the Act? Is the date-of-enactment standard sufficiently clear?

Question 110: What records should a selling or purchasing large institutional investor maintain to demonstrate ownership on the date of enactment?

Question 111: What due diligence should a purchasing large institutional investor be expected to perform to determine whether the selling large institutional investor purchased the home in compliance with the Act? Should the final rule permit reliance on seller representations, certifications, covenants, or indemnities? If so, under what circumstances? Should large institutional investors be required to divest single-family homes acquired in reliance on false representations, certifications, covenants, or indemnities?

K. In the Business of (Proposed § 36.15)

1. Overview

Proposed § 36.15 would clarify when an entity is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes as described in section 1001(a)(3)(A)(i)(I) of the Act. Section 1001(a)(3)(A) of the Act defines ''large institutional investor'' by reference to, among other things, whether the entity ''is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes.'' The Act does not further define ''in the business of'' for this purpose and proposed § 36.15 would do so.

The proposed rule would interpret ''in the business of'' in order to enable stakeholders to identify entities that participate in the single-family home market as a business or investment activity in a manner that relates to the purposes of the Act, while excluding entities that hold or manage single-family homes for reasons that are properly outside the scope of the Act's definition of ''large institutional investor.''

Under proposed § 36.15(a), an entity would be considered to be engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes if the entity, directly or indirectly, invests in, owns, rents, manages, or holds single-family homes for the purpose, in whole or in part, of receiving investment gains, rental income, management fees, or any other type of income or financial gain.

Proposed § 36.15(b) is intended to clarify the types of entities that are not considered to be large institutional investors. Specifically, that provision states that an entity would not be considered to be engaged, in whole or in part, ''in the business'' if the entity,

directly or indirectly, invests in, owns, rents, manages, or holds single-family homes (i) solely on a temporary and incidental basis in furtherance of a different bona fide business; (ii) only to the extent reasonably necessary for the conduct of such other bona fide business; and (iii) not as a regular or continuing investment strategy or portfolio management activity. These limits are narrowly tailored; a broad exclusion could allow entities to hold substantial single-family home portfolios while claiming that the activity is incidental to a broader enterprise.

Proposed § 36.15 would interpret only one element of the statutory definition of ''large institutional investor.'' It would not determine, by itself, whether an entity is a large institutional investor. An entity ''in the business of'' activities related to single-family homes under proposed § 36.15 is not a large institutional investor unless it also meets the other criteria under the Act and Part 36, including provisions regarding whether the entity has direct or indirect investment control over the required number of single-family homes and whether the entity is a passive investor.

Importantly, under the Act, purchases of single-family homes that would constitute excepted purchases if the purchaser were a large institutional investor should still be taken into consideration in determining whether an entity is engaged in the business of investing in, owning, renting, managing, or holding single-family homes. For example, an entity engaged in build-to-rent activities may be engaged in the relevant business even if such activities would constitute excepted purchases if the entity were a large institutional investor.

The following subsections further discuss certain key concepts related to proposed § 36.15.

Treasury invites comments on all aspects of proposed § 36.15. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 112: Is proposed § 36.15 appropriately tailored to identify entities engaged—and those not engaged—in whole or in part in the business of investing in, owning, renting, managing, or holding single-family homes? What additional considerations should be taken into account in identifying entities that are or are not engaged in such business? Does the proposed rule appropriately distinguish business or investment activity in single-family homes from temporary and incidental holdings in furtherance of another bona fide business?

Question 113: Should Treasury define any of the terms used in proposed § 36.15, including ''indirectly,'' ''investment gains,'' ''rental income,'' ''management fees,'' ''income or financial gain,'' ''temporary,'' ''incidental,'' ''bona fide business,'' ''reasonably necessary,'' or ''regular or continuing business''? If so, what definitions would promote clarity and the purposes of the Act, while avoiding undue burdens?

Question 114: Should Treasury further clarify the relationship between proposed § 36.15 and the other elements of the definition of ''large institutional investor''? Should the final rule clarify how proposed § 36.15 applies to entities that make only excepted purchases? Should the final rule further clarify how proposed § 36.15 interacts with the definition of ''passive investor'' in proposed § 36.16?

2. For the Purpose of Receiving Income or Financial Gain

As noted above, proposed § 36.15(a) would provide that an entity is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes if the entity, directly or indirectly, invests in, owns, rents, manages, or holds single-family homes ''for the purpose, in whole or in part, of receiving investment gains, rental income, management fees, or any other type of income or financial gain.'' This standard is intended to implement the reference in section 1001(a)(3)(A)(i)(I) of the Act to an entity engaged ''in the business of investing in, owning, renting, managing, or holding single-family homes.'' Each part of that statutory phrase addresses activities that are undertaken by entities for income or financial gain. Investment gains, rental income, and management fees are common forms of economic return from single-family home investment, ownership, rental, management, and holding activity. The proposed rule also would include ''any other type of income or financial gain'' as a catch-all to prevent opportunities for evasion based on the technical nature of the compensation or economic return, such as entities receiving income or financial gain through appreciation, fees, carried interest, incentive compensation, servicing compensation, management compensation, affiliate arrangements, or another arrangement.

The proposed definition would apply where the relevant purpose exists ''in whole or in part.'' This language is intended to give effect to the statutory phrase ''engaged, in whole or in part, in the business.'' That statutory definition includes an entity even if its single-family home investment, ownership, rental, management, or holding activity is merely one part of a broader business. Notably, the statute does not establish any minimum threshold for the extent of an entity's engagement in such business ''in part.'' Similarly, an entity should not avoid the business element solely because it receives financial gain through appreciation, fees, carried interest, incentive compensation, servicing compensation, management compensation, affiliate arrangements, or another economic arrangement rather than through direct rental income.

Proposed § 36.15(a) focuses on an entity's purpose rather than profit. An entity may be engaged in a business even if its homes, portfolios, or business lines do not generate a profit in a particular period.

Treasury invites comments on all aspects of the proposed purpose test and income-or-financial-gain standard. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 115: Is it appropriate to define ''in the business of'' by reference to the purpose of receiving investment gains, rental income, management fees, or any other type of income or financial gain? Should a different standard be applied, or should different factors be considered, to determine whether an entity is ''in the business'' for purposes of this definition? Should the final rule further define when an entity is engaged in the business ''in part'' with a quantitative or qualitative threshold or standard? Should the final rule include examples of other types of income or financial gain that would be covered? Should the final rule clarify that an entity may be engaged in the business even if the activity does not generate net profit in a particular period?

Question 116: Should the final rule define ''investment gains,'' ''rental income,'' ''management fees,'' ''financial gain,'' or other terms in proposed § 36.15(a)?

3. Covered Activities

Proposed § 36.15(a) incorporates the language in section 1001(a)(3)(A)(i)(I) of the Act regarding entities engaged in the business of ''investing in, owning, renting, managing, or holding'' single-family homes. Treasury anticipates interpreting this phrase to give independent meaning to each of those listed activities. An entity may be engaged in the relevant business through investment activity, ownership, rental activity, management activity,

holding activity, or a combination of any of these activities.

As non-exhaustive examples in the context of various business models, an entity may be engaged ''in the business'' if it (i) owns single-family homes and rents them for rental income; (ii) manages single-family homes for management fees but does not own the homes; (iii) holds single-family homes not currently occupied by renters for appreciation, resale, disposition, rental conversion, or portfolio strategy; or (iv) invests in single-family homes through another entity for financial gain.

Being ''in the business of'' one of the activities above does not, by itself, mean that an entity is a large institutional investor. To be a large institutional investor, an entity must also meet the other statutory criteria, including having direct or indirect investment control of not less than 350 single-family homes, as provided in section 1001(a)(3)(A)(i)(II) of the Act. For example, a fee-based property management company may be ''in the business of'' managing single-family homes, but if that entity does not have direct or indirect investment control over those single-family homes as defined in the Act, including that it does not have ''primary authority . . . to make material . . . management decisions,'' [15] it would not be a large institutional investor.

Treasury invites comments on all aspects of the list of covered activities. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 117: Should Treasury provide additional examples of activities that do or do not constitute investing in, owning, renting, managing, or holding single-family homes?

Question 118: Should the final rule address entities that hold single-family homes for disposition, redevelopment, resale, or portfolio management?

4. Temporary and Incidental Holdings

Proposed § 36.15(b) would provide that an entity is not engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes if the entity directly or indirectly invests in, owns, rents, manages, or holds single-family homes ''solely on a temporary and incidental basis in furtherance of a different bona fide business'' and satisfies certain other criteria. As described above, the Act refers to entities that are engaged ''in the business of'' the relevant activities; an entity that holds or manages single-family homes solely temporarily and incidentally in furtherance of a different bona fide business, in accordance with the terms of proposed § 36.15(b), would not fall within the scope of this definition.

Treasury preliminarily believes that each of these limits is necessary to prevent the exclusion from being used to avoid the statutory definition of large institutional investor. A broad exclusion for entities with another primary business could allow entities to hold substantial single-family home portfolios while claiming that the activity is incidental to a broader enterprise. Proposed § 36.15(b) would therefore require that the activity be both incidental and reasonably necessary to the other bona fide business, and not a regular or continuing investment strategy or portfolio management activity.

Treasury invites comments on all aspects of the proposed criterion for temporary and incidental activities. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 119: Is it appropriate to exclude activities that are solely temporary and incidental to another bona fide business? Should the rule include different factors for purposes of identifying entities that are not in the relevant business?

Question 120: Should the rule define ''temporary'' or ''incidental''? If so, how should those terms be defined? Should the rule include a maximum time period for treating ownership, rental, management, or holding activity as ''temporary''? Should Treasury define ''different bona fide business''? If so, what definition would be appropriate?

5. Reasonably Necessary to the Conduct of Another Bona Fide Business

Proposed § 36.15(b)(2) would provide that an entity is not engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes if the entity directly or indirectly engages in such activities ''only to the extent reasonably necessary for the conduct of'' the entity's other bona fide business and satisfies certain other criteria. This criterion is intended to help appropriately limit the exclusion to circumstances where the entity's activities related to single-family homes do not indicate the company is ''in the business'' of conducting such activities. The exclusion would not apply merely because the entity also conducts another bona fide business; instead, under proposed § 36.15(b)(2), the entity's single-family home activities must be limited to activities reasonably necessary for the conduct of that other business.

Treasury recognizes that the determination of whether an activity is reasonably necessary to a business will depend on the facts and circumstances. Relevant considerations may include the nature of the business; the reason the entity acquired, holds, or manages the homes; the length of time the homes are held; whether the entity receives rental income or other financial gain as a result of its activity related to single-family homes; whether the entity markets or manages the homes as part of a continuing portfolio; and whether the entity has policies setting forth its practice of disposing of homes promptly.

Treasury invites comments on all aspects of the ''reasonably necessary'' criterion. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 121: Is the ''reasonably necessary'' standard appropriate? Is there a different standard that would better fulfill the purposes of the Act? Should the final rule specify factors for determining whether single-family home activity is reasonably necessary to another bona fide business?

Question 122: Should the final rule require an entity relying on proposed § 36.15(b) to dispose of single-family homes within a specified period?

6. Regular or Continuing Investment Strategy or Portfolio Management Activity

Proposed § 36.15(b)(3) would provide that an entity is not engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes if the entity directly or indirectly engages in such activities ''not as a regular or continuing investment strategy or portfolio management activity'' and satisfies certain other criteria. This criterion is intended to help avoid characterizing recurring single-family home activity as not being part of the business in which the entity is engaged, in whole or in part. Recurring acquisition, ownership, rental, management, or holding of single-family homes as an investment strategy or for portfolio management is inconsistent with the statutory exclusion for entities not in the business of activities related to single-family homes.

Treasury invites comments on all aspects of proposed § 36.15(b)(3). In particular, Treasury seeks comment on the following aspects of the proposed rule:

[15] *See* Section 1001(a)(3)(B)(i) of the ROAD Act.

Question 123: Is it appropriate not to exclude, from the definition of ''large institutional investor,'' entities whose single-family home activity is a regular or continuing investment strategy or portfolio management activity? Should this criterion be modified to better fulfill the purposes of the Act or to address market practices?

Question 124: Should the final rule define ''regular or continuing''? Should the final rule include numerical or time-based thresholds for determining whether activity is regular or continuing?

7. Documentation

Treasury expects that a large institutional investor or other entity seeking to rely on proposed § 36.15(b) would maintain records sufficient to demonstrate that its investment in, ownership, rental, management, or holding of single-family homes satisfies each of the criteria in proposed § 36.15(b).

Relevant records may include business plans, acquisition records, disposition plans, contracts, servicing or operational records, internal approvals, board or management materials, accounting records, rental records, property-management records, records showing the relationship between the homes and the entity's other bona fide business, and documentation showing the timing and reasons for single-family home acquisitions and dispositions. Treasury is not proposing specific documentation requirements in proposed § 36.15 at this time, but expects documentation to be important to evidence an entity's compliance with the proposed exclusion.

Treasury invites comments on documentation related to proposed § 36.15. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 125: Should Treasury require any specific documentation or records for an entity relying on proposed § 36.15(b)? If so, what records should be sufficient to demonstrate that single-family home activity is temporary, incidental, and reasonably necessary to another bona fide business?

Question 126: Should the final rule require entities relying on proposed § 36.15(b) to maintain documentation of a disposition plan, maximum holding period, or satisfaction of other applicable criteria?

L. Passive Investor Definition (Proposed § 36.16)

1. Overview of Passive Investor Treatment

Proposed § 36.16 would clarify when one entity is a ''passive investor'' in a second entity. The ROAD Act uses the term ''passive investor'' only in the definition of ''large institutional investor.'' Specifically, a large institutional investor generally includes an entity that has direct or indirect investment control of not less than 350 single-family homes, and ''investment control'' is defined to include owning or controlling more than 25 percent of any class of equity interests of the entity that owns the single-family home, ''unless such entity is a passive investor.'' [16] In other words, an entity that holds a significant equity interest in another entity that owns single-family homes may avoid being considered a large institutional investor if it is a passive investor. Importantly, an entity that is a passive investor may meet other criteria in the ''large institutional investor'' definition, in which case the entity could nonetheless be a large institutional investor.

Under the proposal, passive-investor treatment would be available only if each of two conditions is met: (i) no director, officer, employee, or designee of the first entity, or of any entity controlled by the first entity, is a director or officer of the second entity; and (ii) the first entity does not have a property control right (as defined in proposed § 36.2) with respect to single-family homes over which the second entity has direct or indirect investment control. Each of these proposed conditions is explained further below. The proposed rule uses the term ''first entity'' and ''second entity'' to refer, respectively, to the potential passive investor and the entity in which it owns or controls equity interests.

These two proposed conditions are intended to provide administrable criteria that reflect common understandings of passivity, and to exclude investors with rights, employees, or designees that provide an ability to make, direct, or prevent decisions related to single-family homes.[17]

Treasury invites comments on all aspects of the definition of ''passive investor.'' In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 127: Is the passive investor definition in the proposed rule appropriate? Would an alternative approach be more suitable and administrable? If so, what factors should apply? If Treasury adopts the Internal Revenue Code section 469 approach, how should it be applied in this context? How should Treasury limit the ''passive investor'' definition to prevent evasion of the requirements under the Act?

Question 128: Are the conditions in the passive investor definition appropriate? Are any conditions missing from the definition? For example, should the rule include a limit on ownership of equity securities or of voting equity securities? If so, what would be the appropriate thresholds for such limits?

2. Director and Officer Interlocks

Under proposed § 36.16(a), for a first entity to qualify as a passive investor in a second entity, no director, officer, employee, or designee of the first entity, or of any entity controlled by the first entity, can be a director or officer of the second entity. This condition is intended to prevent passive-investor treatment where the investor's representatives participate in the governance or management of the entity that owns or controls single-family homes.

Overlapping directors or officers can provide an investor with access, influence, or control inconsistent with passive status. The proposed condition is designed to provide an administrable indicator that the investor is not passive where such overlap exists. The proposed rule uses ''designee'' to describe persons selected, designated, appointed, or otherwise placed by the first entity or its controlled entities, regardless of whether the person is formally described as a representative.

Treasury invites comments on all aspects of the director and officer interlock condition. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 129: Should the interlock condition apply only to directors and officers of the first entity? Should the interlock condition be limited to scenarios where the first entity has a majority of the directors of the second entity? Should any other representatives

[16] *Id.* at section 1001(a)(3).

[17] Treasury considered an alternative approach for defining ''passive investor'' based on section 469 of the Internal Revenue Code, which provides that a ''passive activity'' is one where the taxpayer ''does not materially participate.'' 26 U.S.C. 469(c). It defines ''material participation'' generally to be involvement in the operations of an activity that is ''regular, continuous, and substantial.'' 26 U.S.C. 469(h). Adopting the approach from the Internal Revenue Code in an entirely unrelated context, without the relevant interpretive history, may cause significant uncertainty regarding how it would apply in this context.

or rights of the first entity be included, such as board observers, advisory committee members, consultation rights, or other mechanisms for governance or management participation?

3. No Property Control Right

Under proposed § 36.16(b), for a first entity to qualify as a passive investor in a second entity, the first entity must not have a property control right (as defined in proposed § 36.2) with respect to single-family homes over which the second entity has direct or indirect investment control. This condition is intended to ensure that an investor will not be treated as passive if it has a right to make, direct, or prevent decisions, directly or indirectly, related to the purchase, sale, holding, leasing, renovation, or management of a single-family home. An investor that can require, block, or condition decisions regarding single-family homes would not be passive even if it lacks formal management authority.

Treasury invites comments on all aspects of the property control right condition. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 130: Is prohibiting property control rights appropriate for determining an entity's status as a passive investor? Should alternative standards or criteria apply? Should property control rights be treated differently if they are exercised through a subsidiary or other intermediate entity?

4. Documentation of Passive Investor Status

Treasury expects that an entity seeking to rely on passive-investor status under proposed § 36.16 would maintain records sufficient to demonstrate that each of the two conditions is satisfied. Relevant records may include ownership charts, capitalization tables, governing documents, voting agreements, investor rights agreements, side letters, board and officer records, employment and designation records, and service agreements.

M. Enforcement (Proposed § 36.17)

1. Overview

Section 1001(d)(1) of the Act authorizes Treasury, or the Department of Justice at Treasury's request, to bring an action against a large institutional investor that violates the Act's prohibition for a civil penalty up to the greater of $1 million per violation or three times the purchase price of the property involved. Proposed § 36.17 would provide that a purchase of a single-family home that violates the Act's prohibition with respect to more than one large institutional investor is deemed a single violation for purposes of calculating this maximum civil penalty.

More than one large institutional investor may be involved in a transaction in which a single-family home is purchased. For example, an investment fund, an investment manager, and a general partner may each have direct or indirect investment control with respect to the same single-family home. Similarly, a large institutional investor may acquire a single-family home through a subsidiary, and an affiliated large institutional investor may have indirect investment control with respect to the same home. In those circumstances, a prohibited purchase of a single-family home could violate the statutory prohibition with respect to multiple large institutional investors. Treasury believes it is appropriate to treat each purchase as a single violation for purposes of calculating the maximum civil penalty under section 1001(d)(1) of the Act. This approach maintains consistency between the effects of the violation and the resulting penalty, and avoids the potential for an unwarranted increase in the total penalty based merely on the number of large institutional investors involved.

Proposed § 36.17 would apply only to the calculation of the maximum civil penalty under section 1001(d)(1). It would not alter whether a purchase violates section 1001(b) of the Act, whether any particular entity is a large institutional investor, or whether more than one entity may be responsible for a violation.[18] In addition, the proposed rule would not treat purchases of different single-family homes, or purchases of the same single-family home in separate transactions, as a single violation. It also does not establish procedures for investigating potential violations, which Treasury may address in the future. The proposed rule does not specify how responsibility for a violation should be allocated among large institutional investors, and does not limit Treasury's ability to pursue enforcement actions against all entities whose conduct violates section 1001(b) of the Act. The proposed rule would preserve Treasury's ability to consider the facts and circumstances of any violation, including the role of each large institutional investor, in any enforcement process. Treasury may address such issues in the future.

Treasury invites comments on all aspects of proposed § 36.17. In particular, Treasury seeks comment on the following aspects of the proposed rule:

Question 131: Is it appropriate to treat a single purchase involving multiple large institutional investors as one violation for purposes of calculating the maximum civil penalty, as contemplated by proposed § 36.17? Should the maximum civil penalty for a single prohibited purchase be calculated on a per-purchase or per-entity basis?

Question 132: Should the final rule provide additional guidance on when a purchase violates section 1001(b) ''with respect to more than one large institutional investor''?

Question 133: Should proposed § 36.17 only apply to affiliated large institutional investors? Should the rule avoid limiting liability for all large institutional investors that directly participate in the purchase of a single-family home in violation of the Act's purchase prohibition?

Question 134: Should the final rule clarify that separate prohibited purchases remain separate violations for purposes of calculating the maximum civil penalty? If so, how?

N. Severability (Proposed § 36.18)

Proposed § 36.18 provides that the provisions of Part 36 are separate and severable from one another. If any provision, clause, or phrase of Part 36, or the application thereof to any person, entity, or circumstance, is stayed or deemed to be invalid, unlawful, or unenforceable by a court of competent jurisdiction, such determination would not affect the validity, lawfulness, or enforceability of the remaining provisions or applications of this regulation, which would remain in full force and effect to the maximum extent permitted by law.

Treasury is proposing to include a severability clause so that in the event any particular provision of the proposed rule is held to be invalid, the remainder of the rule would remain in effect, providing clarity for large institutional investors, homebuilders, and other market participants. This regulation would have been proposed independently of any provision or application that may be declared invalid.

[18] Treasury understands that agreements related to investment funds and similar arrangements may provide for indemnification against civil monetary penalties. The proposed rule does not restrict that practice.

III. Regulatory Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires an agency to consider the impact of its proposed rules on small entities. In connection with a proposed rule, the RFA generally requires an agency to prepare an Initial Regulatory Flexibility Analysis (IRFA) describing the impact of the rule on small entities, unless the head of the agency certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities and publishes such certification along with a statement providing the factual basis for such certification in the **Federal Register**.

Section 1001 of the ROAD Act establishes a statutory framework that generally prohibits a large institutional investor from purchasing, or entering into a contract to purchase, a single-family home unless the purchase is an excepted purchase. This proposed rule is intended to provide interpretive and operational clarity for certain statutory terms and conditions. The proposed rule would not create additional categories of excepted purchases, alter the statutory definition of ''large institutional investor,'' or eliminate any statutory exception. Treasury's rulemaking authority, described further below in section III.E, is limited by a rule of construction providing that no regulation issued by Treasury ''may amend the definitions of the [statutorily defined terms], including to'' make certain specified categories of changes.

Treasury expects that the economic effect of the proposed rule on small entities would be limited, in part because the statutory prohibition applies only to large institutional investors, although some large institutional investors may be small entities, and the rule as proposed would primarily relate to compliance review, documentation, and transaction planning. Therefore, at this time, Treasury does not expect that the proposed rule would have a significant economic impact on a substantial number of small entities as described under the RFA.

B. Unfunded Mandates Reform Act

Treasury has analyzed the proposed rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA). Under this analysis, Treasury considered whether the proposed rule includes a federal mandate that may result in the expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year (adjusted annually for inflation). Pursuant to section 202 of the UMRA, if a proposed rule meets this UMRA threshold, Treasury would need to prepare a written statement that includes, among other things, a cost-benefit analysis of the proposal. This requirement does not apply to regulations to the extent they incorporate requirements specifically set forth in law.

Treasury has determined that the proposed rule would not result in a covered unfunded mandate within the meaning of UMRA. The proposed rule would not require state, local, or Tribal governments to administer a program or expend funds. The proposed rule may result in incremental recordkeeping and planning costs for entities that evaluate whether they are large institutional investors or whether particular purchases qualify as excepted purchases, but Treasury does not expect those incremental costs to meet the UMRA threshold.

C. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023, 5 U.S.C. 553(b)(4), requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the website *www.regulations.gov.*

Treasury is proposing to issue regulations pursuant to section 1001 of the Act (42 U.S.C. 19521) that clarify various undefined terms in the ROAD Act. The proposal and the required summary can be found at *https://www.regulations.gov.*

D. Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521), an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The preamble to this proposed rule includes a voluntary recordkeeping collection within the meaning of the PRA. Treasury is requesting a new control number for the information collection requirements and will submit the collection to OMB for review.

Information Collection

Title: Recordkeeping; 21st Century ROAD to Housing Act Prohibition on Large Institutional Investor Purchases of Single-Family Homes.

OMB Control No.: 1505–NEW.

Type of Review: New collection.

Affected Public: Large institutional investors seeking to make certain types of excepted purchases of single-family homes.

Respondent Obligation: Voluntary.

Estimated Number of Respondents: 100 to 300.

Estimated Frequency of Response: Periodically.

Estimated Number of Annual Responses: 100 to 300.

Estimated Time per Response: One hour.

Estimated Total Annual Burden: 100 to 300 hours.

Description: The preamble states that Treasury expects a large institutional investor seeking to rely on a program-based excepted purchase to maintain records sufficient to demonstrate that the program was implemented and that relevant purchases were made pursuant to the program. Such records may assist an entity in substantiating, and Treasury in evaluating, whether a purchase qualifies as an excepted purchase. The proposed rule does not prescribe particular records or a retention period, and the records would not be routinely submitted to Treasury. Treasury expects that most relevant records would be created in the ordinary course of business.

These collections of information will be submitted to OMB for review in accordance with the PRA. Commenters are strongly encouraged to submit public comments electronically. Written comments and recommendations regarding the collection should be submitted to the Office of Information and Regulatory Affairs, Attention: Desk Officer for the Department of the Treasury, through *www.reginfo.gov/public/do/PRAMain* by the deadline specified in the **DATES** section of this notice, with a copy to Treasury as provided in the **ADDRESSES** section of this notice. On the *reginfo.gov* website, find this information collection by selecting ''Currently under Review—Open for Public Comments,'' then by using the search function. Comments are invited on (i) whether the collection of information is necessary for the proper performance of Treasury's functions, including whether it has practical utility; (ii) the accuracy of Treasury's burden estimate, including the validity of the methodology and assumptions used; (iii) ways to enhance the quality, utility, and clarity of the information; and (iv) ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology.

E. Regulatory Planning and Review

The Office of Information and Regulatory Affairs (OIRA), within the

Office of Management and Budget (OMB), has determined that this proposed rule is a significant regulatory action as defined under section 3(f) of Executive Order 12866 and, therefore, is subject to review under Executive Order 12866. Treasury's analysis conducted in connection with Executive Order 12866 is set forth below. Treasury believes that the costs of the proposal are outweighed by the benefits, as described further below, and invites comments that would help quantitatively or qualitatively analyze the costs and benefits of the proposal, as well as any alternatives and their associated costs and benefits. This rule is not considered an Executive Order 14192 regulatory action because it imposes no more than *de minimis* costs.

1. Affected Parties

Parties directly affected by this proposal are large institutional investors and entities that may be part of, or provide capital to, the investment control ownership chain for single-family homes for large institutional investors. Treasury proposes to interpret the definitions in the statute in a manner that accounts for the practical effect of ownership interests, contractual rights, and governance arrangements. Large institutional investment in single-family homes may involve layered ownership structures, special-purpose vehicles, affiliated funds, side letters, contractual consent rights, service agreements, debt covenants, and other arrangements that may make it difficult to understand who has direct or indirect investment control over a single-family home. The proposed rule is intended to account for these variations in form. Reliable data are not currently available regarding how many institutional investors and other entities may be affected.

2. Baseline

Treasury has assessed the benefits and costs of the proposed rules relative to a no-action baseline reflecting the statutory requirements in the absence of the proposed rules. Once the prohibition in the ROAD Act becomes effective, a large institutional investor may not purchase, or enter into a contract to directly or indirectly purchase, any single-family home, unless the home is purchased pursuant to one of several exceptions defined in the ROAD Act. Section 1001 of the Act generally defines a large institutional investor as a for-profit entity engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes that, alone or in concert with one or more other entities, directly or indirectly has investment control of not less than 350 single-family homes, excluding any single-family home purchased in an excepted purchase after enactment of the Act. Section 1001 of the Act also provides several categories of excepted purchases, including purchases pursuant to a build-to-rent program, renovate-to-rent program, homeownership program, and program to boost homeownership.

In the absence of this proposed rule, large institutional investors and other market participants would face significant uncertainty over the application of section 1001 of the Act to their business models, ownership structures, equity interests, governance rights, investment management arrangements, contracts, and other business decisions associated with the ownership of or investment in single-family homes. Investors might forgo otherwise permissible transactions, expend significant resources on transaction-specific legal analysis and structures, or take inconsistent positions across similar investments.

3. Costs

Costs associated with determining whether a purchase of a single-family home is prohibited or excepted will largely be attributable to the ROAD Act itself rather than the proposed rules. Treasury expects that its proposed rulemaking will bring clarity and reduce risk for market participants. Relative to the baseline, Treasury expects that market participants will not need to expend significant time and other resources to ensure that they are in compliance with the proposed rules. The proposed definitions are designed to address potential uncertainty regarding the application of the statutory prohibition. The proposal is intended to reduce, rather than increase, total compliance costs for many affected entities by providing clearer standards for conduct that the ROAD Act already regulates.

Compliance with the proposed rules may impose certain compliance and operational costs on large institutional investors. These market participants would need to evaluate the extent to which their businesses and activities are covered by the terms of this proposal. Treasury also expectsthat anentity seeking to rely on the terms in this rulemaking would maintain records sufficientto demonstrate that each condition is satisfied as outlined in the proposed rule; some of those records may already be created in the ordinary course of business for a large institutional investor.

Some large institutional investors and other market participants may choose not to engage in activities that are subject to the ROAD Act's prohibition. This proposal does not establish any obligations, and will not impose any direct costs, on entities that determine not to engage in such activities.

Question 1: What information and methodology could Treasury use to quantify the total cost of requiring that large institutional investors provide meaningful financial support if they seek to rely on the purchase exception in section 1001(a)(2)(E)?

4. Benefits

As discussed in section II of this preamble, Treasury expects the proposed definitions and clarifications to be beneficial to the housing market. The proposed rules would reduce uncertainty for large institutional investors and other market participants, support more consistent compliance and enforcement, and help prevent circumvention of the law through layered ownership structures, nominally passive arrangements, or contractual rights that confer material control. The proposed rule also would help promote the practical availability of the statutory exceptions while reducing the risk that those exceptions are used in ways inconsistent with the ROAD Act. The clarifications in the proposed rule are expected to reduce inadvertent violations, improve administrability, reduce uncertainty, support more consistent compliance and enforcement outcomes, and avoid unnecessary disruption to housing supply, homebuilding, housing stock rehabilitation activity, and capital formation. Treasury expects that the definitions in this proposed rule will reduce the ability and incentives to evade the statutory prohibition. Treasury also expects that the rulemaking will reduce or eliminate the risk that truly passive capital providers are treated as having direct or indirect investment control, and therefore could potentially be scoped in as large institutional investors that are subject to restrictions and compliance obligations in connection with the ROAD Act.

5. Discretion and Alternatives

In establishing the statutory framework for the large institutional investor ban on purchasing single-family homes, Congress used several terms that are central to the administration and enforcement of the statute. The ROAD Act does not define these terms in detail. However, Treasury believes that these terms would benefit from clarification to support an

administrable framework for large institutional investors and other market participants.

Treasury's rulemaking authority is limited by a rule of construction in section 1001(b)(4)(B) of the Act providing that no regulation issued by Treasury ''may amend the definitions of [certain statutorily defined terms],'' including to make certain specified categories of changes.[19] The list of specified categories of prohibited changes is illustrative rather than exhaustive. The phrase ''including to'' indicates that the listed categories are examples of amendments that Treasury may not make, not an affirmative authorization to amend the statutory definitions in other ways. Accordingly, in the proposed rule, Treasury has sought to clarify certain statutory terms, without amending the statutory definitions themselves. Interpreting the statutory terms by regulation is intended to provide greater clarity and certainty, relative to the alternative of addressing interpretive questions through subregulatory guidance.

See Section II above for more detail on the alternatives Treasury considered.

Question 2: Will the proposed rule have a significant impact on a substantial number of small entities as described under the RFA? If yes, how?

Question 3: Is any aspect of the proposed definitions too broad? Could any aspect of the proposed definitions unintentionally include conduct outside the intended scope of the statute?

Question 4: Is any aspect of the proposed definitions too narrow? Could any aspect of the proposed definitions exclude persons, activities, or circumstances that should be covered?

List of Subjects in 31 CFR Part 36

Enforcement, Excepted Purchases, Housing, Large Institutional Investors, Recordkeeping.

■ For the reasons stated in the preamble, the Department of the Treasury proposes to amend 31 CFR subtitle A by adding part 36 to read as follows:

PART 36—LARGE INSTITUTIONAL INVESTOR BAN

Authority: 42 U.S.C. 19521.

§ 36.1 Authority, purpose, and scope.

(a) *Authority.* This part is issued by the U.S. Department of the Treasury (Treasury) pursuant to section 1001 of the 21st Century ROAD to Housing (ROAD) Act (42 U.S.C. 19521).

(b) *Purpose and scope.* The ROAD Act authorizes Treasury to issue regulations to carry out the statutory purposes. This part contains those regulations. Nothing in this part limits the authority of the Secretary of Housing and Urban Development to administer Section 1001(c) of the Act.

§ 36.2 Definitions.

''Act'' or ''ROAD Act'' means the 21st Century ROAD to Housing Act, as amended from time to time.

''Property control right'' means a right, including a consent, approval, veto, or other right, that gives an entity the ability to make, direct, or prevent a second entity's decisions, directly or indirectly, related to the purchase, sale, holding, leasing, renovation, or management of a single-family home.

''Purchase price of the property'' means the total amount paid by an entity to purchase a single-family home, including the amount paid for the land on which the single-family home is situated.

''Purchase price of the single-family home'' means the portion of the purchase price of the property attributable to the value of the structure, as calculated by subtracting the tax-assessed value of the land at the time of the purchase on which the single-family home is situated from the purchase price of the property.

''Structural or core system'' means systems or areas of a single-family home that substantially affect structural integrity, habitability, life safety, or the functioning of major building systems, which may include fire safety, light and ventilation, structural loads and seismic design, foundation systems, materials standards, construction components, glass, mechanical, plumbing, and electrical.

§ 36.3 Program.

For purposes of sections 1001(a)(2)(B) to (E) of the Act, a program is a set of written policies or written procedures that are—

(a) adopted before the purchase of single-family homes pursuant to such program; and

(b) reasonably designed and implemented to ensure that all purchases of single-family homes pursuant to the program satisfy the applicable requirements of the Act, this part, and the program.

§ 36.4 [Reserved]

§ 36.5 Build-to-rent program.

A build-to-rent program as described in section 1001(a)(2)(B) of the Act is a program pursuant to which single-family homes—

(a) have not been occupied by an owner-occupant before being purchased;

(b) are purchased within 18 months of the single-family home receiving its certificate of occupancy (or equivalent); and

(c) are, after the purchase, first occupied by renters, whether as part of a community made up exclusively of renter-occupied single-family homes or as part of a community made up of single-family homes that are both owner- and renter-occupied.

§ 36.6 Renovate-to-rent program.

(a) A renovate-to-rent program as described in section 1001(a)(2)(C) of the Act is a program pursuant to which the large institutional investor—

(1) substantially rehabilitates (including by resolving all material deficiencies in) single-family homes that do not meet structural or core system elements of local building codes at the time of purchase; and

(2) makes improvements, including those under paragraph (1), to each single-family home in an aggregate dollar amount of not less than 15 percent of the purchase price of the single-family home.

(b) A large institutional investor that makes improvements to structural or core system elements of a single-family home that does not meet structural or core system elements of local building codes at the time of purchase in an aggregate dollar amount of not less than 10 percent of the purchase price of the single-family home, and that resolves all material deficiencies in such structural or core system elements, shall be deemed to have satisfied paragraph (a)(1).

§ 36.7 Homeownership program.

(a) A homeownership program as described in section 1001(a)(2)(D) of the Act is a program pursuant to which a large institutional investor enters into contracts with renters to rent single-family homes purchased by the large institutional investor, where the contracts—

(1) require rental payments and any other fees that are not greater than those collected by the large institutional investor on other similarly situated single-family homes not covered by the homeownership program;

(2) are considered a consumer credit transaction secured by a dwelling or real property;

(3) require the large institutional investor to inform the renter of the option for positive reporting of rental payments to consumer reporting agencies, and provide for such positive reporting, at no charge or expense to the renter, for any renter who opts into such reporting;

[19] ROAD Act at section 1001(b)(4)(B).

(4) require the large institutional investor to contribute meaningful financial support for the purchase of the single-family home by the renter and provide the renter the right, exercisable no later than the termination of the contract, to purchase the single-family home from the large institutional investor at a price no greater than fair market value minus the amount of such meaningful financial support; and

(5) provide that, if the large institutional investor sells or otherwise transfers the single-family home to another large institutional investor before the termination of the contract, (i) the transferring large institutional investor's obligations described in paragraphs (1) through (4) shall automatically be deemed to be assigned to, and enforceable by the renter against, the transferee large institutional investor, and (ii) the transferring large institutional investor shall cause the transferee large institutional investor expressly to assume, in writing and effective upon consummation of the transfer, the transferring large institutional investor's obligations described in paragraphs (1) through (4).

(b) For purposes of paragraph (a)(4), a large institutional investor shall be deemed to contribute meaningful financial support for the purchase of the single-family home by a renter who has rented the single-family home for at least 5 years if, in the event the renter purchases the single-family home from the large institutional investor—

(1) The amount of such financial support is at least the lesser of—

(i) $5,000; or

(ii) 2.5 percent if the renter has rented the single-family home for at least 5 years, and 3.5 percent if the renter has rented the single-family home for at least 7 years, in each case calculated as a percentage of the lesser of—

(A) The purchase price of the property purchased by the renter, determined before giving effect to the meaningful financial support provided under this section; or

(B) The Federal Housing Administration's mortgage limit for a one-unit property that applies to the county where the single-family home rented by the renter is located and that is in effect on the date the renter purchases the single-family home; and

(2) The large institutional investor does not, directly or indirectly, recover any portion of the financial support from the renter, including by increasing the purchase price of the single-family home or imposing any expense, charge, or fee in connection with the financial support.

(c) A homeownership program does not fail to satisfy the requirements of paragraph (a) solely because the program allows the large institutional investor's obligation to contribute meaningful financial support under paragraph (a)(4) to terminate if—

(1) As of the scheduled date for the renter's purchase of the single-family home, the renter has failed to pay all rent then due and payable to the large institutional investor, other than any amounts lawfully withheld;

(2) The renter breaches the rental contract in a manner that permits the large institutional investor to terminate the contract under applicable law; or

(3) The renter elects to terminate the rental contract for a purpose other than purchasing the single-family home.

§ 36.8 Program to boost homeownership.

(a) A program to boost homeownership as described in section 1001(a)(2)(E) of the Act is a program pursuant to which a large institutional investor enters into contracts with renters to rent single-family homes purchased by the large institutional investor, where the contracts—

(1) require the large institutional investor to inform the renter of the option for positive reporting of rental payments to consumer reporting agencies, and provide for such positive reporting, at no charge or expense to the renter, for any renter who opts into such reporting;

(2) provide the renter with a right of first refusal and a 30-day first-look period, as described in paragraph (f);

(3) provide for the large institutional investor to contribute meaningful financial support for the purchase of a single-family home by the renter (whether it is the home the renter occupies or another home), in accordance with this section; and

(4) provide that, if the large institutional investor sells or otherwise transfers the single-family home to another large institutional investor before the renter's rights under the program to boost homeownership terminate, (i) the transferring large institutional investor's obligations described in paragraphs (1) through (3) shall automatically be deemed to be assigned to, and enforceable by the renter against, the transferee large institutional investor, and (ii) the transferring large institutional investor shall cause the transferee large institutional investor expressly to assume, in writing and effective upon consummation of the transfer, the transferring large institutional investor's obligations described in paragraphs (1) through (3).

(b) For purposes of paragraph (a)(3), a large institutional investor shall be deemed to contribute meaningful financial support for the purchase of a single-family home by a renter who has rented a single-family home for at least 5 years if, in the event the renter purchases a single-family home—

(1) The amount of such financial support is at least the lesser of—

(i) $5,000; or

(ii) 2.5 percent if the renter has rented the single-family home for at least 5 years and 3.5 percent if the renter has rented the single-family home for at least 7 years, in each case calculated as a percentage of the lesser of—

(A) The purchase price of the property purchased by the renter, determined before giving effect to the meaningful financial support provided under this section; or

(B) The Federal Housing Administration's mortgage limit for a one-unit property that applies to the county where the single-family home rented by the renter is located and that is in effect on the date the renter purchases the single-family home; and

(2) The large institutional investor contributes the amount described in paragraph (1)—

(i) if the seller of the single-family home is not the large institutional investor, by transmitting such amount to the seller of the single-family home for the renter's account at or before the sale of such single-family home; or

(ii) if the seller of the single-family home is the large institutional investor, by crediting such amount toward the purchase price of such single-family home; and

(3) The large institutional investor does not, directly or indirectly, recover any portion of the meaningful financial support from the renter, including by increasing the purchase price of the single-family home or imposing any expense, charge, or fee in connection with the financial support.

(c) A program to boost homeownership does not fail to satisfy the requirements of paragraph (a) solely because the program allows the large institutional investor's obligation to contribute meaningful financial support under paragraph (a)(3) to terminate if—

(1) As of the scheduled date for the renter's purchase of a single-family home, the renter has failed to pay all rent then due and payable to the large institutional investor, other than any amounts lawfully withheld;

(2) The renter has caused material damage to the single-family home occupied by the renter, beyond ordinary wear and tear, excluding any damage caused by the large institutional

investor's failure to maintain the single-family home, and the large institutional investor has provided the renter with written notice and a reasonable opportunity to cure; or

(3) The renter breaches the rental contract in a manner that permits the large institutional investor to terminate the contract under applicable law.

(d) A large institutional investor's obligation to contribute meaningful financial support to a renter under a program to boost homeownership may terminate beginning 90 days after the renter no longer occupies a single-family home owned by the large institutional investor.

(e) A contribution that does not satisfy the safe harbor in paragraph (b) may constitute meaningful financial support based on the facts and circumstances, including the economic value of price concessions, down-payment assistance, closing-cost assistance, or other support for the renter's purchase.

(f) For purposes of paragraph (a)(2), a large institutional investor shall be deemed to provide the renter with a right of first refusal and a 30-day first-look period if, until the earlier of 90 days after the renter's rental contract terminates and the date the single-family home is rented to a person other than such renter—

(1) before the large institutional investor lists, markets, solicits offers for the purchase of, negotiates for the potential sale of, or accepts from any person other than the renter any offer to purchase the single-family home occupied by such renter, the large institutional investor provides the renter with written notice of the large institutional investor's intent to sell the single-family home, the proposed sale or list price, any proposed material sale terms known to the large institutional investor, the amount of any meaningful financial support to which the renter is entitled under paragraph (a)(3), and the manner and date by which the renter may submit an offer to purchase the single-family home;

(2) during the 30-day period beginning on, but not including, the date the notice described in paragraph (f)(1) is provided, the large institutional investor does not list, market, solicit offers for the purchase of, negotiate for the potential sale of, or accept from any person other than the renter any offer to purchase the single-family home; and

(3) if, after the 30-day period described in paragraph (f)(2), the large institutional investor receives a bona fide offer from any person other than the renter that the large institutional investor is prepared to accept and that is less than or equal to a price offered by the renter during the 30-day period described in paragraph (f)(2), then, before accepting such offer, the large institutional investor provides the renter with written notice of all material economic terms of the offer and not less than five business days to elect to purchase the single-family home on terms that match the material economic terms of such offer (before giving effect to any meaningful financial support required under paragraph (a)(3)), and if the renter timely elects to match such terms, the large institutional investor sells the single-family home to the renter on such terms, subject to customary closing conditions applicable to an owner-occupant purchaser.

(g) For purposes of paragraph (f), written notice is provided on the date the notice is delivered personally to the renter, sent by electronic means to an electronic address designated by the renter for notices under the rental agreement, or deposited in the United States mail or with a commercial delivery service for delivery to the renter's address for notices under the rental agreement, at the option of the large institutional investor. If notice is provided by mail or commercial delivery service, the applicable response period begins on the third business day after the notice is deposited.

§ 36.9 Satisfaction of debts previously contracted.

A large institutional investor purchases a single-family home in accordance with section 1001(a)(2)(F) of the Act if the large institutional investor—

(a) directly purchases the single-family home in connection with the satisfaction of debts previously contracted by such large institutional investor in good faith and where such large institutional investor has the right to repossess the single-family home under such contract; or

(b) indirectly purchases the single-family home, by purchasing the single-family home directly or indirectly from another person or entity that purchased the single-family home in connection with the satisfaction of debts previously contracted in good faith by such person or entity and where such person or entity had the right to repossess the single-family home under such contract.

§ 36.10 Loss mitigation or compliance.

A large institutional investor purchases a single-family home in accordance with section 1001(a)(2)(G) of the Act if—

(a) the purchase is undertaken by a mortgage servicer, lender, or other entity that has a legal right to a single-family home, for the purpose of loss mitigation or compliance with servicing or investor obligations, and not as a long-term investment strategy, and is solely as a result of—

(1) a foreclosure;

(2) a deed-in-lieu of foreclosure;

(3) enforcement of a mortgage, deed of trust, or other security interest; or

(4) operation of law following borrower default; and

(b) the large institutional investor—

(1) is such mortgage servicer, lender, or other entity; or

(2) purchases the single-family home directly or indirectly from such mortgage servicer, lender, or other entity.

§ 36.11 Purchases from another large institutional investor.

A large institutional investor purchases a single-family home from another large institutional investor pursuant to section 1001(a)(2)(H) of the Act if the other large institutional investor either—

(a) owned the single-family home on the date of enactment of the Act; or

(b) purchased the single-family home in compliance with the Act, including in a purchase from a large institutional investor that purchased the home under section 1001(a)(2)(H) of the Act.

§ 36.12 [Reserved]

§ 36.13 [Reserved]

§ 36.14 [Reserved]

§ 36.15 In the business of.

(a) An entity is engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes as described in section 1001(a)(3)(A)(i)(I) of the Act if the entity, directly or indirectly, invests in, owns, rents, manages, or holds single-family homes for the purpose, in whole or in part, of receiving investment gains, rental income, management fees, or any other type of income or financial gain.

(b) An entity is not engaged, in whole or in part, in the business of investing in, owning, renting, managing, or holding single-family homes as described in section 1001(a)(3)(A)(i)(I) of the Act if the entity, directly or indirectly, invests in, owns, rents, manages, or holds single-family homes—

(1) solely on a temporary and incidental basis in furtherance of a different bona fide business;

(2) only to the extent reasonably necessary for the conduct of such other bona fide business; and

(3) not as a regular or continuing investment strategy or portfolio management activity.

§ 36.16 Passive investor.

An entity is a passive investor in a second entity as described in section 1001(a)(3)(B)(iv) of the Act if—

(a) no director, officer, employee, or designee of the first entity or of any entity controlled by the first entity is a director or officer of the second entity; and

(b) the first entity does not have a property control right with respect to single-family homes over which the second entity has direct or indirect investment control.

§ 36.17 Enforcement.

A purchase of a single-family home that violates section 1001(b) of the Act with respect to more than one large institutional investor shall be deemed a single violation for purposes of calculating the maximum civil penalty under section 1001(d)(1) of the Act.

§ 36.18 Severability.

The provisions of this part are separate and severable from one another. If any provision, clause, or phrase of this part, or the application of any such provision, clause, or phrase to any person, entity, or circumstance, is stayed or determined to be invalid, unlawful, or unenforceable by a court of competent jurisdiction, such determination shall not affect the validity, lawfulness, or enforceability of the remaining provisions or applications of this regulation, which shall remain in full force and effect to the maximum extent permitted by law.

Ethan Fallang,

Deputy Assistant Secretary for Capital Markets, U.S. Department of the Treasury.

[FR Doc. 2026–21675 Filed 10–22–26; 8:45 am]

BILLING CODE 4810–AK–P

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 572

[Docket No. NHTSA–2023–0031]

RIN 2127–AM20

Part 572; Anthropomorphic Test Devices; Test Device for Human Occupant Restraint 50th Percentile Adult Male Dummy (THOR–50M); Extension of Comment Period

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Extension of comment period.

SUMMARY: In response to a request from the Alliance for Automotive Innovation (Auto Innovators), NHTSA is announcing a 30-day extension of the public comment period for the Supplemental Notice of Proposed Rulemaking (SNPRM) published on September 22, 2026. The SNPRM supplements NHTSA's September 2023 notice of proposed rulemaking to amend NHTSA's regulations to include an advanced crash test dummy (the Test Device for Human Occupant Restraint (THOR) 50th percentile adult male) by requesting comment on specifying an additional spine configuration and an alternative to the face foam, and announcing the availability of additional documents. The comment period for the SNPRM was originally scheduled to end on October 22, 2026. It will now end on November 21, 2026.

DATES: The comment period for the SNPRM published on September 22, 2026 at 91 FR 60068 is extended to November 21, 2026.

ADDRESSES: You may submit comments to the docket number identified in the heading of this document by one of the following methods:

- *Federal Rulemaking Portal: http://www.regulations.gov*. Follow the online instructions for submitting comments.
- *Mail:* Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Room W58–213, Washington, DC 20590–0001.
- *Hand Delivery:* 1200 New Jersey Avenue SE, West Building, Room W58–213, Washington, DC, between 9 a.m. and 5 p.m. ET, Monday through Friday, except Federal Holidays. To be sure someone is there to help you, please call (202) 366–9826 or (202) 366–9317 before coming.

Instructions: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Public Participation heading of the **SUPPLEMENTARY INFORMATION** section of this document. Note that all comments received will be posted without change to *http://www.regulations.gov*, including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *www.regulations.gov*, or the street address listed above. Follow the online instructions for accessing the dockets.

Privacy Act: Anyone can search the electronic form of all comments received in any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, or other entity). For information on DOT's compliance with the Privacy Act, see *https://www.transportation.gov/privacy*.

FOR FURTHER INFORMATION CONTACT: For technical issues, you may contact Garry Brock at *garry.brock@dot.gov*. For legal issues, you may contact John Piazza at *John.Piazza@dot.gov*. You can reach these officials by phone at 202–366–1810. Address: National Highway Traffic Safety Administration, U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Washington, DC 20590.

SUPPLEMENTARY INFORMATION: On September 7, 2023, NHTSA published a Notice of Proposed Rulemaking (NPRM) to amend NHTSA's regulations to include an advanced crash test dummy, the THOR–50M.[1] The dummy represents an adult male of roughly average height and weight and is designed for use in frontal crash tests. The documentation for the dummy, including engineering drawings, qualification procedures and specifications, and procedures for assembly, disassembly, and inspection (PADI), would be incorporated by reference in 49 CFR part 572, Anthropomorphic Test Devices. Since the NPRM, and in response to the NPRM comments, NHTSA has evaluated additional modifications to the dummy.

On September 22, 2026, NHTSA published an SNPRM specifying alternative designs to the proposed drawing package for the spine and the face insert.[2] For the spine, an alternative design referred to as the ''four-position spine'' is proposed, which allows integration of in-dummy data acquisition systems from different vendors while maintaining equivalent inertial properties and performance to the spine proposed in the NPRM. For the face insert, an alternative insert was developed to address the limitations of the face foam proposed in the NPRM in response to both comments received and operational concerns. Research reports were also placed in the THOR–50M research docket.[3] NHTSA also proposed a minor modification to the upper arm to address a durability concern.

On September 28, 2026, NHTSA received a request from the Alliance for Automotive Innovation (Auto Innovators) for a 30-day extension of the comment period. Auto Innovators stated that the 30-day comment period was

[1] 88 FR 61896.

[2] 91 FR 60068.

[3] Docket No. NHTSA–2019–0106.

insufficient for stakeholders to review and provide comments to the notice, research reports, and technical drawing packages. Auto Innovators noted that there were more than 1,700 pages of highly detailed technical information provided with the SNPRM. Auto Innovators stated that a 30-day extension of the comment period would provide stakeholders with sufficient opportunity to complete the necessary technical analyses, coordinate across member companies, and submit more detailed comments to help better inform any changes to the final rule.

NHTSA is granting the request to extend the comment period by 30 days. We have determined that the requestors have shown good cause for an extension and that the extension is consistent with the public interest. A 30-day extension appropriately balances NHTSA's interest in providing the public with sufficient time to comment on the SNPRM and the associated technical updates to the THOR–50M design, with its interest in obtaining specific feedback from stakeholders in a timely manner. Accordingly, NHTSA is extending the comment period until November 21, 2026.[4]

[4] Readers should note that, even after the comment closing date has passed, interested persons are able to file comments in the docket, which NHTSA will consider to the extent practicable. 49 CFR 553.23. NHTSA may also continue to file relevant information in the docket as it becomes available. Accordingly, the Agency recommends that readers periodically check the docket for new material.

Authority: 49 U.S.C. 322, 30111, 30115, 30117, and 30166; delegation of authority at 49 CFR 1.95.

Jonathan Morrison,

Administrator.

[FR Doc. 2026–21730 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–59–P

Notices

Federal Register
Vol. 91, No. 204
Friday, October 23, 2026

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Doc. No. AMS–DA–26–0298]

Exempt Plant Definition Request for Information

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Request for information.

SUMMARY: The Agricultural Marketing Service (AMS) is seeking input from the public, including dairy industry stakeholders, on market conditions related to monthly route sales limits within the exempt plant definition in its regulations. AMS is requesting input on whether and how marketing conditions have changed since the definition was implemented in 1999.

DATES: Comments must be received by November 23, 2026 to be considered.

ADDRESSES: Interested persons are invited to submit comments concerning this notice. Comments may be submitted through the Federal e-rulemaking portal at *https://www.regulations.gov* and should reference the document number, date, and page number of this issue of the **Federal Register**. Written comments may be submitted via mail to USDA/AMS/Dairy Programs, Stop 0225—Room 2530, 1400 Independence Avenue SW, Washington, DC 20250–0225. All comments submitted in response to this notice, including the identity of the individuals or entities submitting the comments, will be included in the record and made available to the public, and can be viewed at *https://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Erin Taylor, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Division, STOP 0225—Room 2530, 1400 Independence Avenue SW, Washington, DC 20250–0225; telephone: (202) 720–4392; email address: *OFEB@usda.gov.*

SUPPLEMENTARY INFORMATION:

Background

A nonpool plant is defined within the Federal milk marketing order (FMMO) regulations in 7 CFR 1000.8, which includes the definition for an exempt plant in § 1000.8(e), and specifically a definition for a *de minimis* plant exemption in § 1000.8(e)(4). The regulations were implemented in the Federal Milk Marketing Order Reform (Order Reform) final rule published on September 1, 1999 (64 FR 47898), and the definition of a nonpool plant has not been amended since.

To determine the monthly pounds threshold that would qualify a plant for an exemption under the *de minimis* definition being established during the Order Reform process, AMS reviewed the route sales limits of all FMMOs that had a *de minimis* exempt plant provision in place at the time. In an effort not to impose a pool obligation on any plant that was exempt for size at the time, AMS selected the highest plant exemption level allowed in any FMMO, which was 150,000 pounds or less of monthly route disposition.

In considering whether marketing conditions have changed since the definition was implemented in 1999, AMS seeks input from impacted dairy stakeholders on relevant market conditions, route disposition levels, and other related factors.

Request for Information

In this Request for Information (RFI), AMS will consider how fluid milk market conditions have changed since the *de minimis* route disposition limit in the exempt plant definition was implemented, as well as current fluid milk marketing conditions. Through this RFI, AMS is soliciting comments on the market effects for handlers currently operating an exempt plant, as well as the effects of the disposition limit on regulated handlers who are not exempt. All interested parties are encouraged to provide input during the comment period. AMS will review and consider all information submitted in response to this RFI.

Respondents may provide information for one or more of the questions or topics listed below, as desired.

1. What market conditions or other factors should AMS consider in evaluating the current *de minimis* exempt plant route disposition limit?

2. Has the dairy market changed in such a way that the 150,000 pound per month route disposition limit may no longer be appropriate? If so, how?

3. What plant data or other data should AMS consider in its evaluation of the *de minimis* exempt plant definition relative to the current marketing of fluid milk?

4. What impact on the industry—including on producers, handlers, and consumers—would a change in the *de minimis* exempt plant route disposition have, including any increasing or decreasing costs for producers, handlers, or consumers?

5. What effects does the *de minimis* exempt plant route disposition limit have on small businesses? Currently, the Small Business Administration defines a small fluid milk processing plant as a plant, or larger company operating multiple plants, with 1,150 or fewer employees collectively.

Erin Morris,

Administrator, Agricultural Marketing Service.

[FR Doc. 2026–21668 Filed 10–22–26; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Doc. No. AMS–ST–26–1486]

Federal Seed Act Labeling and Enforcement; Notice of Request for Extension and Revision of a Currently Approved Information Collection

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Agricultural Marketing Service's (AMS) intention to request approval, from the Office of Management and Budget (OMB), for an extension of and revision to the currently approved information collection of the Federal Seed Act Labeling and Enforcement.

DATES: Comments on this notice must be received by December 22, 2026 to be assured of consideration.

ADDRESSES: Interested persons are invited to submit comments concerning this notice by using the electronic

process available at *https://www.regulations gov*. Written comments may also be submitted to Ernest L. Allen, Director, Seed Regulatory and Testing Division, Science and Technology Program, Agricultural Marketing Service, U.S. Department of Agriculture, 801 Summit Crossing Place, Suite C, Gastonia, North Carolina 28054–2193. All comments should reference the document number and the date and page number of this issue of the **Federal Register**. All comments received will be posted without change, including any personal information provided, at *https://www.regulations.gov* and will be included in the record and made available to the public.

FOR FURTHER INFORMATION CONTACT: Ernest L. Allen, Seed Regulatory and Testing Division, Science and Technology Program, Agricultural Marketing Service, U.S. Department of Agriculture, 801 Summit Crossing Place, Suite C, Gastonia, North Carolina 28054–2193; telephone (704) 810–8884; email: *Ernest.Allen@usda.gov*.

SUPPLEMENTARY INFORMATION:

Title: Federal Seed Act Program.

OMB Number: 0581–0026.

Expiration Date of Approval: December 31, 2026.

Type of Request: Extension and revision of a currently approved information collection.

Abstract: This information collection and these recordkeeping requirements are necessary to conduct the Federal Seed Act (FSA) (7 U.S.C. 1551 *et seq.*) program with respect to certain testing, labeling, and recordkeeping requirements for agricultural and vegetable seeds in interstate commerce. Regulations under the FSA are contained in 7 CFR part 201.

The FSA, title II, is a truth-in-labeling law that regulates agricultural and vegetable planting seed in interstate commerce. Seed subject to the FSA must be labeled with certain quality information and title II requires that information to be truthful. The FSA prohibits the interstate shipment of falsely advertised seed and seed containing noxious-weed seeds that are prohibited from sale in the State into which the seed is being shipped.

No unique forms are required for this information collection. The FSA requires seed in interstate commerce to be tested and labeled. Once seed enters a State, it must comply with the testing and labeling requirements of that State's seed law. The testing and labeling required by FSA nearly always satisfies the State's testing and labeling requirements. The receiving sales, cleaning, testing, and labeling records required by FSA are also records that the shipper would normally keep in good business practice.

The information in this collection is the minimum information necessary to effectively carry out the enforcement of FSA. With the exception of the requirements for entering a new variety into a State seed certification program (set forth separately below), the information collection is entirely recordkeeping rather than reporting.

While the number of applicants has slightly increased, the number of requests has decreased due to expanded program outreach and better understanding of the FSA requirements by shippers. This has resulted in a decrease in burden hours over the previous submission.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 2.68 hours per response.

Respondents: Interstate shippers and labelers of seed.

Estimated Number of Respondents: 474.

Estimated Total Annual Responses: 1241.88.

Estimated Number of Responses per Respondent: 2.62.

Estimated Total Annual Burden on Respondents: 3,328 hours.

Eligibility Requirements for Certification of New Varieties and Recordkeeping

Estimate of Burden: Public reporting burden for this collection of information (eligibility for certification of new varieties) is estimated to average 2.42 hours per response.

Respondents: Entities seeking to enter new varieties into State seed certification programs.

Estimated Number of Respondents: 27.

Estimated Total Annual Responses: 137.16.

Estimated Number of Responses per Respondent: 5.08.

Estimated Total Annual Burden on Respondents: 332 hours.

Comments are invited on: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

AMS is committed to complying with the E-Government Act of 2002 to promote the use of the internet and other information technologies, to provide increased opportunities for citizen access to Government information and services, and for other purposes.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

Melissa Bailey,

Associate Administrator, Agricultural Marketing Service.

[FR Doc. 2026–21663 Filed 10–22–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF AGRICULTURE

Tribal Advisory Committee; Notice of Solicitation for Nominations

AGENCY: United States Department of Agriculture (USDA).

ACTION: Notice to solicit nominations for membership.

SUMMARY: Through this notice, the U.S. Department of Agriculture (USDA) is soliciting nominations for eight (8) vacancies on the USDA Tribal Advisory Committee (''the Committee'').

DATES: Nominations must be submitted via email December 8, 2026.

ADDRESSES: Please submit nominations and resumes for recognition and appointment by the Chair or Ranking Member of the House Committee on Agriculture, the Senate Committee on Indian Affairs, and the Senate Committee on Agriculture, Nutrition, and Forestry (official Appointors) through Josiah Griffin, Designated Federal Officer, at *Tribal.Relations@usda.gov.*

FOR FURTHER INFORMATION CONTACT: Inquiries may be sent to, Josiah Griffin, Designated Federal Officer, USDA, Office of Tribal Relations, at *Tribal.Relations@usda.gov* or by phone at (202) 205–2249.

SUPPLEMENTARY INFORMATION: Committee consists of eleven (11) members serving staggered terms. The balance of these appointments by the Chair and Ranking Members of the House Committee on Agriculture, the Senate Committee on Indian Affairs, and the Senate Committee on Agriculture, Nutrition, and Forestry will be managed according to the

Committee's statutory authority (7 U.S. Code § 6921(b)(3)(a)). Members may only serve on one USDA advisory committee at a time. Pursuant to the Committee's statutory authorization, only Indian tribes as defined by 25 U.S.C. 5304, Tribal organizations as defined by 25 U.S.C. 5304, or national or regional organizations with expertise in issues relating to the Committee may nominate candidates for consideration.

Candidates and alternates selected for potential appointments will undergo a USDA background check. Complete nomination packages will include a nomination letter signed by a representative authorized to make decisions on behalf of the nominating entity, the nominee's resume, and a USDA Advisory Committee Membership Background Information form completed by the nominee (available online at *https://www.usda.gov/sites/default/files/documents/ad-755-advisory-committee-commodity-board-background-information.pdf*). Resumes or curriculum vitae must be limited to five one-sided pages and should include a summary of the following information: current and past organization affiliations; areas of expertise; education; career positions held; any other notable positions held; and geographic locations and regions served. Additional letters of endorsement are optional.

About the Committee: The Tribal Advisory Committee is established pursuant to section 12303 of the Agriculture Improvement Act of 2018 (Pub. L. 115–334) to advise the Secretary of Agriculture on matters relating to Tribal and Indian Affairs. the TAC defines ''Indian affairs'' similarly to the SCIA jurisdiction (as defined in Section 25 of S. Res. 71, 103rd Congress, 1st Session), which includes but is not limited to all matters pertaining to American Indian, Native Hawaiian, and Alaska Native peoples. The Committee Chairperson and Vice Chairperson shall be elected by the Committee from among its members.

Eligible Nominators: Nominations may only be submitted by signatories authorized to represent an Indian tribe as defined by 25 U.S.C. 5304, a Tribal organization as defined by 25 U.S.C. 5304, or a national or regional organization with expertise in issues relating to the above duties of the Committee. These organizations include but are not limited to intertribal consortia, national or regional tribal serving organizations, land-grant institutions, and credit institutions such as Native Community Development Financial Institutions. Nominees are not required to represent the nominating entity.

Nomination Packages: Nominating entities must submit a complete nomination package for full consideration. Documents should be typed and must include the below elements. Additional letters of endorsement are optional.

1. Nomination letters. Nomination letters must include a brief summary, no more than two pages, explaining the nominee's qualifications to serve on the Tribal Advisory Committee and addressing the membership composition and criteria described above. The signatory of these letters must be authorized to represent the nominating entity.

2. Resume. A resume providing the nominee's background, experience, and educational qualifications.

3. Background Information Form. A completed Advisory Committee or Research and Promotion Background Information form (AD–755) signed by the nominee available online at *https://www.usda.gov/sites/default/files/documents/ad-755.pdf.*

Meeting Frequency: The Committee is required by law to meet at least twice in-person per year and is expected to convene quarterly, with meetings hosted virtually in between in-person meetings. All Committee meetings will be announced in the **Federal Register**.

Appointment Terms and Process: All eligible nominating entities must submit a new nomination package to be considered for appointment. Official Appointors will each have access to this same **Federal Register** nomination process and pool of nominations. Pursuant to the Federal Advisory Committee Act (5 U.S.C. 10), notice is hereby given that the Chair and Ranking Member of the House Committee on Agriculture will each appoint two (2) members respectively; the Chair and Ranking Member of the Senate Committee on Indian Affairs will each appoint one (1) member respectively; and the Chair and Ranking Member of the Senate Committee on Agriculture, Nutrition, and Forestry will each appoint one (1) member respectively. These members will serve for three (3) years starting their date of appointment.

Membership Balance: USDA encourages nominees reflect the broad slate of what makes American agriculture great including but not limited to farmers/ranchers, food businesses, subsistence foragers, foresters, agriculture educators and land-grant faculty/staff, extension and technical assistance specialists, agriculture financiers (banks and credit institutions), Tribal leaders and Tribal government officials, and agriculture/forestry law experts.

Equal opportunity practices, in accordance with USDA policies, will be followed in all membership appointments to the Committee.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET center at (202) 720–2600 (voice and TDD) or the State or local Agency that administers the program.

Dated: October 16, 2026.

Cikena Reid,

USDA Committee Management Officer.

[FR Doc. 2026–21655 Filed 10–22–26; 8:45 am]

BILLING CODE 3420–AG–P

DEPARTMENT OF AGRICULTURE

Forest Service

Okanogan-Wenatchee National Forest; Washington; Amendments to the Okanogan and Wenatchee National Forest Land Management Plans

AGENCY: Forest Service, Agriculture.

ACTION: Notice of opportunity to object.

SUMMARY: The Forest Service, U.S. Department of Agriculture, is amending the 1989 Okanogan National Forest Land Management Plan and 1990 Wenatchee National Forest Land Management Plan (forest plans). The Forest Service has prepared a Final Environmental Impact Statement (FEIS) for the Planning and Management of Domestic Sheep and Goat Grazing Within the Range of Bighorn Sheep Project and a draft Record of Decision that includes a programmatic plan amendment to both forest plans. The plan amendment would add two standards for domestic sheep and goat grazing activities on the Okanogan-Wenatchee National Forest to both

forest plans. This notice is to inform the public that the Okanogan-Wenatchee National Forest is initiating a 60-day period where individuals or entities with specific concerns about the amendments to the forest plans may file objections for Forest Service review prior to the approval of the amendments.

DATES: The publication date of the legal notice in the Okanogan-Wenatchee National Forest newspaper of record, *The Wenatchee World,* initiates the 60-day objection filing period and is the exclusive means for calculating the time to file an objection (36 CFR 219.52(c)(5)). An electronic copy of the legal notice with the publication date, as well as the FEIS, draft record of decision (ROD), and supporting documentation, will be posted at *https://www.fs.usda.gov/r06/okanogan-wenatchee/projects/301825.*

ADDRESSES: Written objections, including attachments, may be submitted via regular mail, private carrier, or hand delivery to: USDA Forest Service, Pacific Northwest Region, Attn: Objection Reviewing Officer/1570 Objections, 1220 SW 3rd Ave., Portland, OR 97204. The office business hours for those submitting hand-delivered objections are: 8:00 a.m. to 4:30 p.m. Monday through Friday, excluding federal holidays. Objections may also be submitted electronically by 11:59 p.m. Pacific Daylight Time on December 22, 2026 at *https://cara.fs2c.usda.gov/Public/CommentInput?project=NP-4727.*

FOR FURTHER INFORMATION CONTACT: David Topolewski, Forest Wildlife Program Manager, *SM.FS.OKW_SheepEIS@usda.gov,* 509–664–9376. Individuals who use telecommunication devices for the hearing-impaired may call 711 to reach the Telecommunications Relay Service, 24 hours a day, every day of the year, including holidays.

SUPPLEMENTARY INFORMATION: The Enterprise Land Management System identification number for the project and the associated amendments is 301825.

The amendments would add standards BHS 1 and 2 to both the Okanogan and Wenatchee Forest Plans. BHS 1 requires maintaining effective separation of domestic sheep and bighorn sheep on active grazing allotments to reduce the likelihood and risk of disease transmission. BHS 2 requires utilizing a risk assessment to inform whether and how domestic sheep and goat allotments are stocked or not, according to risk of disease transmission between domestic livestock, primarily domestic sheep and goats, and bighorn sheep.

The decision to approve the programmatic amendments to the 1989 Okanogan National Forest Land Management Plan and 1990 Wenatchee National Forest Land Management Plan in association with the Planning and Management of Domestic Sheep and Goat Grazing Within the Range of Bighorn Sheep Project will be subject to the objection process identified in 36 CFR part 219, subpart B (§§ 219.50 through 219.62). Per 36 CFR 219.53, only individuals and entities who have submitted substantive formal comments related to the plan amendment during the opportunities for public comment may file an objection. Objections must be based on previously submitted substantive formal comments attributed to the objector unless the objection concerns an issue that arose after the opportunities for formal comment.

A legal notice will be published in the newspaper of record starting the 45-day objection period for the project-specific amendments per 36 CFR 218.26. Both the 45-day objection period for the project-specific amendments and the 60-day objection period for the programmatic plan amendments will run concurrently beginning with the date of publication of the legal notice and the NOO respectively.

How To File an Objection

Objections must be submitted to the Reviewing Officer at the address shown in the **ADDRESSES** section of this notice. An objection must include the following (36 CFR 219.54(c)):

(1) The objector's name and address along with a telephone number or email address if available. In cases where no identifiable name is attached to an objection, the Forest Service will attempt to verify the identity of the objector to confirm objection eligibility;

(2) Signature or other verification of authorship upon request (a scanned signature for electronic mail may be filed with the objection);

(3) Identification of the lead objector when multiple names are listed on an objection. The Forest Service will communicate to all parties to an objection through the lead objector. Verification of the identity of the lead objector must also be provided if requested;

(4) The name of the plan amendment being objected to, and the name and title of the responsible official;

(5) A statement of the issues and/or parts of the plan amendment to which the objection applies;

(6) A concise statement explaining the objection and suggesting how the draft plan decision may be improved. If the objector believes that the plan amendment is inconsistent with law, regulation, or policy, an explanation should be included;

(7) A statement that demonstrates the link between the objector's prior substantive formal comments and the content of the objection, unless the objection concerns an issue that arose after the opportunities for formal comment; and

(8) All documents referenced in the objection (a bibliography is not sufficient), except the following need not be provided:

a. All or any part of a Federal law or regulation,

b. Forest Service Directive System documents and land management plans or other published Forest Service documents,

c. Documents referenced by the Forest Service in the planning documentation related to the proposal subject to objection, and

d. Formal comments previously provided to the Forest Service by the objector during the proposed plan amendment comment period.

Additionally, objections should be identified as pertaining to the ''Amendments to the Okanogan and Wenatchee National Forest Land Management Plans'', as these are subject to separate processes from objections to project activities in the Planning and Management of Domestic Sheep and Goat Grazing Within the Range of Bighorn Sheep Project. See the legal notice for instructions on how to object to project activities. Objectors filing objections on both topics should submit these as separate objection letters.

It is the responsibility of the objector to ensure that the Reviewing Officer receives the objection in a timely manner. The regulations generally prohibit extending the length of the objection filing period (36 CFR 219.56(d)). However, when the time period expires on a Saturday, Sunday, or a Federal holiday, the time is extended to the end of the next Federal working day (11:59 p.m. for objections filed by electronic means such as email) (36 CFR 219.56).

Responsible Official

The responsible official who will approve the record of decision and the amendments to the forest plans is Forest Supervisor Tara Umphries, Okanogan-Wenatchee National Forest, 215 Melody Lane, Wenatchee, WA 98801, (509) 664–9200.

The Regional Forester is the reviewing officer for the amendments to the forest plans because the Forest Supervisor is

the responsible official (36 CFR 219.56(e)).

Lisa Northrop,

Associate Deputy Chief, National Forest System.

[FR Doc. 2026–21654 Filed 10–22–26; 8:45 am]

BILLING CODE 3411–15–P

APPRAISAL SUBCOMMITTEE OF THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

[Docket No. AS26–07]

Appraisal Subcommittee Notice of Special Meeting

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

ACTION: Notice of special meeting.

Description: In accordance with section 1104(b) of title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI), codified at 12 U.S.C. 3333(b), and the Appraisal Subcommittee (ASC) Rules of Operation, notice is hereby given that the ASC is meeting for a Special Meeting on October 29, 2026. The Special Meeting begins with a closed session, immediately followed by an open session.

Location: Virtual Meeting.

Date: Thursday, October 29, 2026.

Time: 1:00 p.m. ET.

Status: Closed and Open.

Closed Session—October 29, 2026, 1:00 p.m. Until 1:45 p.m. ET via Teams

The ASC will meet in closed session to discuss a preliminary State audit report in accordance with 12 U.S.C. 3333(b).

Open Session—October 29, 2026, 1:45 p.m. ET via Zoom

Immediately after the closed session, the ASC will meet in open session to discuss and act on the preliminary State audit report, in accordance with 12 U.S.C. 3333(b).

Note: The time listed for the open session in this notice is an estimate because the open session will begin immediately following the closed session.

How to Attend and Observe the Open Session: The open session will be open to the public via live webcast only. Please visit the agency's homepage (*www.asc.gov*) and access the registration link provided in the News and Events section. You must register in advance to attend the open session. The use of any video or audio tape recording device, photographing device, or any other electronic or mechanical device designed for similar purposes is prohibited at ASC Meetings.

Ada Bohorfoush,

Attorney-Advisor.

[FR Doc. 2026–21708 Filed 10–22–26; 8:45 am]

BILLING CODE 6700–01–P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meeting of the Alabama Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of public meeting.

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the Alabama Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold a public briefing meeting via Zoom. The purpose of the meeting is the Civil Rights Implications of Police Use of Force Civilian Encounters and Detention.

DATES: Friday, November 20, 2026, from 12:00 a.m.–2:00 p.m. Central Time.

ADDRESSES: The meeting will be held via Zoom Webinar.

Registration Link (Audio/Visual): https://www.zoomgov.com/webinar/register/WN_7U9oGcKfQ_eMFbiZ9aokWg.

Join by Phone (Audio Only): (833) 435–1820 USA Toll-Free; Meeting ID: #165 124 4092.

Agenda: (*Note: a final meeting agenda will be available prior to the meeting date*).

Friday, November 20, 2026 (Briefing Meeting)

FOR FURTHER INFORMATION CONTACT: David Barreras, Designated Federal Officer, at *dbarreras@usccr.gov* or (202) 656–8937.

SUPPLEMENTARY INFORMATION: This committee meeting is available to the public through the registration link above. Any interested members of the public may listen to the meeting. An open comment period will be provided to allow members of the public to make oral comments as time allows. Per the Federal Advisory Committee Act, public minutes of the meeting will include a list of persons who are present at the meeting. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning will be available by selecting ''CC'' in the meeting platform. To request additional accommodations, please email *csanders@usccr.gov* at least 10 business days prior to the meeting.

Members of the public are entitled to submit written comments; the comments must be received within 30 days following the meeting. Written comments may be emailed to David Barreras *dbarreras@usccr.gov*. Persons who desire additional information may contact the Regional Programs Coordination Unit at (202) 656–8937.

Records generated from this meeting may be inspected and reproduced at the Regional Programs Coordination Unit, as they become available, both before and after the meeting. Records of the meeting will be available via the file sharing website, *www.facadatabase.gov* under the Commission on Civil Rights, Alabama Advisory Committee link. Persons interested in the work of this Committee are directed to the Commission's website, *www.usccr.gov,* or may contact the Regional Programs Coordination Unit at *csanders@usccr.gov*.

Dated: October 20, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–21656 Filed 10–22–26; 8:45 am]

BILLING CODE P

COMMISSION ON CIVIL RIGHTS

Notice of Public Meetings of the Michigan Advisory Committee to the U.S. Commission on Civil Rights

AGENCY: U.S. Commission on Civil Rights.

ACTION: Notice of virtual committee meetings,

SUMMARY: Notice is hereby given, pursuant to the provisions of the rules and regulations of the U.S. Commission on Civil Rights (Commission) and the Federal Advisory Committee Act, that the Michigan Advisory Committee (Committee) to the U.S. Commission on Civil Rights will hold public meetings via Zoom. The purpose of the first meeting is to continue to hear from experts on the committee's study topic of Artificial Intelligence and Civil Rights in Michigan, and continue briefing discussion and planning at the second meeting.

DATES:

Friday, November 6, 2026; 11:00 a.m.–1:00 p.m. ET: Briefing Panel 2

Registration Link (Audio/Visual): https://www.zoomgov.com/webinar/register/WN_v7urEZ6fRi-9dyVccaZFtA.

• *Join by Phone (Audio Only):* 1–833–435–1820 USA Toll Free; Webinar ID: 165 127 8257 #.

Thursday, December 3, 2026; 11:30 a.m.–12:30 p.m. ET: Debrief & Business Meeting

Registration Link (Audio/Visual):https://www.zoomgov.com/webinar/register/WN_RL1MhhB4Q62GwlLmlQpz9A.

• *Join by Phone (Audio Only):* 1–833–435–1820 USA Toll Free; Webinar ID: 165 878 8368 #.

Agendas: https://usccr.box.com/s/fxlqp60i9nb9byg3x9wtzsrc3ul49m9b (*Note: final meeting agendas will be available prior each date*).

FOR FURTHER INFORMATION CONTACT: Mallory Trachtenberg, Designated Federal Officer, at *mtrachtenberg@usccr.gov* or 1–202–809–9618.

SUPPLEMENTARY INFORMATION: These Committee meetings are available to the public through the registration links above. Any interested members of the public may attend these meetings. Open comment periods for each meeting will be provided to allow members of the public to make oral comments as time allows. Pursuant to the Federal Advisory Committee Act, public minutes of meetings will include list of persons who are present at the meetings. If joining via phone, callers can expect to incur regular charges for calls they initiate over wireless lines, according to their wireless plan. The Commission will not refund any incurred charges. Callers will incur no charge for calls they initiate over land-line connections to the toll-free telephone number. Closed captioning is available by selecting ''CC'' in the meeting platforms. To request accommodations, please email *ebohor@usccr.gov* at least 10 business days prior to the meetings.

Members of the public are entitled to submit written comments; the comments must be received in the regional office within 30 days following scheduled meetings. Written comments may be submitted via: *https://tinyurl.com/mvtxewfe*. Persons who desire additional information may contact the Regional Programs Coordination Unit at 1–202–809–9618.

Records generated from meetings may be inspected and reproduced at the Regional Programs Coordination Unit Office, as they become available, both before and after each meeting. Records of the meetings will be available via the file sharing website, *https://tinyurl.com/28867tbx*. Persons interested in the work of this Committee are directed to the Commission's website, *http://www.usccr.gov*, or may contact the Regional Programs Coordination Unit at *mtrachtenberg@usccr.gov*.

Dated: October 21, 2026.

David Mussatt,

Supervisory Chief, Regional Programs Unit.

[FR Doc. 2026–21710 Filed 10–22–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; CHIPS Expansion Clawback Information Collection

AGENCY: National Institute of Standards and Technology (NIST), Commerce.

ACTION: Notice of information collection, request for comment.

SUMMARY: The Department of Commerce, in accordance with the Paperwork Reduction Act of 1995 (PRA), invites the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. The purpose of this notice is to allow for 60 days of public comment preceding submission of the collection to OMB.

DATES: To ensure consideration, comments regarding this proposed information collection must be received on or before December 22, 2026.

ADDRESSES: Interested persons are invited to submit written comments by mail to Elizabeth Kalynych, Management Analyst, NIST, 100 Bureau Drive, MS 1710, Gaithersburg, MD 20899 or by email to *PRANIST@nist.gov*. Please reference OMB Control Number 0693–0096 in the subject line of your comments. Do not submit Confidential Business Information or otherwise sensitive or protected information.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or specific questions related to collection activities should be directed to Cierra Bean, Business Operations Analyst, CHIPS Program Office, 202–818–2677, *askchips@chips.gov*.

SUPPLEMENTARY INFORMATION:

I. Abstract

The CHIPS Act (the Act) established a manufacturing incentives program to sustain and reestablish U.S. leadership across the semiconductor supply chain. To ensure that funding provided through the CHIPS Program does not directly or indirectly benefit foreign countries of concern, the Act establishes certain conditions that must be imposed on recipients of CHIPS funds, such as restricting engagement in any significant transaction involving the material expansion of semiconductor manufacturing capacity in foreign countries of concern and prohibiting certain joint research or technology licensing efforts with foreign entities of concern. The Department of Commerce (Commerce) issued a final rule to set forth terms related to these conditions and procedures for a covered entity to notify the Secretary of any planned significant transactions that may be prohibited (15 CFR 231.302). This information collection implements the notification procedure in the final rule.

II. Method of Collection

Information will be collected electronically. Respondents submit information only when they plan a transaction subject to notification under the final rule.

III. Data

OMB Control Number: 0693–0096.

Form Number(s): None.

Type of Review: Regular submission, extension of current information collection.

Affected Public: Business or other for-profit organizations.

Estimated Number of Respondents: 25.

Estimated Time per Response: The average time per response is expected to be 2 hours.

Estimated Total Annual Burden Hours: 50 hours.

Estimated Total Annual Cost to Public: $0.

Respondent's Obligation: Required to obtain or retain benefits.

Legal Authority: 15 U.S.C. 4652(a)(6).

IV. Request for Comments

We are soliciting public comments to permit the Department/Bureau to: (a) Evaluate whether the proposed information collection is necessary for the proper functions of the Department, including whether the information will have practical utility; (b) Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used; (c) Evaluate ways to enhance the quality,

utility, and clarity of the information to be collected; and (d) Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Comments that you submit in response to this notice are a matter of public record. We will include or summarize each comment in our request to OMB to approve this ICR. Before including your address, phone number, email address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you may ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–21693 Filed 10–22–26; 8:45 am]

BILLING CODE 3510–13–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Agency Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; West Coast Region Groundfish Electronic Fish Ticket Program

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on May 18, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: National Oceanic and Atmospheric Administration, Commerce.

Title: West Coast Region Groundfish Electronic Fish Ticket Program.

OMB Control Number: 0648–0738.

Form Number(s): None.

Type of Request: Regular submission (extension of a currently approved collection).

Number of Respondents: 189 respondents.

Average Hours per Response: Electronic fish ticket submission: 2 minutes; Electronic fish tickets/IFQ First Receiver submissions: 10 minutes; Electronic fish tickets/IFQ First Receiver Pacific whiting disposition recordkeeping: 1 minute.

Total Annual Burden Hours: 155 hours.

Needs and Uses: This is a request for an extension of an approved information collection. As part of its fishery management responsibilities, the National Oceanic and Atmospheric Administration (NOAA), National Marine Fisheries Service (NMFS) collects information to determine the amount and type of groundfish caught by fishing vessels. Electronic fish tickets are submissions of landings data from the first receiver to the Pacific States Marine Fisheries Commission (PSMFC) and NMFS. This collection supports requirements for participants of the Pacific Coast shorebased commercial groundfish fisheries (including the shorebased Individual Fishing Quota (IFQ) program, the limited entry fixed gear fishery, and the open access fixed gear fishery) to account for all landed catch and to send electronic catch data used to manage the catch allocations and limits. The respondents are principally shorebased first receivers.

Affected Public: Primary respondents are businesses or other for-profit organizations (*e.g.,* groundfish fishermen, fishing companies, partnerships, and shorebased first receivers), individuals or households, and state fisheries agencies.

Frequency: Reporting occurs concurrently with fishing landings, which could range from occasionally to daily depending on the frequency of fishing throughout the season.

Respondent's Obligation: Required by regulatory compliance in order to participate in the fishery.

Legal Authority: Magnuson-Stevens Fishery Conservation and Management Act 16 U.S.C. 1801 *et seq.* NMFS implemented a trawl rationalization program in January 2011 for the Pacific Coast Groundfish Limited Entry Trawl Fishery. The program was implemented through Amendments 20 and 21 to the Pacific Coast Groundfish FMP and the corresponding implementing regulations for recordkeeping and reporting at 50 CFR 660.113.

This information collection request may be viewed at *www.reginfo.gov*. Follow the instructions to view the Department of Commerce collection currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function and entering either the title of the collection or the OMB Control Number 0648–0738.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–21661 Filed 10–22–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF DEFENSE

Department of the Air Force

Notice of Record of Decision for the Environmental Impact Statement for Basing F–35A Lightning II Formal Training Unit at Kingsley Field ANGB, Klamath Falls, Oregon

AGENCY: Department of the Air Force, Department of Defense.

ACTION: Notice of record of decision.

SUMMARY: On October 5, 2026, the Department of the Air Force (DAF) signed the Record of Decision (ROD) for the Final Environmental Impact Statement for Basing F–35A Lightning II Formal Training Unit at Kingsley Field Air National Guard Base, Klamath Falls, Oregon.

FOR FURTHER INFORMATION CONTACT: Ms. Alicia Treece, National Environmental Policy Act (NEPA) Project Manager, by email at *alicia.treece.3@us.af.mil,* or 173rd Fighter Wing Public Affairs by phone at (541) 885–6677.

SUPPLEMENTARY INFORMATION: The DAF will implement the Proposed Action to bed down and operate one F–35A Lightning II Formal Training Unit squadron at Kingsley Field Air National Guard Base, Klamath Falls, Oregon, consisting of up to 24 Primary Aerospace Vehicle Authorized aircraft and 2 Backup Aerospace Vehicle Authorized aircraft, for a total of 26 F–35A aircraft. The DAF will execute the operational, training, construction, renovation, demolition, and personnel components of the Proposed Action as analyzed in the Final Environmental Impact Statement (EIS). The Proposed

Action was selected after considering the potential environmental consequences provided in the Final EIS, comments received during the NEPA process, mission requirements, operational needs, and other matters related to national defense, including current military operational needs and costs.

The Final EIS was made available to the public through the project website (*https://www.kingsleyfieldf35eis.com/*), and a Notice of Availability was published in the **Federal Register** (Volume 91, Number 185, Page 60957) on September 25, 2026. The DAF decision documented in the ROD was based on the evaluations and analyses contained in the Final EIS, public comments, and other relevant matters.

(Authority: 42 United States Code 4321, *et seq.,* and Department of War and Department of Air Force National Environmental Policy Act Implementing Procedures.)

Crystle C. Poge,

Air Force Federal Register Liaison Officer.

[FR Doc. 2026–21696 Filed 10–22–26; 8:45 am]

BILLING CODE 3911–44–P

DEPARTMENT OF EDUCATION

Free Application for Federal Student Aid (FAFSA®) Information To Be Verified for the 2027–2028 Award Year

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Notice.

SUMMARY: For each award year, the Secretary publishes in the **Federal Register** a notice announcing the FAFSA information that an institution and an applicant may be required to verify, as well as the acceptable documentation for verifying FAFSA information. This is the notice for the 2027–2028 award year; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268.

FOR FURTHER INFORMATION CONTACT: Vanessa Gomez. Telephone: (202) 453–6708. Email: *Vanessa.Gomez@ed.gov.*

If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7–1–1.

SUPPLEMENTARY INFORMATION: If the Secretary selects an applicant for verification, the applicant's Institutional Student Information Record (ISIR) includes flags that indicate (1) that the applicant has been selected by the Secretary for verification and (2) the verification tracking group in which the applicant has been placed. The verification tracking group indicates which FAFSA information needs to be verified for the applicant and, if appropriate, for the applicant's parent(s) or spouse. The FAFSA Submission Summary indicates that the applicant's FAFSA information has been selected for verification and directs the applicant to contact the institution for further instructions for completing the verification process.

In accordance with the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act, much of the applicant's tax return information, including information from their spouse and/or parents, will come directly from the IRS and will not be viewable by the student and other contributors. Such information that is transferred and not edited will essentially be verified and need no further verification. However, for instances where income and tax information cannot be obtained directly from the IRS, the applicant will have to manually enter the necessary information into the FAFSA form, and that manual entry may be subject to verification.

The following chart lists, for the 2027–2028 award year, the FAFSA information that an institution and an applicant and, if appropriate, the applicant's parent(s) or spouse may be required to verify under 34 CFR 668.56. The chart also lists the acceptable documentation that must, under § 668.57, be provided to an institution for that information to be verified.

FAFSA information	Acceptable documentation
Income information for tax filers: (a) Adjusted Gross Income (AGI) (b) Income Earned from Work (c) U.S. Income Tax Paid (d) Untaxed Portions of IRA Distributions (e) Untaxed Portions of Pensions (f) IRA Deductions and Payments (g) Tax Exempt Interest Income (h) Education Credits (i) Foreign Income Exempt from Federal Taxation	Items a through h, if transferred directly from the IRS and used in the Pell Grant eligibility determination and/or Student Aid Index (SAI) calculation, do not need to be verified. When information is not transferred from the IRS, and for item i, the following documentation is sufficient for verification: (1) A transcript [1] obtained at no cost from the IRS or other relevant tax authority of a U.S. territory (Guam, American Samoa, the U.S. Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana Islands), or a foreign government, that lists 2025 tax account information of the tax filer; or (2) A copy of the income tax return [1] and the applicable schedules [1] that were filed with the IRS or other relevant tax authority of a U.S. territory, or a foreign government that lists 2025 tax account information of the tax filer. (3) If item d or e contains a rollover, a copy of the income tax return or a signed statement confirming the amount of the rollover in the untaxed pension or IRA distribution. Note that even if d or e are transferred as FTI, rollovers still need to be verified as they are manually entered.

FAFSA information	Acceptable documentation
Income information for tax filers with unique situations and exceptions:. (a) Adjusted Gross Income (AGI) (b) Income Earned from Work (c) U.S. Income Tax Paid (d) Untaxed Portions of IRA Distributions (e) Untaxed Portions of Pensions (f) IRA Deductions and Payments (g) Tax Exempt Interest Income (h) Education Credits (i) Foreign Income Exempt from Federal Taxation	(1) For a student, or the parent(s) of a dependent student, who filed a 2025 joint income tax return and whose income is used in the calculation of the applicant's SAI and who at the time the FAFSA form was completed was separated, divorced, widowed, or married to someone other than the individual included on the 2025 joint income tax return— (a) A transcript [1] obtained from the IRS or other relevant tax authority that lists 2025 tax account information of the tax filer(s); or (b) A copy of the income tax return [1] and the applicable schedules [1] that were filed with the IRS or other relevant tax authority that lists 2025 tax account information of the tax filer(s); and (c) A copy of IRS Form W–2 [2] for each source of 2025 employment income received or an equivalent document.[2] (2) For an individual who is required to file a 2025 IRS income tax return and has been granted a filing extension by the IRS beyond the automatic six-month extension for tax year 2025— (a) A signed statement listing the sources of any 2025 income and the amount of income from each source; (b) A copy of the IRS's approval of an extension beyond the automatic six-month extension for tax year 2025; [3] (c) A copy of IRS Form W–2 [2] for each source of 2025 employment income received or an equivalent document; [2] and (d) If self-employed, the signed statement must indicate the amount of estimated AGI and U.S. income tax paid for tax year 2025. (3) If d or e contains a rollover, a copy of the income tax return or a signed statement confirming the amount of the rollover in the untaxed pension or IRA distribution. Note that even if d or e are transferred as FTI, rollovers still need to be verified as they are manually entered. *Note:* An institution may require that, after the income tax return is filed, an individual granted a filing extension beyond the automatic 6-month extension submit tax information by obtaining a transcript [1] from the IRS, or by submitting a copy of the income tax return [1] and the applicable schedules [1] that were filed with the IRS that lists 2025 tax account information. When an institution receives such information, it must be used to reverify the income and tax information reported on the FAFSA form. (4) For an individual who was the victim of IRS tax-related identity theft— • A copy of the signed 2025 income tax return[1] and applicable schedules [1] the individual filed with the IRS; and • An IRS 4674C letter (a letter from the IRS acknowledging the identity theft) or a statement signed and dated by the tax filer indicating that he or she was a victim of IRS tax-related identity theft and the IRS is aware of it. (5) For an individual who filed an amended income tax return with the IRS, a signed copy of the IRS Form 1040X that was filed with the IRS for tax year 2025 or documentation from the IRS that include the change(s) made to the tax filer's 2025 tax information, in addition to one of the following— (a) Income and tax information from the IRS on an ISIR record with all tax information from the original tax return; (b) A transcript obtained from the IRS that lists 2025 tax account information of the tax filer(s); or (c) A signed copy of the 2025 IRS Form 1040 and the applicable schedules that were filed with the IRS.
Income information for non-tax filers: Income Earned from Work	For an individual who has not filed and, under IRS or other relevant tax authority rules (*e.g.,* the Republic of the Marshall Islands, the Republic of Palau, the Federated States of Micronesia, a U.S. territory or commonwealth or a foreign government), is not required to file a 2025 income tax return— (1) A signed and dated statement certifying— (a) That the individual is not required to file a 2025 income tax return; and (b) The sources and amounts of earnings, other income, and resources that supported the individual(s) for the 2025 tax year; (2) For individuals without a Social Security number (SSN), Individual Taxpayer Identification Number (ITIN), or Employer Identification Number (EIN), a signed and dated statement certifying that they do not have an SSN, ITIN, or EIN; (3) A copy of IRS Form W–2 [2] for each source of 2025 employment income received or an equivalent document; [2] and (4) Verification of non-filing [4] for individuals who would file a return with a relevant tax authority other than the IRS dated on or after October 1, 2026. Dependent students are excluded from this requirement. *Note:* The collection of documentation to verify income earned from work is also used to determine if the applicant (and the applicable spouse or parent) was required to file a U.S. income tax return for the 2025 tax year.
Family Size	Since family size is based on the number of individuals listed and claimed on the IRS tax return, if transferred directly from the IRS and used in the Pell Grant eligibility determination and/or SAI calculation, family size does not need to be verified. However, when information is not transferred from the IRS, or if the applicant updated their family size when presented with the opportunity to do so on their FAFSA form, the following documentation is sufficient for verification: A statement signed by the applicant and, if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each family member for the 2027–2028 award year and the relationship of that family member to the applicant. *Note:* Verification of family size is not required if— • For a dependent student, the family size indicated on the ISIR is two and the parent is single, separated, divorced, or widowed, or the household size indicated on the ISIR is three and the parents are married, remarried or unmarried and living together; or • For an independent student, the family size indicated on the ISIR is one and the applicant is single, separated, divorced, or widowed, or the household size indicated on the ISIR is two and the applicant is married or remarried; or • The applicant manually updated their family size and the number is the same as the family size derived from data transferred directly from the IRS.

FAFSA information	Acceptable documentation
Identity	(1) An applicant may appear in person and present acceptable identification [5] to an institutionally authorized individual to verify the applicant's identity. The institution must maintain an annotated copy of the acceptable identification and documentation, that includes— (a) The date the identification was presented; and (b) The name of the institutionally authorized individual who reviewed the identification. (2) An applicant may also be verified by an entity that is compliant with National Institute of Standards and Technology (NIST) Identity Assurance Level 2 (NIST IAL2), even if the applicant can appear in person—*https://pages.nist.gov/800-63-3-Implementation-Resources/63A/ial2remote/*. The institution must receive documentation directly from the entity confirming that the student's identity was verified under the NIST standard and the date of the verification. (3) If an institution determines that an applicant is unable to appear in person, the applicant may: (a) Provide the institution with a copy of an acceptable identification presented to a notary and acknowledged in a signed notary statement; or (b) Appear on a video call with institutional personnel and present the acceptable identification to an institutionally authorized individual. The video call option will require the institution to maintain a copy (electronic or hardcopy) of the identification documentation that includes the date it was presented and the name of the authorized representative that reviewed and approved the documentation. This can be accomplished through a screenshot of the video call that has legible details of the acceptable identification. (4) For a confined or incarcerated individual (as defined in 34 CFR 600.2) enrolled in an eligible prison education program (*see* 34 CFR Subpart P), the Department will consider their identity to be verified if the individual's identity was verified by an authorized official at the correctional facility where the individual is confined or incarcerated. An institution must retain as documentation a copy of the acceptable identification or paper confirmation (if it is prohibited to make a copy of the individual's identification) that includes— (a) The date the identification was presented or the date the verification took place, (b) The name of the correctional facility official who confirmed the confined or incarcerated individual's identity; and (c) The name of the institutionally authorized individual who performed the verification.

[1] This footnote is applicable whenever an income tax return, the related schedules, or transcript is mentioned in the above chart.
The copy of the 2025 income tax return must include the signature of the tax filer, or one of the filers of a joint income tax return, or the signed, stamped, typed, or printed name and address of the preparer of the income tax return and the preparer's Social Security number, Employer Identification Number, or Preparer Tax Identification Number.
For a tax filer who filed an income tax return other than an IRS form, such as a foreign or Puerto Rican tax form, the institution must use the income information (converted to U.S. dollars) from the lines of that form that correspond most closely to the income information reported on a U.S. income tax return.
An individual who did not retain a copy of his or her 2025 tax account information, and for whom that information cannot be located by the IRS or other relevant tax authority, must submit to the institution—
a. Copies of all IRS Form W–2s for each source of 2025 employment income or equivalent documents; or
b. If the individual is self-employed or filed an income tax return with a government of a U.S. territory or commonwealth or a foreign government, a signed statement certifying the amount of AGI and income taxes paid for tax year 2025; and
c. Documentation from relevant tax authorities other than the IRS that indicates the individual's 2025 tax account information cannot be located; and
d. A signed statement that indicates that the individual did not retain a copy of his or her 2025 tax account information.
[2] An individual who is required to submit an IRS Form W–2 or an equivalent document but did not maintain a copy should request a duplicate from the employer who issued the original or from the government agency that issued the equivalent document. If the individual is unable to obtain a duplicate W–2 or an equivalent document in a timely manner, the institution may permit that individual to provide a signed statement, in accordance with 34 CFR 668.57(a)(6), that includes—
(a) The amount of income earned from work;
(b) The source of that income; and
(c) The reason why the IRS Form W–2, or an equivalent document, is not available in a timely manner.
[3] For an individual who was called up for active duty or for qualifying National Guard duty during a war or other military operation or national emergency, an institution must accept a statement from the individual certifying that he or she has not filed an income tax return or a request for a filing extension because of that service.
[4] If an individual is unable to obtain verification of non-filing from a relevant tax authority and, based upon the institution's determination, it has no reason to question the student's or family's good-faith effort to obtain the required documentation, the institution may accept a signed statement certifying that the individual attempted to obtain the verification of non-filing from the relevant tax authority and was unable to obtain the required documentation.
[5] An unexpired valid government-issued photo identification is one issued by the U.S. government, any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, a federally recognized American Indian and Alaska Native Tribe, American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

The individual FAFSA items that an applicant must verify are based upon the Verification Tracking Group to which the applicant is assigned as outlined in the following chart.

Verification tracking flag	Verification tracking group name	FAFSA information required to be verified
V1	Standard Verification Group	*Tax Filers:* • Adjusted Gross Income. • Income Earned from Work. • U.S. Income Tax Paid. • Untaxed Portions of IRA Distributions. • Untaxed Portions of Pensions. • IRA Deductions and Payments. • Tax Exempt Interest Income. • Education Tax Credits. • Foreign Income Exempt from Federal Taxation. *Non-Tax Filers:* • Income Earned from Work. *Tax Filers and Non-Tax Filers:* • Family Size.
V2	Reserved	N/A.
V3	Reserved	N/A.
V4	Custom Verification Group	• Identity.

Verification tracking flag	Verification tracking group name	FAFSA information required to be verified
V5	Aggregate Verification Group	*Tax Filers:* • Adjusted Gross Income. • Income Earned from Work. • U.S. Income Tax Paid. • Untaxed Portions of IRA Distributions. • Untaxed Portions of Pensions. • IRA Deductions and Payments. • Tax Exempt Interest Income. • Education Tax Credits. • Foreign Income Exempt from Federal Taxation. *Non-Tax Filers:* • Income Earned from Work. *Tax Filers and Non-Tax Filers:* • Family Size. • Identity.
V6	Reserved	N/A.

Other Sources for Detailed Information

We provide a more detailed discussion on the verification process in the following resources that will be available on the Knowledge Center web page at *https://fsapartners.ed.gov/knowledge-center:*

- 2027–2028 Application and Verification Guide.
- 2027–2028 FAFSA Specifications Guide: Volume 6—ISIR Guide, Volume 7—Comment Codes.
- 2027–2028 COD Technical Reference.
- Program Integrity Information—Questions and Answers on Verification at *https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/program-integrity-questions-and-answers-verification.*

Accessible Format: On request to the program contact person listed under **FOR FURTHER INFORMATION CONTACT**, individuals with disabilities can obtain this document in an accessible format. The Department will provide the requestor with an accessible format that may include Rich Text Format (RTF) or text format (txt), a thumb drive, an MP3 file, braille, large print, audiotape, or compact disc or other accessible format.

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations at *www.govinfo.gov.* At this site you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF, you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at *www.federalregister.gov.* Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Program Authority: 20 U.S.C. 1070a, 1070b–1070b–4, 1087a–1087j, and 1087–51 through 1087–58.

David Barker,

Assistant Secretary, Office of Postsecondary Education.

[FR Doc. 2026–21678 Filed 10–22–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2026–SCC–2608]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Approved State Ability to Benefit Process

AGENCY: Federal Student Aid (FSA), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing an extension without change of a currently approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before November 23, 2026.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be submitted within 30 days of publication of this notice. Click on this link *www.reginfo.gov/public/do/PRAMain* to access the site. Find this information collection request (ICR) by selecting ''Department of Education'' under ''Currently Under Review,'' then check the ''Only Show ICR for Public Comment'' checkbox. *Reginfo.gov* provides two links to view documents related to this information collection request. Information collection forms and instructions may be found by clicking on the ''View Information Collection (IC) List'' link. Supporting statements and other supporting documentation may be found by clicking on the ''View Supporting Statement and Other Documents'' link.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Carolyn Rose, (202) 453–5967.

SUPPLEMENTARY INFORMATION: The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Approved State Ability to Benefit Process.

OMB Control Number: 1845–0176.

Type of Review: Extension without change of a currently approved ICR.

Respondents/Affected Public: State, Local, and Tribal Governments.

Total Estimated Number of Annual Responses: 10.

Total Estimated Number of Annual Burden Hours: 3,200.

Abstract: Ability to Benefit (ATB) is an alternative for an individual who does not have a high school diploma to become eligible for Title IV aid. The State process is one of the three

alternatives. The State ATB processes described in § 668.156 outlines the requirements for the approval of a State's processes, monitoring, and reporting requirements under ATB. This is a request for an extension without change of information and burden found in § 668.156, 1845–0176 Approved State Ability to Benefit Process.

Ross Santy,

Chief Data Officer, Office of Planning, Evaluation and Policy Development.

[FR Doc. 2026–21667 Filed 10–22–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF JUSTICE

DEPARTMENT OF EDUCATION

Clarification on Department of Justice and Department of Education Guidance Documents Regarding Federal Nondiscrimination Laws

AGENCY: Civil Rights Division, Department of Justice; Office for Civil Rights, Department of Education.

ACTION: Notice; clarification.

SUMMARY: The U.S. Department of Justice (DOJ) and U.S. Department of Education (ED) (the Departments) are issuing this document to clarify that seven guidance documents issued jointly by the Departments are not enforceable. In addition, the Departments plan to revisit these guidance documents in light of the Supreme Court's decision in *Loper Bright Enters.* v. *Raimondo*, 603 U.S. 369, 400 (2024), to assess whether they are consistent with the single best meaning of the relevant statutory text. The Departments will not rely upon these guidance documents in their enforcement of federal civil rights laws, including Titles IV and VI of the Civil Rights Act of 1964 (Title IV and Title VI), 42 U.S.C. 2000c *et seq.* and 2000d *et seq.*, the Equal Educational Opportunities Act of 1974 (EEOA), 20 U.S.C. 1701–1720, the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. 12101 *et seq.*, and Section 504 of the Rehabilitation Act of 1973 (Section 504), 29 U.S.C. 794.

FOR FURTHER INFORMATION CONTACT: John Mertens, Acting Chief, Educational Opportunities Section, Civil Rights Division, 202–514–4092; Maria Litsakis, Acting Director, Program Legal Group, Office for Civil Rights, 800–421–3481.

SUPPLEMENTARY INFORMATION: During the years 2015–2023, the Departments issued the following guidance documents regarding Title IV, Title VI, the EEOA, the ADA, and Section 504:

	Date issued	Agencies	Guidance title
1	January 7, 2015	DOJ, ED	Dear Colleague Letter: English Learner Students and Limited Proficient Parents.[1]
2	January 7, 2015	DOJ, ED	Fact Sheet: Ensuring English Learner Students Can Participate Meaningfully and Equally in Educational Programs.[2]
3	January 7, 2015	DOJ, ED	Information for Limited English Proficient (LEP) Parents and Guardians and for Schools and School Districts that Communicate with Them.[3]
4	May 10, 2021	DOJ, ED	Confronting COVID–19-Related Harassment in Schools.[4]
5	May 26, 2023	DOJ, ED	Resource on Confronting Racial Discrimination in Student Discipline.[5]
6	August 14, 2023	DOJ, ED	Dear Colleague Letter: Questions and Answers Regarding the Supreme Court's Decision in Students for *Fair Admissions, Inc.* v. *Harvard College and University of North Carolina*.[6]
7	August 14, 2023	DOJ, ED	Questions and Answers Regarding the Supreme Court's Decision in Students for *Fair Admissions, Inc.* v. *Harvard College and University of North Carolina*.[7]

Each of the guidance documents discusses legal standards under federal civil rights laws enforced by the Departments. Some of the guidance documents assert that they do not have the force and effect of law, have no binding effect, and do not impose new legal requirements. The Departments' guidance documents, including these guidance documents, do not establish legally enforceable responsibilities beyond what is required by the terms of the applicable statutes, regulations, or binding judicial precedent.[8] This is consistent with Supreme Court jurisprudence, which has held that guidance documents ''do not have the force and effect of law.'' *Perez* v. *Mortg. Bankers Ass'n*, 575 U.S. 92, 97 (2015) (quoting *Shalala* v. *Guernsey Mem'l Hosp.*, 514 U.S. 87, 99 (1995)). Regardless, the Departments are concerned about confusion over the non-enforceable nature of the guidance documents and issue this clarification that the guidance documents are not enforceable.

Further, each of the guidance documents was issued prior to the Supreme Court's decision in *Loper Bright*, which held that agency interpretations must be consistent with the ''single, best meaning'' of the statute authorizing them. 603 U.S. at 400. For these reasons, the Departments plan to revisit the guidance documents listed in this notice in light of *Loper Bright* to determine whether they are consistent with the ''single, best meaning'' of the relevant federal civil rights laws enforced by the Departments. The Departments will not rely upon the guidance documents listed in this notice in their enforcement of Titles IV and Title VI, the EEOA, the ADA, and Section 504.

Dated: October 20, 2026.

Harmeet K. Dhillon,

Assistant Attorney General, Department of Justice.

Kimberly Richey,

Assistant Secretary, Office for Civil Rights, Department of Education.

[FR Doc. 2026–21685 Filed 10–22–26; 8:45 am]

BILLING CODE 4410–13–P

[1] *https://www.ed.gov/sites/ed/files/about/offices/list/ocr/letters/colleague-el-201501.pdf.*

[2] *https://www.ed.gov/sites/ed/files/about/offices/list/ocr/docs/dcl-factsheet-el-students-201501.pdf.*

[3] *https://www.ed.gov/sites/ed/files/about/offices/list/ocr/docs/dcl-factsheet-lep-parents-201501.pdf.*

[4] *https://www.ed.gov/media/document/confronting-covid-19-related-harassment-schools-112258.pdf.*

[5] *https://www.justice.gov/archives/opa/press-release/file/1585291/dl?inline.*

[6] *https://www.ed.gov/media/document/dear-colleague-letter-questions-and-answers-regarding-students-fair-admissions-112306.pdf.*

[7] *https://www.ed.gov/media/document/colleague-20230814pdf-35094..pdf.*

[8] *See* U.S. Dep't of Just., Just. Manual § 1–19.000 (last updated Apr. 2022), *https://perma.cc/E35H-F7FF.*

ENVIRONMENTAL PROTECTION AGENCY

[FRL OPRM–FAD–245]

Environmental Impact Statements; Notice of Availability

Responsible Agency: Office of Federal Activities, General Information 202–993–3272 or *https://www.epa.gov/nepa.*

Weekly receipt of Environmental Impact Statements (EIS)

Filed October 9, 2026 10 a.m. EST Through October 19, 2026 10 a.m. EST

Pursuant to CEQ Guidance on 42 U.S.C. 4332.

Notice: Section 309(a) of the Clean Air Act requires that EPA make public its comments on EISs issued by other Federal agencies. EPA's comment letters on EISs are available at: *https://cdxapps.epa.gov/cdx-enepa-II/public/action/eis/search.*

EIS No. 20260133, Draft, FHWA, MN, Highway 252/I–94, *Comment Period Ends:* 12/22/2026, *Contact:* Anna Varney 651–291–6100.

EIS No. 20260134, Final, USFS, WA, Planning and Management of Domestic Sheep and Goat Grazing within the Range of Bighorn Sheep, *Review Period Ends:* 12/23/2026, *Contact:* Andrew Hart 509–664–9200.

Amended Notice

EIS No. 20260084, Draft Supplement, FHWA, LA, I–49 Lafayette Connector, *Comment Period Ends:* 12/22/2026, *Contact:* Melinda Roberson 225–757–7615. Revision to FR Notice Published 07/24/2026; Reopening the Comment Period to 12/22/2026.

Dated: October 20, 2026.

Nancy Abrams,

Deputy Director, Federal Activities Division.

[FR Doc. 2026–21677 Filed 10–22–26; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at *https://www.federalreserve.gov/foia/request.htm.* Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than November 9, 2026.

A. Federal Reserve Bank of Atlanta (Erien O. Terry, Assistant Vice President) 1000 Peachtree Street, NE, Atlanta, Georgia 30309. Comments can also be sent electronically to *Applications.Comments@atl.frb.org:*

1. *Dillon Michael Roland and Charles Garrett Roland, both of Andalusia, Alabama;* to join the Roland Family Group, a group acting in concert, to retain voting shares of Southern National Corporation, and thereby indirectly retain voting shares of CCB Community Bank, both of Andalusia, Alabama.

B. Federal Reserve Bank of Kansas City (Jeffrey Imgarten, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198–0001. Comments can also be sent electronically to *KCApplicationComments@kc.frb.org:*

1. *Barbara M. King Revocable Trust Dated August 25, 1997, Prairie Village, Kansas, Barbara M. King, as trustee, Leawood, Kansas; Meredith L. McLiney 1997 Revocable Trust, Prairie Village, Kansas, Meredith McLiney Mason, as trustee, Leawood, Kansas; Casey P. McLiney 2000 Revocable Trust, Jane S. McLiney, as trustee, both of Prairie Village, Kansas; Robin S. McLiney 1997 Revocable Trust, Jane S. McLiney, and Joseph A. McLiney, Jr., as co-trustees, all of Prairie Village, Kansas; Joseph A. McLiney, Jr. Trust Dated January 21, 1991, Joseph A. McLiney, Jr., as trustee, both of Prairie Village, Kansas; Joseph A. McLiney, III Revocable Trust, Joseph A. McLiney, Jr., as trustee, both of Prairie Village, Kansas; Larkin L. McLiney Revocable Trust, Joseph A. McLiney, Jr., as trustee, both of Prairie Village, Kansas; Gavin S. McLiney Revocable Trust, Joseph A. McLiney, Jr., as trustee, both of Prairie Village, Kansas; Evelyn J. O'Reilly, Patrick E. O'Reilly, both of Mission Hills, Kansas; and Robin S. O'Reilly, as custodian for a minor child, Mission Hills, Kansas;* to become members of the McLiney Family Control Group, a group acting in concert, to retain voting shares of Marion Bancshares, Inc., and thereby indirectly retain voting shares of The Marion National Bank, both of Marion, Kansas.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–21691 Filed 10–22–26; 8:45 am]

BILLING CODE;P

FEDERAL RESERVE SYSTEM

Notice of Proposals To Engage in or To Acquire Companies Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR part 225) to engage de novo, or to acquire or control voting securities or assets of a company, including the companies listed below, that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.28) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at *https://www.federalreserve.gov/foia/request.htm.* Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than November 9, 2026.

A. Federal Reserve Bank of Kansas City (Jeffrey Imgarten, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198–0001. Comments can also be sent electronically to *KCApplicationComments@kc.frb.org:*

1. *Security Bancshares Corporation, Wewoka, Oklahoma;* to engage in lending activities pursuant to section 225.28(b)(1) of Regulation Y, and acquiring debt in default pursuant to section 225.28(b)(vii) of Regulation Y.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–21692 Filed 10–22–26; 8:45 am]

BILLING CODE P

FEDERAL TRADE COMMISSION

[FTC Docket No. C–4841]

Publicis and LiveRamp; Analysis of Proposed Agreement Containing Consent Order To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement; request for comment.

SUMMARY: The consent agreement in this matter settles alleged violations of Federal law prohibiting unfair methods of competition. The attached Analysis of Proposed Agreement Containing Consent Order to Aid Public Comment describes both the allegations in the complaint and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before November 23, 2026.

ADDRESSES: Interested parties may file comments online or on paper by following the instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION** section below. Please write ''Publicis and LiveRamp; File No. 261 0115'' on your comment and file your comment online at *https://www.regulations.gov* by following the instructions on the web-based form. If you prefer to file your comment on paper, please mail your comment to: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Ave. NW, Mail Stop H–144 (Annex M), Washington, DC 20580.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of 30 days. The following Analysis to Aid Public Comment describes the terms of the consent agreement and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained at *https://www.ftc.gov/news-events/commission-actions.*

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before November 23, 2026. Write ''Publicis and LiveRamp; File No. 261 0115'' on your comment. Your comment—including your name and your State—will be placed on the public record of this proceeding, including, to the extent practicable, on the *https://www.regulations.gov* website.

We encourage you to submit comments through the *https://www.regulations.gov* website. Postal mail addressed to the Commission will be subject to delay because of heightened security screening. If you prefer to file your comment on paper, write ''Publicis and LiveRamp; File No. 261 0115'' on your comment and on the envelope, and send it via overnight service to: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Mail Stop H–144 (Annex M), Washington, DC 20580.

Because your comment will be placed on the publicly accessible website at *https://www.regulations.gov,* you are solely responsible for making sure your comment does not include any sensitive or confidential information. In particular, your comment should not include sensitive personal information, such as your or anyone else's Social Security number; date of birth; driver's license number or other State identification number, or foreign country equivalent; passport number; financial account number; or credit or debit card number. You are also solely responsible for making sure your comment does not include sensitive health information, such as medical records or other individually identifiable health information. In addition, your comment should not include any ''trade secret or any commercial or financial information which . . . is privileged or confidential''—as provided by section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2)—including competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled ''Confidential,'' and must comply with FTC Rule 4.9(c). In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c). Your comment will be kept confidential only if the General Counsel grants your request in accordance with the law and the public interest. Once your comment has been posted on the *https://www.regulations.gov* website—as legally required by FTC Rule 4.9(b)—we cannot redact or remove your comment from that website, unless you submit a confidentiality request that meets the requirements for such treatment under FTC Rule 4.9(c), and the General Counsel grants that request.

Visit *https://www.ftc.gov* to read this document and the news release describing the proposed settlement. The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding, as appropriate. The Commission will consider all responsive public comments it receives on or before November 23, 2026. For information on the Commission's privacy policy, including routine uses permitted by the Privacy Act, see *https://www.ftc.gov/site-information/privacy-policy.*

Analysis of Agreement Containing Consent Orders To Aid Public Comment

I. Introduction

The Federal Trade Commission (''Commission'') has accepted, subject to final approval, an Agreement Containing Consent Orders (''Consent

Agreement'') designed to remedy the anticompetitive effects resulting from Publicis Groupe S.A.'s (''Publicis'') proposed acquisition of LiveRamp Holdings, Inc. (''LiveRamp''). Pursuant to an Agreement and Plan of Merger dated May 16, 2026, Publicis will acquire LiveRamp in an all-cash transaction for a total enterprise value of approximately $2.2 billion (the ''Acquisition'').

The Commission's Complaint alleges that the Acquisition, if consummated, would violate section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the FTC Act, as amended, 15 U.S.C. 45, by substantially lessening competition in: (1) the U.S. market for media agency services; and (2) the U.S. market for audience data services. In the relevant market for media agency services, the Acquisition would likely result in Publicis having the ability and incentive to pull customers away from competing media agency service providers by using or misusing competitively sensitive data for its clients' benefit. In the relevant market for audience data services, the Acquisition would likely also result in Publicis having the ability and incentive to use or misuse the competitively sensitive data of its competitors, thereby raising its rivals' costs or otherwise undermining their ability to compete.

The proposed Decision and Order (''Order'') will remedy the Acquisition's likely anticompetitive effects in each relevant market by requiring, for a period of five years, Publicis and LiveRamp (collectively, the ''Respondents'') to (1) act as a non-discriminatory supplier of LiveRamp's data connectivity services to both current and future customers of LiveRamp and (2) protect competitors' competitively sensitive information from improper use or disclosure.

The Consent Agreement has been placed on the public record for 30 days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again evaluate the Consent Agreement, along with the comments received, to make a final decision as to whether it should withdraw from the Consent Agreement, modify it, or make final the Order.

II. The Respondents

Publicis is a French corporation with its principal place of business in Paris, France. Publicis is a leading global advertising agency that provides creative advertising (*i.e.,* developing brand identities, messaging, visual designs, and advertisements themselves) and media agency services (*i.e.,* planning, executing, and measuring digital advertisement campaigns) for its clients. Relevant here, Publicis provides media agency services for digital advertising across an array of business sectors in the United States. Publicis also provides audience data services, through its subsidiary Epsilon, which include providing advertisers with third-party data that may help in identifying an appropriate audience.

LiveRamp is a Delaware corporation with its principal place of business in San Francisco, California. LiveRamp is a global data collaboration technology company that provides technological services that facilitate the planning, execution, and measurement of digital advertising campaigns. These services include providing technological infrastructure that allows for the movement of data between service providers in the advertisement technology workflow, for example between media agency service providers and websites when executing a campaign or between media agency service providers and audience data service providers.

III. The Products and Structure of the Markets

Publicis is one of five major global advertising holding companies that provide media agency services, along with WPP, Omnicom, Dentsu, and Havas. Media agency services generally cover the following components of an advertising campaign: planning an ad campaign, which includes identifying an audience; executing an ad campaign, which includes placing ads on search engines, social media, digital video, and streaming services; and measuring an ad campaign to determine if the ads reached the intended audience. Several smaller advertising agencies exist and primarily compete for smaller customers or portions of larger advertisers' work but generally do not compete for the same types of business as the major agencies. In the United States, Publicis's share of the media agency services market has been growing, and it leads the five major advertising agencies in terms of media billings. On a worldwide basis, since 2020, Publicis's net new business has substantially exceeded the net new business of other major media agencies.

Audience data services involve the provision of third-party audience data and related services to assist in identifying and/or constructing an appropriate audience for an advertising campaign. Marketers generally design ad campaigns to target potential customers based on relevant attributes. The audience construction process frequently begins with a marketer's own first-party data. In many cases, however, marketers will supplement their first-party data with third-party data to expand the reach of a campaign or refine audience attributes. For example, a sunscreen producer might want to target their advertisement to individuals who have recently rented hotel rooms in Florida beach destinations. The producer is unlikely to possess that information in its first-party data but could purchase that information from third-party sources. There are numerous providers of audience data services, including Publicis's Epsilon. These audience data service providers use data connectivity service providers to share data with marketers in a privacy-compliant manner.

LiveRamp is the leading data connectivity provider in the U.S. media marketing ecosystem. It has the largest scale and is the only provider with a full spectrum of data connectivity services. Data connectivity services can include data onboarding, identity graphs, identity resolution, clean rooms, and an array of other services. Other competitors exist in the data connectivity space, but they may provide only some of the possible suite of data connectivity services, lack in scale compared to LiveRamp, or both. Of particular value in this market are the number of connections, also referred to as integrations, that a data connectivity provider has to facilitate the flow of data between partners in the advertising ecosystem. Currently, LiveRamp has more integrations than any other data connectivity service provider.

IV. Entry

Entry into the relevant markets would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the likely anticompetitive effects of the Acquisition. There are significant barriers to entry into the development, sale, and provision of data connectivity services. It would be difficult, costly, and time consuming for a new entrant to establish the technological scale necessary to compete successfully in the market for data connectivity services.

V. Effects of the Acquisition

The Acquisition would likely result in Publicis having the ability and incentive to misuse the competitively sensitive information, including pricing and other ad campaign data, that it would gain access to when audience data service providers use LiveRamp. Publicis could utilize such information to undermine

audience data service competitors of Epsilon, thereby making it harder for them to compete or even pushing them out of the market completely. The Acquisition would also likely result in Publicis having the ability and incentive to deny or degrade access to LiveRamp's services for audience data service providers that compete with Epsilon. This type of foreclosure could raise Epsilon's competitors' costs by forcing them to turn to less preferred data connectivity providers with smaller scale and reach and/or spend resources on building out additional data connections.

In addition, the Acquisition would likely result in Publicis having the ability and incentive to appropriate competitively sensitive LiveRamp client data for the benefit of Publicis's media agency services and its own clients. As a result, clients that otherwise prefer the media agency services of competing ad agencies may be pressured to switch to Publicis in order to avoid the competitive harm of data appropriation. This may substantially lessen competition in the market for U.S. media agency services considering Publicis's already large share of net new business awarded over the past few years.

Absent the protections of the Consent Agreement, after the Acquisition, Publicis would likely have the ability and incentive to foreclose by denying or degrading access to LiveRamp's services or by otherwise making decisions to undermine and disadvantage their competitors in the markets for audience data services and media agency services. Publicis would also gain access to competitively sensitive information relating to its competitors and exploit it to its own advantage.

VI. The Order and the Order To Maintain Assets

The Order and the Order to Maintain Assets effectively remedy the Acquisition's likely anticompetitive effects in both the market for audience data services and the market for media agency services by requiring that LiveRamp continue to operate as a neutral platform for all current and future customers by: (1) providing non-discriminatory access to and support for LiveRamp's standalone products and services; (2) preserving access to and support for LiveRamp's standalone products and services, including any access or support required from Publicis; and (3) supporting non-discriminatory interoperability between LiveRamp's standalone products and services and non-Publicis third-party platforms. The non-discrimination prohibitions of the Order apply to any potential discriminatory conduct affecting access, customer and technical support, price, product functionality, technology, and product and platform choice.

The Order requires Publicis to establish firewalls to ensure that Publicis does not access or use LiveRamp customer data and confidential business information that it receives from a customer's use of LiveRamp's standalone products and services, and that Publicis does not transfer or commingle such data for the benefit or development of Publicis products and services. The Order also requires that certain employees who receive any LiveRamp customer confidential business information receive training regarding the restrictions on the use and dissemination of such information.

The Order provides that Publicis shall appoint an independent industry-standard auditor to audit Publicis's compliance with the Order every six months for the first two years after the date of Acquisition, and then once a year thereafter. Copies of the audit will be provided to the Commission. LiveRamp customers may also request an audit, up to once a year, and the Order requires Publicis to conduct an audit of its compliance with the Order's obligations for that customer. The Order also provides for third-party mediation in the event of any disputes arising or relating to noncompliance with the Order.

Finally, the Order specifies that it will terminate five years from the date it is issued.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Consent Agreement or to modify its terms in any way.

By direction of the Commission.

Joel Christie,

Acting Secretary.

[FR Doc. 2026–21659 Filed 10–22–26; 8:45 am]

BILLING CODE 6750–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

[Office of Management and Budget #: 0970–0114]

Proposed Information Collection Activity; Child Care and Development Fund Plan Preprint for States/Territories for Federal Fiscal Year (FFY) 2028–2030 (ACF–118) and extension of Child Care and Development Fund Plan Preprint for States/Territories for FFY 2025–2027

AGENCY: Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services.

ACTION: Request for public comments.

SUMMARY: The Administration for Children and Families (ACF) is requesting an extension without changes of the form ACF–118: Child Care and Development Fund (CCDF) Plan Preprint for States/Territories for FFY 2025–2027 (Office of Management and Budget #: 0970–0114, expiration March 31, 2027), and an additional 3-year extension of the form ACF–118: CCDF Plan Preprint for States/Territories for FFY 2028–2030. There are changes requested to the form ACF–118: CCDF Plan Preprint for States/Territories for FFY 2028–2030 to reduce burden, streamline questions, reduce data entry, and strengthen program integrity.

DATES: Comments due December 22, 2026.

ADDRESSES: In compliance with the requirements of the Paperwork Reduction Act of 1995, ACF is soliciting public comment on the specific aspects of the information collection described above. You can obtain copies of the proposed collection of information and submit comments by emailing *infocollection@acf.hhs.gov.* Identify all requests by the title of the information collection.

SUPPLEMENTARY INFORMATION:

Description: The CCDF Plan (the Plan) for states and territories is required from each CCDF Lead Agency in accordance with section 658E of the Child Care and Development Block Grant Act of 1990 (CCDBG Act), as amended, CCDBG Act of 2014 (Pub. L. 113–186), and 42 U.S.C. 9858. The Plan, submitted on the ACF–118, is required triennially, and remains in effect for 3 years. These Plans are the applications for CCDF funds and provide ACF and the public with a description of and assurance about the

states' and territories' CCDF program and child care services.

At this time, ACF's Office of Child Care (OCC) is proposing an extension of the approval of the currently approved CCDF Plan Preprint for FFY 2025–2027 to allow states and territories to continue to submit amendments through September 30, 2027, as required. There are no changes proposed to the FFY 2025–2027 Plan Preprint. In addition, OCC is requesting comments on the proposed CCDF Plan Preprint for FFY 2028–2030. Updates were made to simplify and reduce questions, reduce burden, and strengthen program integrity.

Respondents: State and Territory Lead Agencies.

ANNUAL BURDEN ESTIMATES

Instrument	Total number of respondents	Total number of responses per respondent	Average burden hours per response	Total burden hours	Annual burden hours
Child Care and Development Fund for States and Territories (ACF–118)	56	1	32	1,792	597

Comments: The Department specifically requests comments on (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted within 60 days of this publication.

Authority: Pub. L. 113–186 and 42 U.S.C. 9858

Samantha L. Illangasekare,

ACF/OPRE Certifying Officer.

[FR Doc. 2026–21703 Filed 10–22–26; 8:45 am]

BILLING CODE 4184–87–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–7130]

Agency Information Collection Activities; Submission for Office of Management and Budget Review; Comment Request; Accreditation Scheme for Conformity Assessment Program

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA) is announcing that a proposed collection of information has been submitted to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995.

DATES: Submit written comments (including recommendations) on the collection of information by November 23, 2026.

ADDRESSES: To ensure that comments on the information collection are received, OMB recommends that written comments be submitted to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function. The OMB control number for this information collection is 0910–0889. Also include the FDA docket number found in brackets in the heading of this document.

FOR FURTHER INFORMATION CONTACT: Amber Barrett, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 301–796–8867, *PRAStaff@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: In compliance with 44 U.S.C. 3507, FDA has submitted the following proposed collection of information to OMB for review and clearance.

Accreditation Scheme for Conformity Assessment Program

OMB Control Number 0910–0889—Reinstatement

The FDA Reauthorization Act of 2017 (FDARA), enacted as part of the Medical Device User Fee Amendments of 2017 (MDUFA IV), amended section 514 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) by adding Section 514(d). Section 514(d) directed FDA to establish a pilot program under which testing laboratories may be accredited by accreditation bodies meeting criteria specified by FDA to assess whether a device conforms with certain FDA-recognized consensus standards. The FDA User Fee Reauthorization Act of 2022 (FUFRA), enacted as part of the Medical Device User Fee Amendments of 2022 (MDUFA V), subsequently directed FDA to conclude the pilot phase and continue the Accreditation Scheme for Conformity Assessment (ASCA) as an ongoing program.

FDA generally accepts determinations by ASCA-accredited testing laboratories that a device conforms with an eligible standard unless FDA determines that a particular conformity determination should not be accepted.

The statute provides that FDA may review determinations made by accredited testing laboratories, including by conducting periodic audits of such determinations or reviewing the processes of accreditation bodies or testing laboratories.

Following such a review, or if FDA becomes aware of information materially bearing on safety or effectiveness of a device assessed by an ASCA-accredited testing laboratory, FDA may take additional measures as determined appropriate. Such measures may include suspension or withdrawal of a testing laboratory's ASCA Accreditation, withdrawal of an accreditation body's ASCA Recognition, or a request for additional information regarding a specific device.

FDA issued the final guidance ''The Accreditation Scheme for Conformity Assessment (ASCA) Pilot Program'' in September 2020 to discuss the goals and implementation of the voluntary ASCA Pilot Program. In September 2024, FDA issued three draft guidance documents intended to update the ASCA Program based on lessons learned during the pilot phase and support its continued operation as an ongoing program.

The establishment of the goals, scope, procedures, and a suitable framework for the voluntary ASCA Program supports the Agency's continued efforts to use its scientific resources effectively

and efficiently to protect and promote public health. FDA believes the voluntary ASCA Program may further encourage international harmonization of medical device regulation because it incorporates elements, where appropriate, from a well-established set of international conformity assessment practices and standards (*e.g.,* ISO/IEC 17000 series). The voluntary ASCA Program does not supplant or alter any other existing statutory or regulatory requirements governing the decision-making process for premarket submissions.

Under the ASCA Program's conformity assessment scheme, ASCA-recognized accreditation bodies accredit testing laboratories using ASCA program specifications associated with each eligible standard and ISO/IEC 17025:2017: General requirements for the competence of testing and calibration laboratories. ASCA-accredited testing laboratories may conduct testing to determine conformance of a device with at least one of the standards eligible for inclusion in the ASCA Program. When an ASCA-accredited testing laboratory conducts such testing, it may provide a complete test report to the device manufacturer. A device manufacturer who utilizes an ASCA-accredited testing laboratory to perform testing in accordance with the provisions of the ASCA Program can then include a declaration of conformity with supplemental documentation (including a summary test report) as part of a premarket submission to FDA. Testing performed by an ASCA-accredited testing laboratory can be used to support a premarket submission for any device if the testing was conducted using a standard eligible for inclusion in the ASCA Program and in accordance with the ASCA program specifications for that standard.

The ASCA Program includes participation from accreditation bodies, testing laboratories, device manufacturers, and FDA staff. Each of these entities plays a critical role in the ASCA Program to ensure that patients and healthcare providers have timely and continued access to safe, effective, and high-quality medical devices.

To participate in the ASCA Program, accreditation bodies request ASCA Recognition from FDA. Testing laboratories first obtain accreditation from an ASCA-recognized accreditation body and then request ASCA Accreditation from FDA. Each application includes an agreement to comply with the applicable terms of participation. For example, a participating accreditation body or testing laboratory agrees to attend training, regularly communicate with FDA, and support periodic FDA audits. FDA recognizes qualified applicants as participants. In its recognition, FDA will identify the scope of recognition of specific standards and test methods to which each participant may accredit or test as part of the ASCA Program.

After recognizing a testing laboratory as a participant in the ASCA Program, FDA will generally grant the testing laboratory ASCA Accreditation. During the ASCA Program, FDA generally will accept determinations from ASCA-accredited testing laboratories that a medical device is in conformity with the specified testing to a particular standard and does not intend to review complete test reports from ASCA-accredited testing laboratories in support of a declaration of conformity submitted with a premarket submission except in certain circumstances. The ASCA Declaration of Conformity, including any ASCA-specific content required therein, is submitted as part of a premarket submission and is therefore not covered under this ICR.

ASCA Accreditation is separate from any accreditation that an accreditation body may provide to a testing laboratory for purposes other than the ASCA Program. FDA's decision to recognize the accreditation for purposes of the ASCA Program is separate and distinct from any independent decision by the accreditation body with respect to a testing laboratory for purposes outside of the ASCA Program.

The ASCA Program does not address all specific content for a particular premarket submission. Specifically, the ASCA Declaration of Conformity and its ASCA-specific content are submitted in connection with a premarket submission and are subject to the information collection requirements applicable to premarket submissions, which have been previously approved. Information collections associated with premarket submissions are therefore not included in this ICR.

Respondents are accreditation bodies (ABs) and testing laboratories (TLs). In tables 1 through 3, these abbreviations are used.

In the **Federal Register** of July 17, 2026 (91 FR 44854) FDA published a 60-day notice requesting public comment on the proposed collection of information. Two comments were received. Both comments were determined to be PRA-related.

The first comment was submitted by an ASCA-recognized accreditation body. The commentor commented on the extension process for currently recognized accreditation bodies under Section X, Subsection C (Extension of ASCA Recognition) of the ASCA Pilot Program Final Guidance (September 25, 2020). The commentor recommended that FDA streamline the process by limiting submission requirements to information directly relevant to the requested extension and any information that has materially changed since the accreditation body's most recent recognition or renewal, rather than requiring resubmission of documentation FDA has recently reviewed.

FDA appreciates the commentor's comment and acknowledges the concern that the current extension process may generate duplicative administrative burden for accreditation bodies and FDA staff. FDA is currently preparing the final version of the ASCA Program Guidance (draft September 20, 2024) that will replace the ASCA Pilot Program Guidance of September 25, 2020, which we believe will address concerns like these. FDA will continue to evaluate opportunities to reduce unnecessary burden while preserving the integrity of the ASCA Program's oversight framework.

The second comment was received from a patient, the commenter addressed two PRA-related topics: the practical utility of the information collected, and three (3) ways to enhance its quality, utility, and clarity. On practical utility, the commenter observed that the collection captures scopes only within the program's existing two standards families and therefore produces no data on where accredited testing would be most useful next. On quality and clarity, the commenter recommended adding two items to the existing feedback questionnaire: (1) ask respondents which FDA-recognized consensus standards or test methods outside the current ASCA categories they would use an accredited laboratory for if the program were extended; and (2) ask respondents whether the information generated under the program is available to and usable by a clinician or patient reviewing a device after implantation. The commenter also suggested that audit outcomes and the basis for withdrawal of ASCA accreditation be captured in the collection in a form that can be counted and compared.

FDA appreciates the commenter's observations regarding the utility and quality of the ASCA Program information collection. FDA notes that the PRA burden estimates for the ASCA Program do not represent an existing or ongoing questionnaire. Rather, the estimated burden reflects: (a) the time

accreditation bodies and testing laboratories spend applying to and maintaining their status in the ASCA Program; and (b) the time testing laboratories spend completing the summary test report format for testing conducted under the program.

Regarding the commenter's observations on program scope, FDA notes that the ASCA Program launched as a pilot, which limited the number of standards eligible for inclusion. The program transitioned from a pilot to an ongoing program in 2023, and since that time, FDA has held workshops and engaged regularly with program participants on the topic of expanding the program's scope. Expansion of the standards contained in the ASCA Program is an ongoing priority for FDA.

FDA estimates the burden of this collection of information as follows:

TABLE 1—ESTIMATED ANNUAL REPORTING BURDEN

Activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Request by AB to continue *ASCA Recognition*.	2	1	2	6	12
Request by AB for *ASCA Recognition* (subsequent to withdrawal).	1	1	1	6	6
Request by AB to expand scope of *ASCA Recognition*.	1	1	1	6	6
AB annual status report	5	1	5	3	15
AB notification of change	5	1	5	1	5
Application by TL for *ASCA Accreditation*.	50	1	50	4	200
Request by TL to continue *ASCA Accreditation*.	75	1	75	1	75
Request by TL for *ASCA Accreditation* (subsequent to withdrawal or suspension).	5	1	5	4	20
Request by TL to expand scope of *ASCA Accreditation*.	75	1	75	4	300
TL annual status report	100	1	100	1.5	150
TL notification of change	5	1	5	1	5
Voluntary Request for withdrawal or suspension of *ASCA Accreditation* (TLs) or request for withdrawal of *ASCA Recognition* (ABs).	6	1	6	0.08 (5 mins.)	1
Total					795

TABLE 2—ESTIMATED ANNUAL RECORDKEEPING BURDEN

Activity	Number of recordkeepers	Number of records per recordkeeper	Total annual records	Average burden per recordkeeping	Total hours
AB setup documentation (SOPs) & training (one-time burden)	3	1	3	25	75
TL setup documentation (SOPs) & training (one-time burden)	20	1	20	25	500
AB record maintenance	8	1	8	1	8
TL record maintenance	150	1	150	1	150
Total			181		733

TABLE 3—ESTIMATED ANNUAL THIRD-PARTY DISCLOSURE BURDEN

Activity	Number of respondents	Number of disclosures per respondent	Total annual disclosures	Average burden per disclosure	Total hours
Request for Accreditation (TLs requesting accreditation from ABs).	150	1	150	0.5 (30 minutes)	75
Review/Acknowledgement of accreditation request (ABs).	8	22	176	40	7,040
Test Reports (TLs)	880	1	880	1	880
Total			1,206		7,995

We have adjusted our burden estimate to reflect maturation of the ASCA Program, which has resulted in a decrease from the currently approved burden. The overall net decrease of approximately 829 burden hours is an adjustment, not a program change. The draft guidance updates issued in September 2024 contribute minimally to these adjustments. There are no changes to the estimated recordkeeping or third-party disclosure burdens.

The decrease includes 48 hours from removing initial applications for ASCA Recognition; 400 hours from reducing anticipated ASCA Accreditation applications from 150 to 50 respondents; 225 hours from reducing the estimated time for TL continuation requests from 4 hours to 1 hour; 12 hours from reducing AB annual status reports and notifications of change from 8 to 5 respondents; 75 hours from reducing for TL annual status reports from 225 to 150 hours, and 79 hours from omitting feedback questionnaires conducted during the pilot.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21712 Filed 10–22–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–11074]

Agency Information Collection Activities; Proposed Collection; Comment Request; Export Certificates for FDA Regulated Products

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or Agency) is announcing an opportunity for public comment on the proposed collection of certain information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment in response to the notice. This notice solicits comments on export certificates for FDA regulated products.

DATES: Either electronic or written comments on the collection of information must be submitted by December 22, 2026.

ADDRESSES: You may submit comments as follows. Please note that late, untimely filed comments will not be considered. The *https://www.regulations.gov* electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of December 22, 2026. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov*.
- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see ''Written/Paper Submissions'' and ''Instructions'').

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.
- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2026–N–11074 for ''Export Certificates for FDA Regulated Products.'' Received comments, those filed in a timely manner (see **ADDRESSES**), will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

FOR FURTHER INFORMATION CONTACT: Kelly Covington, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 240–402–5661, *PRAStaff@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501–3521), Federal Agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests

or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, FDA is publishing notice of the proposed collection of information set forth in this document.

With respect to the following collection of information, FDA invites comments on these topics: (1) whether the proposed collection of information is necessary for the proper performance of FDA's functions, including whether the information will have practical utility; (2) the accuracy of FDA's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques, when appropriate, and other forms of information technology.

Export Certificates for FDA Regulated Products

OMB Control Number 0910–0498—Revision

This information collection supports the implementation of FDA statutory and regulatory provisions and related forms. Sections 801(e) and 802 of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 381(e) and 382) pertain to the export of FDA-regulated products and are intended to ease restrictions on exportation. Section 801(e)(4) of the FD&C Act provides that persons exporting FDA-regulated products may request FDA to certify that the product meets the requirements of the FD&C Act. The provisions also require the Agency to issue written export certifications within 20 days of any request. To offset Agency resource expenditures for processing certifications requests, the statute provides that FDA may charge firms a fee not to exceed $175.

The information collection contains seven FDA forms (Form FDA 3613, 3613a, 3613b, 3613c, and 3613g) related to exporting FDA-regulated products. A description of each form is provided below. To obtain a fillable PDF file of each form, visit *https://www.fda.gov/about-fda/reports-manuals-forms/forms,* and type ''3613'' in the search field. We accept online applications for export certificates for specific product areas through web-based application systems. To access these web-based application systems, visit the FDA Industry Systems web page, *http://www.access.fda.gov.* The Center for Biologics Evaluation and Research (CBER) and The Center for Veterinary Medicine (CVM) are transitioning to a requirement for electronic submission of the forms related to biological products and medical devices, as well as food, drugs, and devices for animals. Therefore, we are in the process of revising FDA Forms 3613, 3613a, and 3613b to remove the paper submission instructions related to biological products and medical devices, as well as food, drugs, and devices for animals.

The forms are also being updated to align with those of the other FDA Centers for conformity and to help improve clarity and accuracy. Proposed revisions include, but are not limited to the following:

- CVM intends to include a field for insertion of the National Drug Code, which is the product listing number that identifies the drug and is legally required for animal drugs.
- CBER is revising the exporter's certification statement of FDA Form 3613 (for Human Cells, Tissues, and Cellular and Tissue-Based Products (HCT/Ps) Regulated Solely under Section 361 of the Public Health Service Act) to more closely align the with the exporter's certification statement used for CBER's Certificate to Foreign Government, as applicable for the requirements of Title 21, Code of Federal Regulations Part 1271. In addition, these revisions will provide more clear examples of how establishments and products identified in the FDA Form 3613 *Supplementary Information* must be in compliance with Part 1271.

Additionally, CVM is adding two new forms. FDA Form 3613h *Supplementary Information; Certificate of Free Sale* and FDA Form 3613i *Supplementary Information; Current Good Manufacturing Practice Certificate.* These forms were created for improved clarity as previously the Certificate to Foreign Government FDA Form 3613 was used to apply for both these certificate types, which can lead to confusion.

The scope of the collection includes provisions introduced under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that may require supplemental information for exported product certificates. The data elements have been incorporated into our current form versions. The fact that FDA has issued an export certificate does not preclude FDA from taking appropriate regulatory action against a product covered by the certificate.

We developed the guidance document entitled, ''*Exports Under the FDA Export Reform and Enhancement Act of 1996*'' (December 1996) to assist respondents to the information collection. The guidance summarizes and explains the basic requirements and procedures under the FDA Export Reform and Enhancement Act of 1996 (Public Law 104–134, as amended by Public Law 104–180) for exporting human drugs, animal drugs, biological products, devices, food, food additives, color additives, and dietary supplements that may not be sold or distributed in the United States. The 1996 law amended sections 801 and 802 of the FD&C Act, as well as section 351(h) of the Public Health Service Act, simplifying the requirements for exporting unapproved human drugs, biological products, and devices. In addition, the FDA Export Reform and Enhancement Act substantially reduced the requirements for exporting unapproved new animal drugs and provided a new option for exporting unapproved devices. The guidance document is available from our website at: *https://www.fda.gov/regulatory-information/search-fda-guidance-documents/guidance-industry-exports-under-fda-export-reform-and-enhancement-act-1996.*

https://www.fda.gov/media/138075/download.

In addition, we developed the guidance document ''*FDA Export Certification*'' (August 2021) which is intended to provide a general description of FDA export certification to industry and foreign governments. The guidance document is available from our website at: *http://www.fda.gov/RegulatoryInformation/Guidances/ucm125789.htm.*

To learn more about how to complete these forms and general information for specific product areas, visit: *https://www.fda.gov/vaccines-blood-biologics/exporting-cber-regulated-products/fda-forms-certificates-exporting* and *https://www.fda.gov/vaccines-blood-biologics/exporting-cber-regulated-products/how-complete-fda-export-certificate-forms* (CBER); *https://www.fda.gov/drugs/human-drug-exports/electronic-certificates-pharmaceutical-product-general-information* (CDER); and *https://www.fda.gov/medical-devices/importing-and-exporting-medical-devices/exporting-medical-devices* (CDRH). In addition, the CVM web-

based application offers a guide on how to fill out the forms, entitled: ''Center for Veterinary Medicine Export Certification Application and Tracking System (CVM eCATS) Step-by-Step Instructions for Industry Applicants.''

TABLE 1—CERTIFICATES AND USES

Type of certificate	Use
''Supplementary Information Certificate to Foreign Government Requests''.	For the export of products legally marketed in the United States.
''Exporter's Certification Statement Certificate to Foreign Government''	
''Exporter's Certification Statement Certificate to Foreign Government (For Human Tissue Intended for Transplantation)''.	
''Certificate of Free Sale''	
''Supplementary Information Certificate of Exportability Requests''	For the export of products not approved for marketing in the United States (unapproved products) that meet the requirements of sections 801(e) or 802 of the FD&C Act.
Exporter's Certification Statement Certificate of Exportability''	
''Supplementary Information Certificate of a Pharmaceutical Product''	Conforms to the format established by the World Health Organization and is intended for use by the importing country when the product in question is under consideration for a product license that will authorize its importation and sale or for renewal, extension, amending, or reviewing a license.
''Exporter's Certification Statement Certificate of a Pharmaceutical Product''.	
''Supplementary Information Non-Clinical Research Use Only Certificate''.	For the export of a non-clinical research use only product, material, or component that is not intended for human use and which may be marketed in, and legally exported from the United States under the FD&C Act.
''Exporter's Certification Statement (Non-Clinical Research Use Only)''	
''Certificate to Foreign Government for Devices Not Exported from the United States''.	For the shipping of devices not exported from the U.S. that may be legally marketed in the U.S.
''Current Good Manufacturing Practice Certificate''	For verification of compliance with current good manufacturing practice requirements of a previously issued certificate.

Appropriate centers within FDA review product information submitted by firms in support of the firm's certificate requests. We rely on respondents to certify their compliance with all applicable requirements of the FD&C Act both at the time the certification request is submitted to FDA and at the time the certification is submitted to the respective foreign government. Information regarding FDA's Export Certificates may be found on our website at *https://www.fda.gov/regulatory-information/search-fda-guidance-documents/fda-export-certificates*.

We estimate the burden of this collection of information as follows:

TABLE 2—ESTIMATED ANNUAL REPORTING BURDEN [1]

Form FDA 3613, 3613(a), 3613(b), 3613(c), 3613(f), 3613(g); Submission to FDA Center	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
Center for Biologics Evaluation and Research (CBER)	2,234	1	2,234	3	6,702
Center for Devices and Radiological Health (CDRH)	12,070	1	12,070	2	24,140
Center for Drug Evaluation and Research (CDER)	9236	1	9236	2	18,472
Center for Veterinary Medicine (CVM)	1,630	1	1,630	1	1,630
Total					50,944

[1] There are no capital costs or operating and maintenance costs associated with this collection of information.

Based on a current evaluation of the information collection, we have adjusted the burden estimate. We attribute these changes to the average number of responses received over the last three years. In addition, CBER and CDER have increased the average burden response time for their collections by one hour. Our estimated burden for the information collection reflects an overall increase of 3,052 responses and a corresponding increase of 17,021 hours.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21714 Filed 10–22–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket Nos. FDA–2025–E–3595; FDA–2025–E–3596; FDA–2025–E–3939; FDA–2024–E–4125; FDA–2024–E–4128; FDA–2024–E–4129; FDA–2024–E–4130; FDA–2024–E–4131; FDA–2025–E–0485; FDA–2025–E–0486; FDA–2025–E–0488; FDA–2025–E–0489; FDA–2025–E–0490; FDA–2025–E–5206; and FDA–2025–E–0707]

Determination of Regulatory Review Period for Purposes of Patent Extension; Correction of Notices—ANDEMBRY; ANZUPGO; ANKTIVA; BIZENGRI; BRINSUPRI; DAYVIGO

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice; correction.

SUMMARY: The Food and Drug Administration (FDA) is announcing corrections to the notices of Determination of Regulatory Review Period for Purposes of Patent Extension for ANDEMBRY; ANZUPGO; ANKTIVA; BIZENGRI; BRINSUPRI; and DAYVIGO. The original determinations were announced in the **Federal Registers** of August 10, 2026 (BRINSUPRI, DAYVIGO), August 17, 2026 (BIZENGRI), and September 9, 2026 (ANDEMBRY, ANZUPGO, ANKTIVA). Those notices correctly identified the dates on which the testing and approval phases began and ended but incorrectly stated the length of the regulatory review period due to calculation errors. No other changes are made.

DATES: All due dates for submission of comments, redetermination requests, and submission of petitions for due diligence as well as the dates used to determine the regulatory review periods for the products noted above remain the same as originally published.

FOR FURTHER INFORMATION CONTACT: Patrick Clouser, Office of the Commissioner, Food and Drug Administration, 240–402–5276.

SUPPLEMENTARY INFORMATION: FDA announced the regulatory review period determination for BRINSUPRI in the **Federal Register** of August 10, 2026 (91 FR 51493). In Document No. 2026–16247, on page 51494, second column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for BRINSUPRI is 2,925 days. Of this time, 2,681 days occurred during the testing phase of the regulatory review period, while 244 days occurred during the approval phase.

FDA announced the regulatory review period determination for DAYVIGO in the **Federal Register** of August 10, 2026 (91 FR 51494). In Document No. 2026–16246, on page 51495, third column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for DAYVIGO is 3,116 days. Of this time, 2,648 days occurred during the testing phase of the regulatory review period, while 468 days occurred during the approval phase.

FDA announced the regulatory review period determination for BIZENGRI in the **Federal Register** of August 17, 2026 (91 FR 53261). In Document No. 2026–16713, on page 53262, second column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for BIZENGRI is 2,912 days. Of this time, 2,636 days occurred during the testing phase of the regulatory review period, while 276 days occurred during the approval phase.

FDA announced the regulatory review period determination for ANKTIVA in the **Federal Register** of September 9, 2026 (91 FR 57350). In Document No. 2026–18297, on page 57351, third column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for ANKTIVA is 3,925 days. Of this time, 3,224 days occurred during the testing phase of the regulatory review period, while 701 days occurred during the approval phase.

FDA announced the regulatory review period determination for ANZUPGO in the **Federal Register** of September 9, 2026 (91 FR 57355). In Document No. 2026–18298, on page 57356, first column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for ANZUPGO is 3,535 days. Of this time, 3,169 days occurred during the testing phase of the regulatory review period, while 366 days occurred during the approval phase.

FDA announced the regulatory review period determination for ANDEMBRY in the **Federal Register** of September 9, 2026 (91 FR 57356). In Document No. 2026–18300, on page 57357, third column, in the first paragraph of section II., the Determination of Regulatory Review Period portion of the document, the following correction is made:

FDA has determined that the applicable regulatory review period for ANDEMBRY is 2,531 days. Of this time, 1,918 days occurred during the testing phase of the regulatory review period, while 613 days occurred during the approval phase.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21711 Filed 10–22–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2025–D–2246]

Questions and Answers Regarding Mandatory Cosmetics Recalls; Guidance for Industry; Availability

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of availability.

SUMMARY: The Food and Drug Administration (FDA or Agency) is announcing the availability of a final guidance entitled ''Questions and Answers Regarding Mandatory Cosmetics Recalls: Guidance for Industry.'' The guidance document provides answers to common questions that might arise about FDA's mandatory recall authority for cosmetics. It is intended to inform regulated industry about the Agency's current thinking on implementation of certain aspects, including the criteria, process, and expectations, for mandatory recalls of cosmetic products. The guidance announced in this notice finalizes the draft guidance of the same title published on December 18, 2025.

DATES: The announcement of the guidance is published in the **Federal Register** on October 23, 2026.

ADDRESSES: You may submit comments on any guidance at any time as follows:

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to

the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov.*

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed below (see ''Written/Paper Submissions'' and ''Instructions'').

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.
- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2025–D–2246 for ''Questions and Answers Regarding Mandatory Cosmetics Recalls: Guidance for Industry.'' Received comments will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

You may submit comments on any guidance at any time (see 21 CFR 10.115(g)(5)).

Submit written requests for single copies of the guidance to the Division of Inspectorate Policy, Office of Inspections and Investigations, Food and Drug Administration, Element Building, 12420 Parklawn Dr., Rockville, MD 20852. Send two self-addressed adhesive labels to assist the office in processing your requests. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the guidance document.

FOR FURTHER INFORMATION CONTACT: Peter Ajuonuma, Office of Inspections and Investigations, Food and Drug Administration, 10903 New Hampshire Avenue, Bldg. 71, Rm. 1241, Silver Spring, MD 20993–0002, 301–796–2277, *OIIpolicystaffs@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

FDA is announcing the availability of a final guidance for industry entitled ''Questions and Answers Regarding Mandatory Cosmetics Recalls: Guidance for Industry.'' The purpose of this guidance document is to provide guidance to industry on the implementation of the mandatory cosmetics recall provisions of section 611 of the Federal Food, Drug, and Cosmetic Act, which was added by section 3502 of the Modernization of Cosmetics Regulation Act of 2022. The guidance is in the form of Questions and Answers and provides answers to common questions that might arise about these mandatory recall provisions and FDA's current thinking regarding their implementation.

In the **Federal Register** of December 18, 2025 (90 FR 59129), FDA announced the availability of the draft guidance entitled ''Questions and Answers Regarding Mandatory Cosmetics Recalls; Draft Guidance for Industry.''

FDA received seven comments on the draft guidance, which were broadly supportive of the guidance, and some of which asked for certain clarifications of issues discussed in the guidance. After considering the comments we received, we are publishing the guidance as drafted with no substantive changes. The guidance announced in this notice finalizes the draft guidance dated December 18, 2025.

This guidance is being issued consistent with FDA's good guidance practices regulation (21 CFR 10.115). The guidance represents the current thinking of FDA on mandatory cosmetics recalls. It does not establish any rights for any person and is not binding on FDA or the public. You can use an alternative approach if it satisfies the requirements of the applicable statutes and regulations.

II. Paperwork Reduction Act of 1995

This guidance contains no new collection of information. Therefore, clearance by the Office of Management and Budget under the Paperwork Reduction Act of 1995 is not required.

III. Electronic Access

Persons with access to the internet may obtain the guidance at *https://www.fda.gov/regulatory-information/search-fda-guidance-documents* or *https://www.regulations.gov.*

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21679 Filed 10–22–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA–2026–N–11261]

Agency Information Collection Activities; Proposed Collection; Comment Request; Product Jurisdiction and Combination Products

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice.

SUMMARY: The Food and Drug Administration (FDA or Agency) is announcing an opportunity for public comment on the proposed collection of certain information by the Agency. Under the Paperwork Reduction Act of 1995 (PRA), Federal Agencies are required to publish notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, and to allow 60 days for public comment in response to the notice. This notice solicits comments on information collection associated with product jurisdiction and combination product regulations.

DATES: Either electronic or written comments on the collection of information must be submitted by December 22, 2026.

ADDRESSES: You may submit comments as follows. Please note that late, untimely filed comments will not be considered. The *https://www.regulations.gov* electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of December 22, 2026. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- *Federal eRulemaking Portal: https://www.regulations.gov.* Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to *https://www.regulations.gov* will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment does not include any confidential information that you or a third party may not wish to be posted, such as medical information, your or anyone else's Social Security number, or confidential business information, such as a manufacturing process. Please note that if you include your name, contact information, or other information that identifies you in the body of your comments, that information will be posted on *https://www.regulations.gov.*
- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see ''Written/Paper Submissions'' and ''Instructions'').

Written/Paper Submissions

Submit written/paper submissions as follows:

- *Mail/Hand Delivery/Courier (for written/paper submissions):* Dockets Management Staff (HFA–305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.
- For written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in ''Instructions.''

Instructions: All submissions received must include the Docket No. FDA–2026–N–11261 for ''Product Jurisdiction and Combination Products.'' Received comments, those filed in a timely manner (see **ADDRESSES**), will be placed in the docket and, except for those submitted as ''Confidential Submissions,'' publicly viewable at *https://www.regulations.gov* or at the Dockets Management Staff between 9 a.m. and 4 p.m., Monday through Friday, 240–402–7500.

- Confidential Submissions—To submit a comment with confidential information that you do not wish to be made publicly available, submit your comments only as a written/paper submission. You should submit two copies total. One copy will include the information you claim to be confidential with a heading or cover note that states ''THIS DOCUMENT CONTAINS CONFIDENTIAL INFORMATION.'' The Agency will review this copy, including the claimed confidential information, in its consideration of comments. The second copy, which will have the claimed confidential information redacted/blacked out, will be available for public viewing and posted on *https://www.regulations.gov.* Submit both copies to the Dockets Management Staff. If you do not wish your name and contact information to be made publicly available, you can provide this information on the cover sheet and not in the body of your comments and you must identify this information as ''confidential.'' Any information marked as ''confidential'' will not be disclosed except in accordance with 21 CFR 10.20 and other applicable disclosure law. For more information about FDA's posting of comments to public dockets, see 80 FR 56469, September 18, 2015, or access the information at: *https://www.govinfo.gov/content/pkg/FR-2015-09-18/pdf/2015-23389.pdf.*

Docket: For access to the docket to read background documents or the electronic and written/paper comments received, go to *https://www.regulations.gov* and insert the docket number, found in brackets in the heading of this document, into the ''Search'' box and follow the prompts and/or go to the Dockets Management Staff, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852, 240–402–7500.

FOR FURTHER INFORMATION CONTACT: Domini Bean, Office of Operations, Food and Drug Administration, Three White Flint North, 10A–12M, 11601 Landsdown St., North Bethesda, MD 20852, 301–796–5733, *PRAStaff@fda.hhs.gov.*

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501–3521), Federal Agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) and includes Agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of the PRA (44 U.S.C. 3506(c)(2)(A)) requires Federal Agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, FDA is publishing notice of the proposed collection of information set forth in this document.

With respect to the following collection of information, FDA invites comments on these topics: (1) whether the proposed collection of information is necessary for the proper performance of FDA's functions, including whether the information will have practical utility; (2) the accuracy of FDA's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques, when appropriate, and other forms of information technology.

Product Jurisdiction and Combination Products—21 CFR Parts 3 and 4

OMB Control Number 0910–0523—Extension

This information collection helps support implementation of statutory requirements that govern product jurisdiction and combination products. Congress expressly directed FDA to

assign combination products to the appropriate Agency component for regulation as set forth in section 503(g) of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 353(g)). Congress also expressly directed FDA to determine the classification of a product as a drug, biological product, device, or combination product, or the component of the Agency that will regulate the product, as applicable, in response to a request submitted under section 563 of the FD&C Act (21 U.S.C. 360bbb–2). Regulations in 21 CFR part 3 provide for product classification determinations and FDA designation on which Agency component will have primary jurisdiction for any drug, device, biological, or combination product, where such jurisdiction is unclear or in dispute. These determinations are made by our Office of Combination Products (OCP) upon receiving Requests for Designation (RFDs). We maintain a web page that includes contact and resource information pertaining to the RFDs process at *https://www.fda.gov/combination-products/jurisdictional-information.* As communicated on our web page, FDA welcomes comments from interested stakeholders on issues pertaining to OCP and encourages medical product developers to contact us if they are uncertain about the classification or assignment of their products and with questions regarding premarket or postmarket considerations for combination products. A dedicated mailbox is established at *combination@fda.gov.*

Similar to the RFD process, we have established the Pre-RFD process for sponsors to obtain preliminary, nonbinding feedback regarding medical product classification and assignment. Forms FDA 5003 and 5004 (RFD and Pre-RFD forms) have been developed to facilitate information collection for RFDs and Pre-RFDs, we expect to explore implementing the forms as resources become available. At the same time, we have more recently issued the following Agency guidance documents to provide instruction and recommendations to respondents regarding the submission of RFDs and Pre-RFDs.

- The guidance document entitled, ''How to Write a Request for Designation'' (April 2011), provides instruction regarding the information that needs to be submitted to OCP in an RFD as described in 21 CFR 3.7. The guidance is available at *http://www.fda.gov/regulatory-information/search-fda-guidance-documents/how-write-request-designation-rfd.*
- The guidance document entitled ''How to Prepare a Pre-Request for Designation,'' (revised November 2025) assists sponsors in obtaining a preliminary, non-binding assessment regarding the classification and assignment of products from OCP through the Pre-RFD process. The guidance explains the Pre-RFD process and helps a sponsor understand the type of information to provide in a Pre-RFD submission. The guidance is available at *https://www.fda.gov/regulatory-information/search-fda-guidance-documents/how-prepare-pre-request-designation-pre-rfd.*
- This information collection also includes burden associated with Combination Product Agreement Meetings (CPAM) requests. The guidance document entitled, ''Requesting FDA Feedback on Combination Products,'' (issued December 2020) addresses ways in which combination product sponsors can obtain feedback from FDA on scientific and regulatory questions and describes best practices for FDA and sponsors when interacting on these topics. The guidance is available at *http://www.fda.gov/regulatory-information/search-fda-guidance-documents/requesting-fda-feedback-combination-products.*

The guidance documents were issued consistent with sections 503(g) and 563 of the FD&C Act and with our good guidance practice regulations in 21 CFR 10.115, which provide for public comment at any time.

The information collection also includes regulations in 21 CFR part 4 that govern current good manufacturing practice requirements and postmarketing safety requirements for combination products. We expect, however, that burden attendant to the associated recordkeeping, reporting, and/or disclosure activities is already accounted for in approved information collections that apply to drug, device, and/or biologic products specifically and respectively. Therefore, we do not ascribe separate burden in this information collection request for the activities generated by these requirements.

Respondents to the information collection are sponsors of medical products, including combination products. Based on submissions received by OCP during fiscal years 2022, 2023, and 2024, we account for 149 respondents annually.

We estimate the burden of this collection of information as follows:

21 CFR section; activity	Number of respondents	Number of responses per respondent	Total annual responses	Average burden per response	Total hours
3.7; request for designation (RFD)	52	1	52	24	1,248
Pre-RFD submissions	94	1	94	24	2,256
CPAM requests	3	1	3	25	75
Total					3,579

[1] There are no capital costs or operating and maintenance costs associated with this collection of information.

Our estimated burden for the information collection reflects an overall increase of 336 hours and a corresponding increase of 14 responses. We attribute this adjustment to an increase in the number of submissions we received over the last few years. Our estimated annual burden for CPAM requests remains unchanged.

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026–21713 Filed 10–22–26; 8:45 am]

BILLING CODE 4164–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Submission to OMB for Review and Approval; Public Comment Request: Advanced Nursing Education Program Specific Form OMB No. 0906–0089—Revision

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, HRSA submitted an Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and approval. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public during the review and approval period. OMB may act on HRSA's ICR only after the 30-day comment period for this notice has closed.

DATES: Comments on this ICR should be received no later than November 23, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: To request a copy of the clearance requests submitted to OMB for review, email Samantha Miller, the HRSA Information Collection Clearance Officer, at *paperwork@hrsa.gov* or call (301) 443–3983.

SUPPLEMENTARY INFORMATION:

Information Collection Request Title: Advanced Nursing Education Program Specific Form OMB No. 0906–0089—Revision

Abstract: HRSA provides advanced nursing education grants to educational institutions to increase the supply, distribution, quality of, and access to advanced education nurses through the Advanced Nursing Education (ANE) Programs. The ANE Programs are authorized by Section 811 of the Public Health Service (PHS) Act (42 U.S.C. 296j), as amended. This clearance request is for continued approval of the information collection OMB No. 0906–0089.

The proposed revision to Table 2 of the ANE Program Specific Form outlined in the initial public comment request that was published on July 22, 2026, was to remove the Part-Time column under the Nurse Midwife and Nurse Anesthetist specialty headers, based on the requirement that trainees participating in programs for these two specialty areas must be enrolled full-time. Upon further consideration, HRSA decided to retain the Full-Time and Part-Time columns to provide a consistent, comprehensive format that accommodates the varying enrollment requirements across programs and supports accurate and complete data collection. This is important because the ANE Program Specific Form is used across multiple ANE Programs, the majority of which support both full-time and part-time trainees. Therefore, the proposed revision is retracted and the Part-Time column under the Nurse Midwife and Nurse Anesthetist specialty headers in Table 2 will be retained.

In addition, it is proposed that the ANE Program Specific Form, Table 1: Funding Preference section will be updated to collect the combined number of graduates/program completers employed in funding preference settings (Rural Area, Medically Underserved Community, State or Local Health Department) in one row rather than three separate rows (1a, 1b, 1c). Since the funding preference settings are not mutually exclusive and a graduate must only be counted once, this is to avoid confusion for the applicant on which row to include a graduate/program completer, and for greater administrative efficiency.

A 60-day notice published in the **Federal Register** on July 22, 2026, vol. 91, No. 139; pp. 46126–27. There were no public comments.

Need and Proposed Use of the Information: Section 811 of the PHS Act provides the Secretary of Health and Human Services with the authority to award grants to and enter into contracts with eligible entities to meet the costs of: (1) projects that support the enhancement of advanced nursing education and practice; and (2) traineeships for individuals in advanced nursing education programs. Under this section, HRSA makes awards to entities who train and support nurses characterized as ''advanced education nurses.'' Section 805 of the PHS Act (42 U.S.C. 296d) requires that in awarding such grants, a statutory funding preference is given to ''applicants with projects that will substantially benefit rural or underserved populations, or help meet public health nursing needs in State or local health departments.'' For traineeship awards, PHS Act section 811(h)(2) requires special consideration be given to an eligible entity that agrees to expend the award to train advanced education nurses who will practice in designated Health Professional Shortage Areas.

The ANE Program Specific Form allows HRSA to effectively target funding and measure the impact of the ANE Programs in meeting the legislative intent and program goals of supporting the enhancement of advanced nursing education and creating opportunities for individuals in advanced nursing education programs to increase the number of advanced practice nurses, especially in rural and medically underserved areas. Additionally, collecting this data assists HRSA in carrying out the most impactful program and ensuring resources are used responsibly.

Likely Respondents: Likely respondents will be current ANE Programs awardees and new applicants to ANE Programs.

Burden Statement: Burden in this context means the time expended by persons to generate, maintain, retain, disclose, or provide the information requested. This includes the time needed to review instructions; to develop, acquire, install, and utilize technology and systems for the purpose of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information; to search data sources; to complete and review the collection of information; and to transmit or otherwise disclose the information. The total annual burden hours estimated for this ICR are summarized in the table below.

TOTAL ESTIMATED ANNUALIZED BURDEN HOURS

Form name (includes the ANE Program specific tables and attachments)	Number of respondents	Number of responses per respondent	Total responses	Average burden per response (in hours)	Total burden hours
Advanced Nursing Education Workforce	156	1	156	7	1,092
Nurse Anesthetist Traineeship	61	1	61	7	427
ANE—Sexual Assault Nurse Examiners	54	1	54	7	378
ANE—Nurse Practitioner Residency and Fellowship	64	1	64	7	448
Maternity Care Nursing Workforce Expansion	10	1	10	7	70
Total	345		345		2,415

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2026–21674 Filed 10–22–26; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Submission to OMB for Review and Approval; Public Comment Request: National Practitioner Data Bank for Adverse Information on Physicians and Other Health Care Practitioners—45 CFR Part 60 Regulations and Forms, OMB No. 0906–0081—Revision

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, HRSA submitted an Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and approval. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public during the review and approval period. OMB may act on HRSA's ICR only after the 30-day comment period for this notice has closed.

DATES: Comments on this ICR should be received no later than November 23, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: To request a copy of the clearance requests submitted to OMB for review, email Samantha Miller, the HRSA Information Collection Clearance Officer, at *paperwork@hrsa.gov* or call (301) 443–9094.

SUPPLEMENTARY INFORMATION: *Information Collection Request Title:* National Practitioner Data Bank for Adverse Information on Physicians and Other Health Care Practitioners—45 CFR part 60 Regulations and Forms, OMB No. 0906–0081—Revision.

Abstract: This is a request for a revision of the OMB-approved information collection contained in regulations found in 45 CFR part 60 governing the National Practitioner Data Bank (NPDB) and the forms to be used in registering with, reporting information to, and requesting information from the NPDB. Administrative forms are also included to aid in monitoring compliance with federal reporting and querying requirements. Responsibility for NPDB implementation and operation resides in HRSA's Bureau of Health Workforce.

The intent of the NPDB is to improve the quality of health care by encouraging entities such as hospitals, state licensing boards, professional societies, and other eligible entities [1] providing health care services to identify and discipline those who engage in unprofessional behavior, and to restrict the ability of incompetent health care practitioners, providers, or suppliers to move from state to state without disclosure or discovery of previous damaging or incompetent performance. It also serves as a fraud and abuse clearinghouse for the reporting and disclosing of certain final adverse actions taken against health care practitioners, providers, or suppliers by health plans, federal agencies, and state agencies (excluding settlements in which no findings of liability have been made). Users of the NPDB include reporters (entities that are required to submit reports) and queriers (entities and individuals that are authorized to request information).

The reporting forms, request for information forms (query forms), and administrative forms (used to monitor compliance) are accessed, completed, and submitted to the NPDB electronically through the NPDB website at *https://www.npdb.hrsa.gov.* All reporting and querying is performed through the secure portal of this website. This revision proposes changes to update burden totals as well as minor text changes. In addition, this revision eliminates the Account Balance Transfer Request form which allowed registered entities to transfer funds between their accounts. The data collected on this form is part of an electronic workflow that falls under a Paperwork Reduction Act exemption for voluntary commercial transactions.

A 60-day notice published in the **Federal Register** on July 17, 2026, vol. 91, No. 136; pp. 44865–67. HRSA received one comment during the 60-day comment period from Highmark Inc. (Highmark), an independent licensee of the Blue Cross Blue Shield Association. Highmark suggested HRSA explore greater patient access to NPDB information, improve the timeliness of reporting and data availability, implement safeguards to avoid creating disincentives for error reporting and organizational learning, and develop additional educational resources to assist the public with understanding practitioner information.

By law, HRSA is unable to make information about specific health care practitioners, entities, providers, or

[1] ''Other *eligible entities*'' that participate in the NPDB are defined in the provisions of Title IV, Section 1921, Section 1128E, and implementing regulations. In addition, a few federal agencies also participate with the NPDB through federal memoranda of understanding. Eligible entities are responsible for complying with all reporting and/or querying requirements that apply; some entities may qualify as more than one type of eligible entity. Each eligible entity must certify its eligibility to report to the NPDB, query the NPDB, or both. Information from the NPDB is available only to those entities specified as eligible in the statutes and regulations. Not all entities have the same reporting requirements or level of query access.

suppliers available to the general public. Rather, information available through the NPDB helps eligible entities make informed hiring, credentialing, privileging, and licensing decisions that promote patient safety. As such, HRSA recognizes the importance of information reported to the NPDB being readily available to the entities authorized by law to query the NPDB. Once submitted to the NPDB, reports become immediately available to eligible entities. Eligible entities using the NPDB's Continuous Query monitoring service are notified of new reports for their enrolled subjects within one business day. The NPDB is currently merging its One-Time Query and Continuous Query services into a single query process. Under this approach, eligible entities that query the NPDB will receive an initial query response and will be enrolled in continuous monitoring for the duration of the query period. If new or updated information is reported to the NPDB during that period, the querying entity will be notified, reducing the potential gap between when information is reported to the NPDB and when it becomes available to an eligible entity with an active query.

Health care entities and other entities that are required to submit reports to the NPDB must submit a report to the NPDB within 30 days of taking a reportable action. The NPDB system accepts reports from eligible entities virtually 24/7 via both manual online entry and via an automated machine-to-machine interface. Over the last 18 months, over 75 percent of adverse action reports received were submitted on time with an overall median reporting time of fewer than 14 days.

The NPDB maintains ongoing compliance education and outreach efforts designed to support reporting entities in understanding and meeting their reporting responsibilities. These efforts are continuous and responsive to the needs of reporting entities, which regularly seek NPDB guidance, education, and technical assistance regarding reporting requirements and processes. The NPDB provides outreach and educational resources through a variety of channels, including conference presentations, other professional forums, educational sessions, technical assistance, and direct engagement with reporting entities to address questions, and clarify reporting responsibilities. The NPDB also reviews reporting compliance for state licensing and certification agencies to assess whether required information is being appropriately reported to the NPDB. These efforts complement improvements to the query process by ensuring that information that is required to be reported to the NPDB is available to eligible querying entities and can support health care quality, professional review, and other purposes authorized by law.

Together, these efforts are intended to continue strengthening the timeliness, completeness, and availability of NPDB information, in accordance with the law.

Need and Proposed Use of the Information: The NPDB acts primarily as a flagging system; its principal purpose is to facilitate comprehensive review of practitioners' professional credentials and background. Information is collected from, and disseminated to, eligible entities (entities that are entitled to query and/or report to the NPDB as authorized in Title 45 CFR part 60 of the Code of Federal Regulations) on the following: (1) medical malpractice payments, (2) licensure actions taken by Boards of Medical Examiners, (3) state licensure and certification actions, (4) federal licensure and certification actions, (5) negative actions or findings taken by peer review organizations or private accreditation entities, (6) adverse actions taken against clinical privileges, (7) federal or state criminal convictions related to the delivery of a health care item or service, (8) civil judgments related to the delivery of a health care item or service, (9) exclusions from participation in federal or state health care programs, and (10) other adjudicated actions or decisions. It is intended for NPDB information to be considered with other relevant information in evaluating credentials of health care practitioners, providers, and suppliers.

Likely Respondents: Eligible entities or individuals that are entitled to query and/or report to the NPDB as authorized in regulations found at 45 CFR part 60.

Burden Statement: Burden in this context means the time expended by persons to generate, maintain, retain, disclose, or provide the information requested. This includes the time needed to review instructions; to develop, acquire, install, and utilize technology and systems for the purpose of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information; to search data sources; to complete and review the collection of information; and to transmit or otherwise disclose the information. The total annual burden hours estimated for this ICR are summarized in the table below.

TOTAL ESTIMATED ANNUALIZED BURDEN HOURS

Regulation citation	Form name	Number of respondents	Number of responses per respondent	Total responses	Average burden per response (in hours)	Total burden hours (rounded up)
§ 60.6: Reporting errors, omissions, revisions or whether an action is on appeal.	Correction, Revision-to-Action, Void, Notice of Appeal (manual).	9,103	1	9,103	.2500	2,276
	Correction, Revision-to-Action, Void, Notice of Appeal (automated).	16,192	1	16,192	.0003	5
§ 60.7: Reporting medical malpractice payments.	Medical Malpractice Payment (manual).	11,232	1	11,232	.7500	8,424
	Medical Malpractice Payment (automated).	702	1	702	.0003	1
§ 60.8: Reporting licensure actions taken by Boards of Medical Examiners.	State Licensure or Certification (manual).	16,608	1	16,608	.7500	12,456
§ 60.9: Reporting licensure and certification actions taken by states.	State Licensure or Certification (automated).	15,436	1	15,436	.0003	5
§ 60.10: Reporting Federal licensure and certification actions.	DEA/Federal Licensure	674	1	674	.7500	506
§ 60.11: Reporting negative actions or findings taken by peer review organizations or private accreditation entities.	Peer Review Organization	10	1	10	.7500	8

TOTAL ESTIMATED ANNUALIZED BURDEN HOURS—Continued

Regulation citation	Form name	Number of respondents	Number of responses per respondent	Total responses	Average burden per response (in hours)	Total burden hours (rounded up)
	Accreditation	10	1	10	.7500	8
§ 60.12: Reporting adverse actions taken against clinical privileges.	Title IV Clinical Privileges Actions.	827	1	827	.7500	621
	Professional Society	24	1	24	.7500	18
§ 60.13: Reporting federal or state criminal convictions related to the delivery of a health care item or service.	Criminal Conviction (Guilty Plea or Trial) (manual).	1,043	1	1,043	.7500	783
	Criminal Conviction (Guilty Plea or Trial) (automated).	246	1	246	.0003	1
	Deferred Conviction or Pre-Trial Diversion.	60	1	60	.7500	45
	Nolo Contendere (no contest plea).	34	1	34	.7500	26
	Injunction	2	1	2	.7500	2
§ 60.14: Reporting civil judgments related to the delivery of a health care item or service.	Civil Judgment	10	1	10	.7500	8
§ 60.15: Reporting exclusions from participation in federal or state health care programs.	Exclusion or Debarment (manual).	1,455	1	1,455	.7500	1,092
	Exclusion or Debarment (automated).	3,560	1	3,560	.0003	2
§ 60.16: Reporting other adjudicated actions or decisions.	Government Administrative (manual).	791	1	791	.7500	594
	Government Administrative (automated).	1,690	1	1,690	.0003	1
	Health Plan Action	445	1	445	.7500	334
§ 60.17 Information which hospitals must request from the NPDB.	One-Time Query for an Individual (manual).	1,584,245	1	1,584,245	.0800	126,740
	One-Time Query for an Individual (automated).	4,040,137	1	4,040,137	.0003	1,213
§ 60.18 Requesting Information from the NPDB.	One-Time Query for an Organization (manual).	83,748	1	83,748	.0800	6,700
	One-Time Query for an Organization (automated).	43,869	1	43,869	.0003	14
	Self-Query on an Individual	266,839	1	266,839	.4200	112,073
	Self-Query on an Organization	665	1	665	.4200	280
	Continuous Query (manual)	1,315,205	1	1,315,205	.0800	105,217
	Continuous Query (automated)	1,779,886	1	1,779,886	.0003	534
§ 60.21: How to dispute the accuracy of NPDB information.	Subject Statement and Dispute	3,453	1	3,453	.7500	2,590
	Request for Dispute Resolution	117	1	117	8.0000	936
Administrative	Entity Registration (Initial)	4,176	1	4,176	1.0000	4,176
	Entity Registration (Renewal and Update).	15,020	1	15,020	.2500	3,755
	State Licensing Board Data Request.	51	1	51	10.5000	536
	State Licensing Board Attestation.	346	1	346	1.0000	346
	Authorized Agent Attestation	193	1	193	1.0000	193
	Health Center Attestation	781	1	781	1.0000	781
	Hospital Attestation	3,293	1	3,293	1.0000	3,293
	Medical Malpractice Payer, Peer Review Organization, or Private Accreditation Organization Attestation.	260	1	260	1.0000	260
	Other Eligible Entity Attestation	5,349	1	5,349	1.0000	5,349
	Corrective Action Plan (Entity)	10	1	10	.0800	1
	Reconciling Missing Actions	1,924	1	1,924	.0800	154
	Agent Registration (Initial)	107	1	107	1.0000	107
	Agent Registration (Renewal and Update).	380	1	380	.0800	31
	Electronic Funds Transfer Authorization.	632	1	632	.0800	51
	Authorized Agent Designation	167	1	167	.2500	42
	Account Discrepancy	19	1	19	.2500	5
	New Administrator Request	191	1	191	.0800	16
	Purchase Query Credits	7,282	1	7,282	.0800	583
	Education Request	10	1	10	.0800	1
	Missing Report from Query Form.	10	1	10	.0800	1
Total		9,238,519		9,238,519		403,194

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2026–21673 Filed 10–22–26; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

National Vaccine Injury Compensation Program; List of Petitions Received

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: HRSA is publishing this notice of petitions received under the National Vaccine Injury Compensation Program (the Program), as required by the Public Health Service (PHS) Act, as amended. While the Secretary of HHS is named as the respondent in all proceedings brought by the filing of petitions for compensation under the Program, the United States Court of Federal Claims is charged by statute with responsibility for considering and acting upon the petitions.

FOR FURTHER INFORMATION CONTACT: For information about requirements for filing petitions, and the Program in general, contact Lisa L. Reyes, Clerk of Court, United States Court of Federal Claims, 717 Madison Place NW, Washington, DC 20005, (202) 357–6400. For information on HRSA's role in the Program, contact the Director, Division of Injury Compensation Programs, 5600 Fishers Lane, Room 14W–17, Rockville, Maryland 20857; 1–800–338–2382, or visit our website at: *https://www.hrsa.gov/vaccine-compensation.*

SUPPLEMENTARY INFORMATION: The Program provides a system of no-fault compensation for certain individuals who have been injured by specified childhood vaccines. Subtitle 2 of Title XXI of the PHS Act, 42 U.S.C. 300aa–10 *et seq.,* provides that those seeking compensation are to file a petition with the United States Court of Federal Claims and to serve a copy of the petition to the Secretary of HHS, who is named as the respondent in each proceeding. The Secretary has delegated this responsibility under the Program to HRSA. The Court is directed by statute to appoint special masters who take evidence, conduct hearings as appropriate, and make initial decisions as to eligibility for, and amount of, compensation.

A petition may be filed with respect to injuries, disabilities, illnesses, conditions, and deaths resulting from vaccines described in the Vaccine Injury Table (the Table) set forth at 42 CFR 100.3. This Table lists for each covered childhood vaccine the conditions that may lead to compensation and, for each condition, the time period for occurrence of the first symptom or manifestation of onset or of significant aggravation after vaccine administration. Compensation may also be awarded for conditions not listed in the Table and for conditions that are manifested outside the time periods specified in the Table, but only if the petitioner shows that the condition was caused by one of the listed vaccines.

Section 2112(b)(2) of the PHS Act, 42 U.S.C. 300aa–12(b)(2), requires that ''[w]ithin 30 days after the Secretary receives service of any petition filed under section 2111 the Secretary shall publish notice of such petition in the **Federal Register**.'' Set forth below is a list of petitions received by HRSA on September 1, 2026, through September 30, 2026. This list provides the name of the petitioner, city, and state of vaccination (if unknown then the city and state of the person or attorney filing the claim), and case number. In cases where the Court has redacted the name of a petitioner and/or the case number, the list reflects such redaction.

Section 2112(b)(2) also provides that the special master ''shall afford all interested persons an opportunity to submit relevant, written information'' relating to the following:

1. The existence of evidence ''that there is not a preponderance of the evidence that the illness, disability, injury, condition, or death described in the petition is due to factors unrelated to the administration of the vaccine described in the petition,'' and

2. Any allegation in a petition that the petitioner either:

a. ''[S]ustained, or had significantly aggravated, any illness, disability, injury, or condition not set forth in the Vaccine Injury Table but which was caused by'' one of the vaccines referred to in the Table, or

b. ''[S]ustained, or had significantly aggravated, any illness, disability, injury, or condition set forth in the Vaccine Injury Table the first symptom or manifestation of the onset or significant aggravation of which did not occur within the time period set forth in the Table but which was caused by a vaccine'' referred to in the Table.

In accordance with Section 2112(b)(2), all interested persons may submit written information relevant to the issues described above in the case of the petitions listed below. Any person choosing to do so should file an original and three copies of the information with the Clerk of the United States Court of Federal Claims at the address listed above (under the heading **FOR FURTHER INFORMATION CONTACT**), with a copy to HRSA addressed to Director, Division of Injury Compensation Programs, Health Systems Bureau, 5600 Fishers Lane, 14W–17, Rockville, Maryland 20857. The Court's caption (*Petitioner's Name* v. *Secretary of HHS*) and the docket number assigned to the petition should be used as the caption for the written submission. Chapter 35 of Title 44, United States Code, related to paperwork reduction, does not apply to information required for purposes of carrying out the Program.

Thomas J. Engels,

Administrator.

List of Petitions Filed

1. Jill Lewis, Jacksonville, Florida, Court of Federal Claims No: 26–1277V
2. Eileen Squires, East Greenbush, New York, Court of Federal Claims No: 26–1278V
3. Alexander Zhu, Los Angeles, California, Court of Federal Claims No: 26–1280V
4. Steve Vela, Webster, Texas, Court of Federal Claims No: 26–1281V
5. Jane You, Teaneck, New Jersey, Court of Federal Claims No: 26–1283V
6. Matthew Brooks, New Castle, Indiana, Court of Federal Claims No: 26–1286V
7. Catherine Maher, West Lawn, Pennsylvania, Court of Federal Claims No: 26–1287V
8. Melissa Burchett, Lancaster, Kentucky, Court of Federal Claims No: 26–1288V
9. Melissa Hughes, Dunedin, Florida, Court of Federal Claims No: 26–1289V
10. Donna Rosellini, Pompano Beach, Florida, Court of Federal Claims No: 26–1290V
11. Bradley Clark, Winston-Salem, North Carolina, Court of Federal Claims No: 26–1292V
12. Theresa A. Perez, Winthrop, Washington, Court of Federal Claims No: 26–1293V
13. Taegen Matsu Udy, Brigham City, Utah, Court of Federal Claims No: 26–1294V
14. Joel Adams, Russell, Kansas, Court of Federal Claims No: 26–1295V
15. Julie Neill, Madison, Wisconsin, Court of Federal Claims No: 26–1296V
16. Heather Guardalabene, Mantua, Ohio, Court of Federal Claims No: 26–1298V
17. Daniel Kusiowski, Washington, District of Columbia, Court of Federal Claims No: 26–1300V
18. Mikhail Jones, Washington, District of Columbia, Court of Federal Claims No: 26–1301V
19. Ludwig Massong, Chicago, Illinois, Court of Federal Claims No: 26–1302V
20. Deborah Snow, Saraland, Alabama, Court of Federal Claims No: 26–1309V
21. Brian H. Herrera, Albuquerque, New Mexico, Court of Federal Claims No: 26–1311V
22. Victoria Laszlo, Woonsocket, Rhode Island, Court of Federal Claims No: 26–1315V

23. Jessica Camp, Purcellville, Virginia, Court of Federal Claims No: 26–1316V
24. Risa Alejandra Reyes, Beverly Hills, California, Court of Federal Claims No: 26–1319V
25. Rodrick Chisholm, Chicago, Illinois, Court of Federal Claims No: 26–1321V
26. Ruth Lofaro, Bennington, Vermont, Court of Federal Claims No: 26–1322V
27. Heather Fournier, Cuyahoga Falls, Ohio, Court of Federal Claims No: 26–1326V
28. Charlene Magsino, Woodridge, Illinois, Court of Federal Claims No: 26–1327V
29. Diana Viotti, Philadelphia, Pennsylvania, Court of Federal Claims No: 26–1328V
30. Douglas Melnick, Woodland Hills, California, Court of Federal Claims No: 26–1329V
31. Kathy Dodson, Danville, Virginia, Court of Federal Claims No: 26–1330V
32. Darlene Sutton, Phoenix, Arizona, Court of Federal Claims No: 26–1332V
33. Prasant Joshii, Columbus, Ohio, Court of Federal Claims No: 26–1335V
34. Gerald Osburn, Estes Park, Colorado, Court of Federal Claims No: 26–1336V
35. Estrada Oswaldo, Woodridge, Illinois, Court of Federal Claims No: 26–1337V
36. Diana Viotti, Philadelphia, Pennsylvania, Court of Federal Claims No: 26–1338V
37. Enna Khondkaryan, New Haven, Connecticut, Court of Federal Claims No: 26–1339V
38. Ashley Hickman, Seminole, Florida, Court of Federal Claims No: 26–1340V
39. Benedict Hui, Bellevue, Washington, Court of Federal Claims No: 26–1341V
40. Colleen Humphrey, Vista, California, Court of Federal Claims No: 26–1343V
41. Donald Scott, Superior, Wisconsin, Court of Federal Claims No: 26–1344V
42. Paulette Brown, Arlington, Texas, Court of Federal Claims No: 26–1345V
43. Deema Sargent, Augusta, Maine, Court of Federal Claims No: 26–1346V
44. Nayeli Leyva, Elmwood Park, Illinois, Court of Federal Claims No: 26–1347V
45. Vanessa Fefelov on behalf of V.F., Homer, Alaska, Court of Federal Claims No: 26–1348V
46. Mandy Shawhan, Camp Lejeune, North Carolina, Court of Federal Claims No: 26–1350V
47. Jose Coronado, Philadelphia, Pennsylvania, Court of Federal Claims No: 26–1352V
48. Amale Terazi, Aurora, Colorado, Court of Federal Claims No: 26–1356V
49. Sarah Sanchez, Troy, Missouri, Court of Federal Claims No: 26–1357V
50. Zhenqiang Li, Virginia Beach, Virginia, Court of Federal Claims No: 26–1358V
51. Tanya Macko, Bloomingdale, Illinois, Court of Federal Claims No: 26–1360V
52. Stephanie Eichman, Bloomingdale, Illinois, Court of Federal Claims No: 26–1364V
53. Jenny Lee, Dresher, Pennsylvania, Court of Federal Claims No: 26–1365V
54. Dawn M. Scordato, Staten Island, New York, Court of Federal Claims No: 26–1366V
55. Charlie West, Daytona Beach, Florida, Court of Federal Claims No: 26–1367V
56. Ashley Morse, Kansas City, Missouri, Court of Federal Claims No: 26–1370V
57. Noga Zieber, Brookline, Massachusetts, Court of Federal Claims No: 26–1371V
58. Gregory Collins, Black River Falls, Wisconsin, Court of Federal Claims No: 26–1373V
59. Catherine Sawyer, Washington, District of Columbia, Court of Federal Claims No: 26–1374V
60. Suzanne Vogel, Gardner, Massachusetts, Court of Federal Claims No: 26–1375V
61. Harry Greene, Bremen, Georgia, Court of Federal Claims No: 26–1377V
62. Steven Ray Layton, Pittsburgh, Pennsylvania, Court of Federal Claims No: 26–1378V
63. Matthew Welsch, Cromwell, Connecticut, Court of Federal Claims No: 26–1379V
64. David Eilert, Woodridge, Illinois, Court of Federal Claims No: 26–1381V
65. Lisa Haynes, Beaufort, South Carolina, Court of Federal Claims No: 26–1383V
66. Laura C. Harap, New York, New York, Court of Federal Claims No: 26–1385V
67. Jennifer Jones Haynes, San Antonio, Texas, Court of Federal Claims No: 26–1386V
68. Erin MacMillan, Brookfield, Wisconsin, Court of Federal Claims No: 26–1387V
69. Nona McGrevey, Ocean Springs, Mississippi, Court of Federal Claims No: 26–1388V
70. Allison Gilbert, Washington, District of Columbia, Court of Federal Claims No: 26–1389V
71. Sara Sieminski, Chicago, Illinois, Court of Federal Claims No: 26–1390V
72. Melanie Clark, Uniontown, Ohio, Court of Federal Claims No: 26–1392V
73. Jolene Cullen, Englewood, New Jersey, Court of Federal Claims No: 26–1393V
74. Laura Falloon on behalf of D.C.F., Denver, Colorado, Court of Federal Claims No: 26–1396V
75. Erin Ramirez, Richmond, Virginia, Court of Federal Claims No: 26–1397V
76. Louise McDonald, Clifton Park, New York, Court of Federal Claims No: 26–1398V
77. Amy Montgomery, Dresher, Pennsylvania, Court of Federal Claims No: 26–1400V
78. Elizabeth Warsaw, Shelbyville, Delaware, Court of Federal Claims No: 26–1401V
79. Anne Flynn Rogers, Warwick, Rhode Island, Court of Federal Claims No: 26–1402V
80. Kristine Kaminskas, Cedars Rapid, Iowa, Court of Federal Claims No: 26–1403V
81. Laura Defino, Richardson, Texas, Court of Federal Claims No: 26–1404V
82. Jaime Gessner, Washington, District of Columbia, Court of Federal Claims No: 26–1405V
83. Sarah Amadon, Washington, District of Columbia, Court of Federal Claims No: 26–1408V
84. Jacqueline Nichols Kircher, Landstuhl, Germany, Court of Federal Claims No: 26–1409V
85. Collis Philyaw, Charlestown, West Virginia, Court of Federal Claims No: 26–1410V
86. Weiliang Li, Santa Clara, California, Court of Federal Claims No: 26–1412V
87. David Sass, Glendale, Wisconsin, Court of Federal Claims No: 26–1414V
88. Shandi Nolte, Lincoln, Nebraska, Court of Federal Claims No: 26–1415V
89. Dorothy Jones-Dillon, Washington, District of Columbia, Court of Federal Claims No: 26–1420V
90. Derek Gibson, Washington, District of Columbia, Court of Federal Claims No: 26–1421V
91. Jeremy Bayer, Dublin, Ohio, Court of Federal Claims No: 26–1422V
92. Yvette Vindas, Dumont, New Jersey, Court of Federal Claims No: 26–1423V
93. Jerry W. Phillips, Nashville, Tennessee, Court of Federal Claims No: 26–1424V
94. Erika Remy Smith, Cheshire, Connecticut, Court of Federal Claims No: 26–1429V
95. Rickey Nunley, Magnolia, Texas, Court of Federal Claims No: 26–1432V
96. Jeanne Skartsiaris, Dallas, Texas, Court of Federal Claims No: 26–1437V
97. Kristen M. Trickel, Louisville, Kentucky, Court of Federal Claims No: 26–1438V
98. Patrick Scanlan, Philadelphia, Pennsylvania, Court of Federal Claims No: 26–1439V
99. Kathleen Carlton, Ballston Spa, New York, Court of Federal Claims No: 26–1440V
100. Shari Savage, Wenatchee, Washington, Court of Federal Claims No: 26–1443V
101. Tabitha M. Guinn, Richmond, Virginia, Court of Federal Claims No: 26–1444V
102. Kimberly Williams, Golden Valley, Minnesota, Court of Federal Claims No: 26–1445V
103. Joaquin Vazquez, Chicago, Illinois, Court of Federal Claims No: 26–1446V
104. Keith Dalton, Phoenix, Arizona, Court of Federal Claims No: 26–1448V
105. Leslye Olivo, Phoenix, Arizona, Court of Federal Claims No: 26–1449V

[FR Doc. 2026–21672 Filed 10–22–26; 8:45 am]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Indian Health Service

Request for Public Comment: 60-Day Notice for Reinstated Collection: Division of Urban Indian Affairs Uniform Data System and Budget Formulation

AGENCY: Indian Health Service, HHS.

ACTION: Notice and request for comments. Request for a reinstated collection.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the Indian Health Service (IHS) invites the public to comment on the information collection titled, ''Division of Urban Indian Affairs (DUIA) Uniform Data System and Budget Formulation,'' Office of Management and Budget (OMB) Control Number 0917–0007. The IHS is requesting OMB to approve a reinstated collection.

DATES: *Comment Due Date:* December 22, 2026. Your comments regarding this

information collection are best assured of having full effect if received within 60 days of the date of this publication.

ADDRESSES: Send your written comments, requests for more information on the collection, or requests to obtain a copy of the data collection instrument and instructions to Thomas Hamby, Acting Information Collection Clearance Officer, by one of the following methods:

- *Mail:* Indian Health Service, Office of Information Technology, Mail Stop: 07E57B, 5600 Fishers Lane, Rockville, MD 20857.
- *Email: Thomas.Hamby@ihs.gov.*
- *Electronically:* You may submit electronic comments to *http://www.regulations.gov*. Follow the ''Submit a Comment'' instructions.

FOR FURTHER INFORMATION CONTACT: To request additional information, please contact Thomas Hamby, Acting Information Collection Clearance Officer, Office of Information Technology at *Thomas.Hamby@ihs.gov*.

SUPPLEMENTARY INFORMATION: *Reinstated: Title:* Division of Urban Indian Affairs Uniform Data System and Budget Formulation. *Type of Information Collection Request:* Request for data collection to ensure contract compliance and to report to Congress and policymakers on program accomplishments. Reporting formats are contained in the Uniform Data System (UDS) Reporting Guidance Manual. *Need and Use of Information Collection:* The UDS and Budget Formulation (BF) contain the annual reporting requirements for the cluster of ambulatory, limited ambulatory, and case management/outreach and referral urban Indian organizations (UIOs) funded by the IHS. The authorizing statute is Title V of Public Law 94–437, of the Indian Health Care Improvement Act, as amended. The IHS will collect data in the UDS and BF, which will be used to ensure contract compliance and for reports to Congress and policymakers on program accomplishments. To meet these objectives, the DUIA will collect a core set of data annually that is appropriate for monitoring and evaluating performance and reporting on annual trends. *Affected Public:* Title V-funded Urban Indian health programs. *Type of Respondents:* Urban Indian Organizations.

The table below provides types of data collection instruments, estimated number of respondents, number of responses per respondent, average burden hour per response, and total annual burden hours.

Data collection instrument(s)	Estimated number of respondents	Responses per respondent	Average burden hour per response *	Total annual burden hours
UIOs	41	1	8	328
Total	41	1	8	328

There are no direct costs to respondents to report.

Requests for Comments: Your written comments and/or suggestions are invited on one or more of the following points:

(a) whether the information collection activity is necessary to carry out an agency function;

(b) whether the agency processes the information collected in a useful and timely fashion;

(c) the accuracy of the public burden estimate (the estimated amount of time needed for individual respondents to provide the requested information);

(d) whether the methodology and assumptions used to determine the estimates are logical;

(e) ways to enhance the quality, utility, and clarity of the information being collected; and

(f) ways to minimize the public burden through the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Mark Cruz,

Director, Indian Health Service.

[FR Doc. 2026–21644 Filed 10–22–26; 8:45 am]

BILLING CODE 4166–14–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Physiology and Pathobiology of Cardiovascular and Respiratory Systems.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Yuanyi Feng, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr., Bethesda, MD 20892, (301) 594–1180, *fengy7@csr.nih.gov*.

Name of Committee: Digestive, Kidney and Urological Systems Integrated Review Group; Environmental Determinants of Disease Study Section.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Stacey Nicole Williams, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr., Bethesda, MD 20892, (301) 867–5309, *stacey.williams@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Biomaterials, Delivery, and Nanotechnology.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: David R. Filpula, Ph.D. Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6181,

MSC 7892, Bethesda, MD 20892, 301–435–2902, *filpuladr@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA–OD–24–013: Building Interdisciplinary Research Careers in Women's Health.

Date: November 19, 2026.

Time: 9:00 a.m. to 12:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Anna L. Riley, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3114, MSC 7759, Bethesda, MD 20892, (301) 435–2889, *rileyann@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Musculoskeletal Sciences in Diagnostics, Devices, and Rehabilitation.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 9:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Yanming Bi, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4214, MSC 7814, Bethesda, MD 20892, (301) 451–0996, *ybi@csr.nih.gov*.

Name of Committee: Digestive, Kidney and Urological Systems Integrated Review Group; Drug and Biologic Disposition and Toxicity Study Section.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Frederique Yiannikouris, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–3313, *frederique.yiannikouris@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Cancer Diagnostics and Therapeutics.

Date: November 19, 2026.

Time: 9:00 a.m. to 5:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Byeong-Chel Lee, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 808 K, Bethesda, MD 20892, (301) 435–0000, *byeong-chel.lee@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Basic Cancer Mechanisms and Therapeutics.

Date: November 19, 2026.

Time: 9:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Careen K. Tang-Toth, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6214, MSC 7804, Bethesda, MD 20892, (301) 435–3504, *tothct@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Gastroenterology, Hepatology and Nutrition.

Date: November 19, 2026.

Time: 9:00 a.m. to 8:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Jian Yang, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr., Bethesda, MD 20892, (301) 435–0000, *jian.yang@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Regulatory mechanisms of neural development and function.

Date: November 19–20, 2026.

Time: 9:00 a.m. to 5:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Eric S. Tucker, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 451–1141, *eric.tucker@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Sensory Technologies: Vision, Auditory and Low Vision.

Date: November 19–20, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Lai Yee Leung, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 1011D, Bethesda, MD 20892, (301) 827–8106, *leungl2@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Behavioral Treatment Approaches for Mental/Cognitive Disorders and Aging Diseases.

Date: November 19–20, 2026.

Time: 9:30 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Joann Wu Shortt, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–7375, *shorttjw@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Training: Mentored Career Development Special Emphasis Panel.

Date: November 19–20, 2026.

Time: 9:30 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Helen Huang, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 435–8207, *helen.huang@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Topics in Clinical Data Management, Informatics, and Digital Health Technology.

Date: November 19–20, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Jessica Bellinger, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3158, Bethesda, MD 20892, (301) 827–4466, *bellingerjd@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Urological Systems.

Date: November 19, 2026.

Time: 9:30 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Santanu Banerjee, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 2106, Bethesda, MD 20892, (301) 435–5947, *banerjees5@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Shared Instrumentations: MS/NMR/crystallography/small-angle scattering/protein purification (S10).

Date: November 19–20, 2026.

Time: 9:30 a.m. to 8:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Irina Vladislavovna Nesmelova, Scientific Review Officer, The Center for Scientific Review, The National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–6496, *irina.nesmelova@nih.gov*.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS).

Dated: October 21, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–21688 Filed 10–22–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Clinical Care, Treatment and Disease Management.

Date: November 19–20, 2026.

Time: 9:30 a.m. to 9:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Christiane M. Robbins, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20817, (301) 451–4989, *crobbins@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; SBIR/STTR Commercialization Readiness Pilot (CRP) Program.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Marie-Jose Belanger, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6188, MSC 7804, Bethesda, MD 20892, 301–435–1267, *belangerm@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Special International Research Collaborations Projects.

Date: November 19, 2026.

Time: 10:00 a.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Rupali Das, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–0023, *rupali.das@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Brain Development, Aging, and Cognition.

Date: November 19, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Sindhu Kizhakke Madathil, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–5702, *sindhu.kizhakkemadathil@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Biology of Aging.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Jimok Kim, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 402–8559, *jimok.kim@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Genes, Genomes and Genetics.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Linda Jurata Sherwin, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496–8032, *linda.jurata@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; NIH Collaborative International Research Project.

Date: November 19, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Shuli Xia, Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (240) 276–5256, *shuli.xia@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Oncology.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Sandip Bhattacharyya, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–7121. *sandip.bhattacharyya@nih.gov*.

Name of Committee: Population Sciences and Epidemiology Integrated Review Group Reproductive, Perinatal and Pediatric Health Study Section.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Sheila Pirooznia, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 594–7259, *sheila.pirooznia@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflicts: Respiratory Topics.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Nakia C. Brown, Ph.D., Scientific Review Officer, Office of Grants Management and Scientific Review, National Ctr. for Advancing Translational Sciences, 6701 Democracy Blvd., Bethesda, MD 20892, 301–827–4905, *brownnac@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Social and Behavioral Approaches to Promote Health in Aging Populations.

Date: November 19–20, 2026.

Time: 10:00 a.m. to 6:00 p.m.
Agenda: To review and evaluate grant applications.
Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.
Meeting Format: Virtual Meeting.
Contact Person: Trinh T. Tran, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, Bethesda, MD 20892, (301) 827–5843, *trinh.tran@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR–26–134: The Metastasis Research Network (MetNet): MetNet Research Projects.
Date: November 19, 2026.
Time: 10:00 a.m. to 6:00 p.m.
Agenda: To review and evaluate grant applications.
Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.
Meeting Format: Virtual Meeting.
Contact Person: Adriana Stoica, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institute of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (240) 276–6368, *Stoicaa2@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Endocrinology, Diabetes, Metabolism, and Obesity.
Date: November 19–20, 2026.
Time: 10:00 a.m. to 6:00 p.m.
Agenda: To review and evaluate grant applications.
Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.
Meeting Format: Virtual Meeting.
Contact Person: Dawanna James-Holly, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480–2776, *dawanna.james-holly@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Clinical Scientist Training in Addiction and Cancer Research.
Date: November 19, 2026.
Time: 1:00 p.m. to 2:00 p.m.
Agenda: To review and evaluate grant applications.
Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.
Meeting Format: Virtual Meeting.
Contact Person: Anna L. Riley, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3114, MSC 7759, Bethesda, MD 20892, (301) 435–2889, *rileyann@csr.nih.gov*.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS).

Dated: October 21, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–21689 Filed 10–22–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the Center for Scientific Review Special Emphasis Panel, November 09, 2026, 09:00 a.m. to November 10, 2026, 05:00 p.m., National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892 which was published in the **Federal Register** on October 14, 2026, 91 FR 65230 Doc No. 2026–21022.

The meeting is being amended to change the start time from 9:00 a.m. to 10:00 a.m. The meeting is closed to the public.

Dated: October 21, 2026.

Rosalind M. Niamke,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–21687 Filed 10–22–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Substance Abuse and Mental Health Services Administration

HHS Approval of Entities That Certify Medical Review Officers

AGENCY: Substance Abuse and Mental Health Services Administration, Department of Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: This notice publishes a list of HHS approved Medical Review Officers (MROs) certification entities. The most recent HHS Mandatory Guidelines for Federal Workplace Drug Testing Programs (Mandatory Guidelines), effective on October 10, 2023, (Oral Fluid) and February 1, 2024, (Urine), address the role and qualifications of MROs and HHS approval of entities that certify MROs.

DATES: HHS approval is effective October 23, 2026.

FOR FURTHER INFORMATION CONTACT: Joshua Hunt, Pharm.D., MPH, LCDR, United States Public Health Service, Area/Regional Pharmacy Consultant, Substance Abuse and Mental Health Services Administration, 5600 Fishers Lane, Rockville, Maryland 20857; Telephone: (301) 642–9354; Email: *Joshua.hunt@samhsa.hhs.gov.*

SUPPLEMENTARY INFORMATION: Subpart M—Medical Review Officer (MRO), Section 13.2 of the Mandatory Guidelines, ''How are nationally recognized entities or subspecialty boards that certify MROs approved?'' states as follows: ''All nationally recognized entities or subspecialty boards which seek approval by the Secretary to certify physicians as MROs for federal workplace drug testing programs must submit their qualifications, a sample examination, and other necessary supporting examination materials (*e.g.,* answers, previous examination statistics or other background examination information, if requested). Approval will be based on an objective review of qualifications that include a copy of the MRO applicant application form, documentation that the continuing education courses are accredited by a professional organization, and the delivery method and content of the examination. Each approved MRO certification entity must resubmit their qualifications for approval every 2 years. The Secretary shall publish at least every 2 years a notice in the **Federal Register** listing those entities and subspecialty boards that have been approved.''

HHS has completed its review of entities that certify MROs, in accordance with requests submitted by such entities to HHS.

The HHS Secretary approves the following MRO certifying entities that offer MRO certification through examination:

American Association of Medical Review Officers (AAMRO), 1921 North Pointe Drive, Suite 300–1, Box 44, Durham, NC 27705, Phone: 919–489–9588 or 1–800–489–1839, Email: *bbrandon@aamro.com*, website: *http://www.aamro.com/*.

Medical Review Officer Certification Council (MROCC), 3231 S Halsted St. #167, Chicago, IL 60608, Phone: (847) 631–0599, Email: *mrocc@mrocc.org*, website: *http://www.mrocc.org/*.

Robert F. Kennedy, Jr.

Secretary, Department of Health and Human Services.

[FR Doc. 2026–21671 Filed 10–22–26; 8:45 am]

BILLING CODE 4162–20–P

DEPARTMENT OF HOMELAND SECURITY

[Docket No. CISA–2026–0001]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; .gov Registrar

AGENCY: Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security (DHS).

ACTION: 30-Day notice of information collection and request for comments; extension of an existing collection (1670–0049) that was last approved on 10/03/2023 with an expiration date of 10/31/2026.

SUMMARY: The *.gov* Registry Program within Cybersecurity and Infrastructure Security Agency (CISA) submits the following information collection request (ICR) to the Office of Management and Budget (OMB) for review and clearance. CISA previously published this information collection request (ICR) in the **Federal Register** on June 1, 2026 for a 60-day public comment period. 0 comments were received by CISA. The purpose of this notice is to allow additional 30 days for public comments.

DATES: Comments are encouraged and will be accepted until November 23, 2026.

Submissions received after the deadline for receiving comments may not be considered.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

The Office of Management and Budget is particularly interested in comments which:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

3. Enhance the quality, utility, and clarity of the information to be collected; and

4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submissions of responses.

FOR FURTHER INFORMATION CONTACT: Cameron Dixon, 888–282–0870, *cameron.dixon@cisa.dhs.gov*.

SUPPLEMENTARY INFORMATION: *.gov* is a 'top-level domain' (TLD), similar to *.com*, *.org*, or *.us*. Enterprises use a TLD to register a ''domain name'' (often simply called a domain) for use in their online services, like a website or email. Well-known *.gov* domains include *whitehouse.gov*, *congress.gov*, or *uscourts.gov*, but most .gov domains are from non-federal governments like *ny.gov* (State of New York) or *lacounty.gov* (LA County).

.gov is available only to bona fide U.S.-based government organizations and publicly controlled entities. When governments use *.gov*, they make it harder for would-be impostors to successfully impersonate them online.

Under the DOTGOV Act of 2020 (6 U.S.C. 665), CISA is responsible for the operation and security of the *.gov* TLD. Pursuant to that law, the *.gov* program at CISA works to ''provide simple and secure registration of *.gov* internet domains'', ''ensure that domains are registered and maintained only by authorized individuals'', and ''minimize the risk of *.gov* internet domains whose names could mislead or confuse users''. In order to provision *.gov* domains to eligible government entities and ensure adherence to the domain requirements published by CISA pursuant to 6 U.S.C. 665(c), CISA needs to collect information from requestors of *.gov* domains.

The information will be collected on an online web portal called the ''*.gov* registrar'', which is built and maintained by CISA. Requestors will be asked to provide information on the characteristics of their government entity (*e.g.,* name, type, physical location, current domain), their preferred *.gov* domain name (*e.g., example.gov*), their rationale for the name, organizational contact information (names, phone numbers, email addresses), and nameserver addresses.

Only U.S.-based government organizations are eligible for *.gov* domains; some of these organizations may be small entities. The collection has been developed to request only the information needed to confirm eligibility and adjudicate a *.gov* domain request.

Without this collection, CISA will be unable to assess the eligibility of requestors nor provision *.gov* domains to government organizations. That outcome would decrease cybersecurity for governments across the nation and minimize the public's ability to identify governments online.

In accordance with 6 U.S.C. 665(c)(4), CISA will ''limit the sharing or use of any information'' obtained through this collection ''with any other Department component or any other agency for any purpose other than the administration of the *.gov* internet domain, the services described in subsection (e), and the requirements for establishing a *.gov* inventory described in subsection (h).'' Certain metadata for any approved domains (domain name, organization name, nameserver address, city/state information, security contact) will be published online.

Analysis

Agency: Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security (DHS).

Title: .gov registrar.

OMB Number: 1670–0049.

Frequency: Once per domain registered.

Affected Public: Employees representing state, local, territorial, and tribal governments.

Number of Respondents: 3,000 per year.

Estimated Time per Respondent: 20 minutes.

Total Burden Hours: 1,000 hours.

Total Annual Burden Cost: $52,622.

Total Annual Government Burden Cost: $588,600.

Winfield P. Werntz,

Acting Chief Information Officer, Department of Homeland Security, Cybersecurity and Infrastructure Security Agency.

[FR Doc. 2026–21646 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–LF–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Immigration and Customs Enforcement

[OMB Control Number 1653–0046]

Agency Information Collection Activities: Extension of a Currently Approved Collection: Electronic Bonds Online (eBonds) Access

AGENCY: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

ACTION: 30-Day notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995 the Department of Homeland Security (DHS), U.S. Immigration and Customs Enforcement (ICE) will submit the following Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and clearance. This information collection was previously published in the **Federal Register** on December 15, 2025, allowing for a 60-day comment period. In the 60-day notice, the burden hours on the public were stated incorrectly. Those have now been changed to the correct values. ICE received several comments which have been addressed in the supporting statement available on *www.reginfo.gov/public/do/PRAMain.* The purpose of this notice is to allow an additional 30 days for public comments.

DATES: Comments are encouraged and will be accepted until November 23, 2026.

ADDRESSES: Written comments and recommendations for this information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function under e-Docket ID number ICEB–2009–0006–0012.

FOR FURTHER INFORMATION CONTACT: For specific question related to collection activities, please contact U.S. Immigration and Customs Enforcement at *HQ-ERO-BOND@ice.dhs.gov.*

SUPPLEMENTARY INFORMATION:

Comments

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Overview of This Information Collection

(1) Type of Information Collection: Extension of a Currently Approved Collection.

(2) Title of the Form/Collection: Electronic Bonds Online (eBonds) Access.

(3) Agency form number, if any, and the applicable component of the Department of Homeland Security sponsoring the collection: I–352SA/I–352RA; U.S. Immigration and Customs Enforcement.

(4) Affected public who will be asked or required to respond, as well as a brief abstract: Primary: Individual or Households, Business or other non-profit. The information collection is necessary for ICE to grant access to eBonds and to notify the public of the duties and responsibilities associated with accessing eBonds. The I–352SA and the I–352RA are the two instruments used to collect the information associated with this collection. The I–352SA is completed by a Surety that currently holds a Certificate of Authority to act as a Surety on Federal bonds and details the requirements for accessing eBonds as well as the documentation, in addition to the I–352SA and I–352RA, which the Surety must submit prior to being granted access to eBonds. The I–352RA provides notification that eBonds is a federal government computer system and as such users must abide by certain conduct guidelines to access eBonds and the consequences if such guidelines are not followed.

(5) An estimate of the total number of responses and the amount of time estimated for an average respondent to respond: 82 responses at 30 minutes (.50 hours) per response.

(6) An estimate of the total public burden (in hours) associated with the collection: 41 annual burden hours.

Dated: September 30, 2026.

Ashley Pearce,

Deputy Chief Data Officer.

[FR Doc. 2026–21683 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–28–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Immigration and Customs Enforcement

[Docket Number ICEB–2026–0199]

Agency Information Collection Activities: Allegation of Counterfeiting and Intellectual Policy, ICE Form 73–048, OMB 1653–0053

AGENCY: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

ACTION: 60-Day Notice and request for comments.

SUMMARY: The Department of Homeland Security will submit the following Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995.

DATES: Comments are encouraged and will be accepted until December 22, 2026. This process is conducted in accordance with 5 CFR 1320.1.

ADDRESSES: You may submit comments, identified by docket number Docket # ICEB–2026–0199, at:

○ *Federal eRulemaking Portal: http://www.regulations.gov.* Please follow the instructions for submitting comments.

Instructions: All submissions received must include the agency name and docket number Docket # ICEB–2026–0199. All comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *http://www.regulations.gov.*

SUPPLEMENTARY INFORMATION:

Explain the circumstances that make the collection of information necessary.

The collection of information is necessary to support the National Intellectual Property Rights Coordination Center's mission to combat counterfeiting, piracy, and related intellectual property crimes. The IPR Center, led by U.S. Immigration and Customs Enforcement, Homeland Security Investigations, serves as the U.S. Government's clearinghouse for investigative and enforcement efforts involving intellectual property rights violations that may affect public health and safety, the U.S. economy, and national security interests.

The ''Allegation of Counterfeiting and Piracy'' electronic form provides a mechanism for members of the public, industry, trade associations, law

enforcement, and government agencies to report suspected intellectual property violations and submit investigative leads. Information collected through the form is reviewed by HSI officials at the IPR Center and may be shared, as appropriate, with IPR Center partner agencies for investigative response, deconfliction, and tactical use.

This collection enables law enforcement and regulatory agencies to identify suspected perpetrators, assess allegations involving counterfeiting, piracy, and commercial trade fraud, and coordinate enforcement activities more efficiently. It also helps reduce duplicative federal investigative efforts, improve interagency communication, and support protection of the public and affected industries.

The collection is authorized under HSI's enforcement authorities, including 19 U.S.C. 1589a and 1509, and DHS's records management authority under 44 U.S.C. 3101. Information collected may also be subject to applicable privacy, trade secret, and confidential commercial information protections, including the Privacy Act of 1974, 5 U.S.C. 552a; 18 U.S.C. 1905; and 19 CFR 103.35.

Indicate how, by whom, and for what purpose the information is to be used.

The information is collected from members of the public (including industry right-holders and trade associations), as well as federal, state, local and tribal law enforcement, and government agencies. Such information is provided on a voluntary basis and through the use of an electronic form accessible via clicking the ''Report IP Theft'' button located on multiple websites, including the *WWW.IPRCENTER.GOV* website. Once completed, the Form is electronically transmitted to the IPR Center for review, analysis and deconfliction among the IPR Center partner agencies, as appropriate. If the submitted form contains information relevant to entities outside of the IPR Center, the information is provided to the applicable agency for review and action, as appropriate and in accordance with any applicable laws, regulations, directives, policies, or procedures applicable to information sharing.

Both IPR Center partners and non-partners who receive information from the Form query their respective databases, analyze the results, and respond to the IPR Center as to whether they have a potential matching record to deconflict and/or jurisdictional interest in the matter.

Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

The Form is used as part of an automated allegation and deconfliction program. The Form is completed and submitted electronically. In addition to permitting IPR Center partners to review potential leads involving IP infringement, the Form reduces and minimizes any burden to members of the public and is part of an automated referral process to the IPR Center.

If the collection of information impacts small businesses or other small entities.

The use of the Form does not have a significant economic impact on small businesses or other small entities. The Form is used as part of an automated allegation and deconfliction program and is completed and submitted electronically as part of the IPR Center's automated program.

Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If the information is not collected, HSI's ability to provide a comprehensive and coordinated response to intellectual property rights crimes would be severely limited.

Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The SharePoint site may contain the Sensitive Personally Identifiable Information (SPII) of complainants, victims, witnesses, and alleged violators; as well as the Personally Identifiable Information (PII) of ICE personnel who may access the site, as appropriate. The SharePoint site will comport with the requirements for SharePoint as established by the ICE Office of Chief Information Officer (OCIO). This collection of information will be covered by the National Intellectual Property Rights Coordination Center Privacy Impact Assessment and the existing DHS/ICE–009 External Investigations System of Records Notice.

Explain the reasons for any program changes or adjustments reporting in Items 13 or 14 of the OMB Form 83–I.

There has been an update in the number of collections expected for OMB Form 83–I. The increase in collections has led to an overall increase in burden costs.

The Office of Management and Budget is particularly interested in comments which:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

3. Enhance the quality, utility, and clarity of the information to be collected; and

4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submissions of responses.

Analysis

Agency: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

Title: Allegation of Counterfeiting and Intellectual Policy.

OMB Number: 1653–0053.

Frequency: Responses are submitted voluntarily and on occasion, whenever a respondent has information to report.

Affected Public: Members of the public, including individual victims and witnesses; industry right-holders; trade associations; public and private sector organizations; and federal, state, local, tribal, and other government or law enforcement agencies.

Number of Respondents: ICE estimates a total of 23,318 responses.

Estimated Time per Respondent: ICE estimates 5 minutes per response.

Total Burden Hours: 1,865 annual burden hours.

Dated: October 1, 2026.

Ashley Pearce,

Deputy Chief Data Officer.

[FR Doc. 2026–21681 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–28–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Immigration and Customs Enforcement

[Docket Number ICEB–2026–0232]

Agency Information Collection Activities: SEVP Generic Clearance for the Collection of Qualitative Feedback on Agency Service Delivery, Form 73–043 ''Field Representative Feedback Form''

AGENCY: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

ACTION: 30-Day notice and request for comments; reinstatement, without change, of a previously approved collection for which approval has expired, 1653–0050.

SUMMARY: The Department of Homeland Security will submit the following Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104–13, 44 U.S.C. Chapter 35). DHS previously published this information collection request (ICR) in the **Federal Register** on June 11, 2026 for a 60-day public comment period. 2 comments were received by DHS. These comments have been addressed in the Supporting Statement available on *www.reginfo.gov/public/do/PRAMain.* The purpose of this notice is to allow an additional 30-days for public comments. As a correction, the previous 60 Day notice was posted with the incorrect docket number ICEB–2019–0003. This has been corrected.

DATES: Comments are encouraged and will be accepted until November 23, 2026. This process is conducted in accordance with 5 CFR 1320.

ADDRESSES: You may submit comments, identified by docket number ICEB–2026–0232, at:

○ *Federal eRulemaking Portal: http://www.regulations.gov.* Please follow the instructions for submitting comments.

Instructions: All submissions received must include the agency name and docket number Docket # ICEB–2026–0232. All comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided.

Docket: For access to the docket to read background documents or comments received, go to *http://www.regulations.gov.*

The Office of Management and Budget is particularly interested in comments which:

1. Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

2. Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

3. Enhance the quality, utility, and clarity of the information to be collected; and

4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submissions of responses.

FOR FURTHER INFORMATION CONTACT: If additional information is required contact: The Department of Homeland Security (DHS), Immigration and Customs Enforcement (ICE), Student and Exchange Visitor Program, at *SEVP@ICE.DHS.GOV.*

SUPPLEMENTARY INFORMATION: The Student and Exchange Visitor Program (SEVP) is the principal mechanism for proactively delivering regional, state, and local on-site assistance for our stakeholders in the performance of their SEVP-related responsibilities. The Field Representative Unit (FRU), within SEVP, serves as a conduit to increase dialogue and deliver services to SEVP's stakeholder communities. In response to Executive Order 12862, ''Setting Customer Service Standards,'' the FRU developed a customer service feedback survey. The responses to the proposed questions will be used as input for improving the dialogue between stakeholders and SEVP, as well as, the services delivered.

Analysis

Agency: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

Title: SEVP Generic Clearance for the Collection of Qualitative Feedback on Agency Service Delivery, Field Representative Feedback Form.

OMB Number: 1653–0050.

Frequency: Annually.

Affected Public: All designated school officials at the SEVP-certified schools, who have internationals students attending their programs in F or M status.

Number of Respondents: 2792.

Estimated Time per Respondent: 15 minutes.

Total Burden Hours: 698 annual burden hours.

Total Burden Cost (capital/startup): N/A.

Total Burden Cost (operating/maintaining): $8,000.00.

Ashley Pearce,

Deputy Chief Data Officer.

[FR Doc. 2026–21682 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–28–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Citizenship and Immigration Services

[OMB Control Number 1615–0013]

Agency Information Collection Activities; Revision of a Currently Approved Collection: Application for Travel Documents, Parole Documents, and Arrival/Departure Records

AGENCY: U.S. Citizenship and Immigration Services, Department of Homeland Security.

ACTION: 60-Day notice.

SUMMARY: The Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) invites the general public and other Federal agencies to comment upon this proposed revision of a currently approved collection of information. In accordance with the Paperwork Reduction Act (PRA) of 1995, the information collection notice is published in the **Federal Register** to obtain comments regarding the nature of the information collection, the categories of respondents, the estimated burden (*i.e.,* the time, effort, and resources used by the respondents to respond), the estimated cost to the respondent, and the actual information collection instruments.

DATES: Comments are encouraged and will be accepted for 60 days until December 22, 2026.

ADDRESSES: All submissions received must include the OMB Control Number 1615–0013 in the body of the letter, the agency name and Docket ID USCIS–2007–0045. Submit comments via the Federal eRulemaking Portal website at *https://www.regulations.gov* under e-Docket ID number USCIS–2007–0045.

FOR FURTHER INFORMATION CONTACT: USCIS, Office of Policy and Strategy, Regulatory Coordination Division, telephone number (240) 721–3000 (This is not a toll-free number. Comments are not accepted via telephone message). Please note contact information provided here is solely for questions

regarding this notice. It is not for individual case status inquiries. Applicants seeking information about the status of their individual cases can check Case Status Online, available at the USCIS website at *https://www.uscis.gov,* or call the USCIS Contact Center at 800–375–5283 (TTY 800–767–1833).

SUPPLEMENTARY INFORMATION:

Comments

You may access the information collection instrument with instructions or additional information by visiting the Federal eRulemaking Portal site at: *https://www.regulations.gov* and entering USCIS–2007–0045 in the search box. Comments must be submitted in English, or an English translation must be provided. All submissions will be posted, without change, to the Federal eRulemaking Portal at *https://www.regulations.gov,* and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to consider limiting the amount of personal information that you provide in any voluntary submission you make to DHS. DHS may withhold information provided in comments from public viewing that it determines may impact the privacy of an individual or is offensive. For additional information, please read the Privacy Act notice that is available via the link in the footer of *https://www.regulations.gov.*

Written comments and suggestions from the public and affected agencies should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Revision of a Currently Approved Collection.

(2) *Title of the Form/Collection:* Application for Travel Documents, Parole Documents, and Arrival/Departure Records.

(3) *Agency form number, if any, and the applicable component of the DHS sponsoring the collection:* Form I–131; USCIS.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract: Primary:* Individuals or households. Certain individuals, principally lawful permanent residents, conditional permanent residents, refugees, asylees, applicants for adjustment of status, noncitizens with pending Temporary Protected Status (TPS) applications and granted TPS, eligible recipients of Deferred Action for Childhood Arrivals (DACA), noncitizens inside the United States seeking an Advance Parole Document or Parole in Place, noncitizens outside the United States seeking an Initial Parole Document, previously paroled noncitizens inside the United States who are seeking a new period of parole, and CNMI long-term residents seeking Advance Permission to Travel to allow them to travel to the United States and lawfully enter or reenter the United States.

USCIS notes that the form is being revised to remove the selections for certain special parole programs that were available in the past. Aliens who are in the United States by being paroled under one of the special parole programs or processes may still use Form I–131 to request a new period of parole on a case-by-case basis for urgent humanitarian reasons or significant public benefit based on their personal circumstances.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* The estimated total number of respondents for the information collection Form I–131 (paper) is 258,649 and the estimated hour burden per response is 3.1 hours; the estimated total number of respondents for the information collection Form I–131 (PDFi) is 34,113 and the estimated hour burden per response is 3.1 hours; the estimated total number of respondents for the information collection Form I–131 (online) is 48,321 and the estimated hour burden per response is 2 hours; the estimated total number of respondents for biometrics processing is 86,023 and the estimated hour burden per response is 1.17 hours; the estimated total number of respondents for passport-style photos is 24,259 and the estimated hour burden per response is 0.5 hours.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total estimated annual hour burden associated with this collection is 1,116,981 hours.

(7) *An estimate of the total public burden (in cost) associated with the collection:* The estimated total annual cost burden associated with this collection of information is $100,278,402.

Dated: October 20, 2026.

John R. Pfirrmann-Powell,

Acting Deputy Chief, Regulatory Coordination Division, Office of Policy and Strategy, U.S. Citizenship and Immigration Services, Department of Homeland Security.

[FR Doc. 2026–21684 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–97–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Citizenship and Immigration Services

[OMB Control Number 1615–0023]

Agency Information Collection Activities; Extension, Without Change, of a Currently Approved Collection: Application To Register Permanent Residence or Adjust Status

AGENCY: U.S. Citizenship and Immigration Services, Department of Homeland Security.

ACTION: 60-Day notice.

SUMMARY: The Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) invites the general public and other Federal agencies to comment upon this proposed extension of a currently approved collection of information. In accordance with the Paperwork Reduction Act (PRA) of 1995, the information collection notice is published in the **Federal Register** to obtain comments regarding the nature of the information collection, the categories of respondents, the estimated burden (*i.e.* the time, effort, and resources used by the respondents to respond), the estimated cost to the respondent, and the actual information collection instruments.

DATES: Comments are encouraged and will be accepted for 60 days until December 22, 2026.

ADDRESSES: All submissions received must include the OMB Control Number 1615–0023 in the body of the letter, the

agency name and Docket ID USCIS–2009–0020. Submit comments via the Federal eRulemaking Portal website at *https://www.regulations.gov* under e-Docket ID number USCIS–2009–0020.

FOR FURTHER INFORMATION CONTACT: USCIS, Office of Policy and Strategy, Regulatory Coordination Division, telephone number (240) 721–3000 (This is not a toll-free number. Comments are not accepted via telephone message). Please note contact information provided here is solely for questions regarding this notice. It is not for individual case status inquiries. Applicants seeking information about the status of their individual cases can check Case Status Online, available at the USCIS website at *https://www.uscis.gov,* or call the USCIS Contact Center at 800–375–5283 (TTY 800–767–1833).

SUPPLEMENTARY INFORMATION:

Comments

You may access the information collection instrument with instructions or additional information by visiting the Federal eRulemaking Portal site at: *https://www.regulations.gov* and entering USCIS–2009–0020 in the search box. Comments must be submitted in English, or an English translation must be provided. All submissions will be posted, without change, to the Federal eRulemaking Portal at *https://www.regulations.gov,* and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to consider limiting the amount of personal information that you provide in any voluntary submission you make to DHS. DHS may withhold information provided in comments from public viewing that it determines may impact the privacy of an individual or is offensive. For additional information, please read the Privacy Act notice that is available via the link in the footer of *https://www.regulations.gov.*

Written comments and suggestions from the public and affected agencies should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension, Without Change, of a Currently Approved Collection.

(2) *Title of the Form/Collection:* Application to Register Permanent Residence or Adjust Status; Supplement A to Form I–485, Adjustment of Status Under Section 245(i); Supplement J, Confirmation of Bona Fide Offer or Request for Job Portability Under Section 204(j); National Interest Waiver.

(3) *Agency form number, if any, and the applicable component of the DHS sponsoring the collection:* I–485; USCIS.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract: Primary:* Individuals or households. The Form I–485 is used to request and determine eligibility for adjustment of permanent residence status. The Form I–485 Supplement A is used to adjust status under section 245(i) of the Immigration and Nationality Act (Act). The Form I–485 Supplement J is used if you are an employment-based applicant for adjustment of status who is filing or has previously filed a Form I–485 as the principal beneficiary of a valid Form I–140 in an employment-based immigrant visa category that requires a job offer, and you now seek, in connection with your Form I–485, to (1) confirm that the job offered in your Form I–140 is a bona fide offer you intend to accept or (2) request job portability under INA section 204(j) to a new, full-time permanent job offer that you intent to accept, once your Form I–485 is approved. The Physicians National Interest Waiver will be used to notify foreign physician applicants of the medical service requirements for national interest waiver physicians applying for adjustment of status.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* The estimated total number of respondents for the information collection I–485 (paper) is 791,897 and the estimated hour burden per response is 6.86 hours; the estimated total number of respondents for the information collection Supplement A is 33,636 and the estimated hour burden per response is 0.88 hour; the estimated total number of respondents for the information collection Supplement J is 57,353 and the estimated hour burden per response is 0.60 hour; the estimated total number of respondents for the information collection Biometrics Processing is 1,061,205 and the estimated hour burden per response is 1.17 hours; the estimated total number of respondents for the information collection I–485 (e-file) is 263, 965 and the estimated hour burden per response is 6.09 hours; the estimated total number of respondents for the information collection Supplement A (e-file) is 11,212 and the estimated hour burden per response is 0.81 hours; and the estimated total number of respondents for the information collection I–485 (PDFi) is 5,343 and the estimated hour burden per response is 6.86 hours.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The total estimated annual hour burden associated with this collection is 8,391,317 hours.

(7) *An estimate of the total public burden (in cost) associated with the collection:* The estimated total annual cost burden associated with this collection of information is $363,993,315.

Dated: October 21, 2026.

John R. Pfirrmann-Powell,

Acting Deputy Chief, Regulatory Coordination Division, Office of Policy and Strategy, U.S. Citizenship and Immigration Services, Department of Homeland Security.

[FR Doc. 2026–21698 Filed 10–22–26; 8:45 am]

BILLING CODE 9111–97–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–7094–N–12; OMB Control No. 2506–0117]

60-Day Notice of Proposed Information Collection: Consolidated Plan, Annual Action Plan & Annual Performance Report

AGENCY: Office of Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comment from all interested parties on the proposed collection of information. The purpose of this notice

is to allow for 60 days of public comment.

DATES: *Comments Due Date:* December 22, 2026.

ADDRESSES: Interested persons are invited to submit comments regarding this proposal.

Written comments and recommendations for the proposed information collection can be sent within 60 days of publication of this notice to *www.regulations.gov*. Interested persons are also invited to submit comments regarding this proposal and comments should refer to the proposal by name and/or OMB Control Number and should be sent to: Urnell Johnson, PRA Supervisor Correspondence Unit, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410.

FOR FURTHER INFORMATION CONTACT: Benjamin Schwartz, Deputy Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410, email *Benjamin.C.Schwartz@HUD.gov,* telephone (202) 402–4105 (This is not a toll-free number) or James Hoëmann, Director, Entitlement Communities Division, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410, email *James.E.Hoemann@HUD.gov,* telephone (202) 402–5716 (This is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit *https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs*.

Copies of available supporting documents for the proposed collection may be obtained from Mr. Schwartz.

SUPPLEMENTARY INFORMATION: This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

A. Overview of Information Collection

Title of Information Collection: Consolidated Plan, Annual Action Plan and Consolidated Annual Performance and Evaluation Report (CAPER).

OMB Approval Number: 2506–0117.

Type of Request: Revision.

Form Number: SF–424 Application for Federal Assistance.

Description of the need for the information and proposed use: Submission of the Consolidated Plan is required every 3–5 years for grantees who receive one or more of the formula grant programs administered by the Department of Housing and Urban Development's Office of Community Planning and Development (CPD). The formula grant programs include four formula block grant programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA); and one formula program for States: Housing Trust Fund (HTF). The requirement that grantees submit this information is in compliance with statutory provisions of the Cranston Gonzalez National Affordable Housing Act of 1990 that requires participating jurisdictions to submit a Comprehensive Housing Affordability Strategy (Section 105(b)); the 1974 Housing and Community Development Act, as amended, that requires states and localities to submit a Community Development Plan (Section 104(b)(4) and Section 104(m)); and statutory provisions of these Acts that requires states and localities to submit applications and reports for these formula grant programs.

The CDBG program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Following major disasters, Congress may appropriate supplemental CDBG funds for disaster recovery. According to Section 104(e)(1) of the Housing and Community Development Act of 1974, as amended, HUD is responsible for reviewing grantees' compliance with applicable requirements and their continuing capacity to carry out their programs. Grant funds are made available to states and units of general local government, Indian tribes, and insular areas, unless provided otherwise by supplemental appropriations statute, based on their unmet disaster recovery needs.

Estimated Number of Respondents: 1,505 (including 148 HOME Consortia).

Estimated Number of Responses: 3,010.

Frequency of Response: Twice per year.

Average Hours per Response: See Charts broken out by Con Plan, Action Plan and CAPER.

Total Estimated Burdens: 433,550 hours and cost of $19,294,595.

B. Solicitation of Public Comment

This notice is soliciting comments from members of the public and affected parties concerning the collection of information described in Section A on the following:

(1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) The accuracy of the agency's estimate of the burden of the proposed collection of information;

(3) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions.

C. Authority

44 U.S.C. 3507.

Ronald J. Kurtz,

Assistant Secretary for Community Planning and Development.

[FR Doc. 2026–21660 Filed 10–22–26; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

[Docket No. DOI–2026–0232; 267D0102DM, DS6CS00000, DLSN00000.000000, DX6CS25]

General Applicability Public Interest Waiver to Indian Tribes Proposed Extension of Manufactured Products Waiver

AGENCY: Office of the Secretary, Interior.

ACTION: Notice of proposed extension of waiver; request for comments.

SUMMARY: The Department of the Interior (DOI); Department of Agriculture (USDA); Department of Education (ED); Department of Energy (DOE); Department of Housing and Urban Development (HUD); Environmental Protection Agency (EPA); Federal Emergency Management Agency (FEMA); and Department of Commerce (DOC); (hereafter ''the Agencies''), are proposing to issue an extension of the manufactured products element of the general applicability joint public interest waiver to Indian Tribes (issued on January 10, 2025).

DATES: Written comments must be submitted online or by mail no later than November 23, 2026. For more information, see **SUPPLEMENTARY INFORMATION**.

ADDRESSES: You may submit comments related to this notice by any of the following methods:

• *Electronically:* Go to *http://www.regulations.gov.* In the ''Search''

box, enter ''DOI–2026–0232''. Follow the instructions to submit public comments. We post all comments.

• *Hand-deliver* or by *U.S. mail:* U.S. Department of the Interior, Office of Grants Management, Made in America/Special Projects, ATTN: Kayla Blades, 1387 S Vinnell Way, Boise, ID 83709.

• *Email: DOI_Grants_BuyAmerica_Waiver@ios.doi.gov.* Please reference ''Indian Tribes'' in the subject line of the email. Comments received prior to the public comment closing date will be reviewed and considered by the Agencies.

FOR FURTHER INFORMATION CONTACT: Kayla Blades, Grants Management Officer, Office of Grants Management, (208) 266–7159; email: *kayla_blades@ios.doi.gov.* Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services for contacting Kayla Blades. Individuals outside of the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: This proposed extension of waiver would continue to waive the manufactured products requirement of section 70914 of the Build America, Buy America Act (BABA) included in the Infrastructure Investment and Jobs Act (Pub. L. 117–58) (Buy America Preference) for Federal Financial Assistance agreements awarded to Indian Tribes through December 31, 2026. Recipients will be permitted to purchase non-compliant manufactured products, regardless of the Federal financial assistance amount. For Federal financial assistance issued prior to the effective date of the final waiver, the waiver would apply to funds not yet expended. The Waiver Type is Public Interest, the Waiver Level is General Applicability, All Regions. The waiver is applicable to Federal financial assistance obligated on or after the effective date of the final waiver, and before its expiration. This extension would expire on December 31, 2026.

The proposed waiver will be posted on each agency's public facing web page, and a notice of the proposed waiver will be posted to the Made in America website to satisfy the requirement to publish any BABA Project Waiver and provide the public with thirty (30) days to submit comments. The Agencies seek public and industry comments from all interested parties, particularly regarding common, critical manufactured products in infrastructure projects; the availability of BABA-compliant vendors, including those that are Native enterprises; current and anticipated availability of domestic products; and current and future states of domestic production and supply chains. Relevant information and comments will help the Agencies understand the facts and impacts surrounding this waiver request.

Justification for Waiver Extension

Compliance with the BABA manufactured products requirements continues to pose implementation challenges in Tribal communities. This extension of the manufactured products portion of the waiver is intended to allow infrastructure projects in Tribal communities to proceed while allowing Agencies time to examine further modifications to the waiver consistent with the President's mandate for strengthening Made in America implementation. This extension is also intended to allow agencies additional time to move toward efforts to bring Tribal recipients into fuller alignment with BABA requirements, including through strengthening and coordinating Agency guidance to tribes and refining compliance support, training, and technical assistance.

Public Availability of Comments

Before including your address, phone number, email address or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Authority: Section 70914 of the Build America, Buy America Act (BABA); Infrastructure Investment and Jobs Act (Pub. L. 117–58) (Buy America Preference)

Troy W. Finnegan,

Deputy Assistant Secretary, Exercising the Delegated Authority of the Assistant Secretary—Policy, Management and Budget.

[FR Doc. 2026–21634 Filed 10–22–26; 8:45 am]

BILLING CODE 4334–CC–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[A2407–014–004–065516; #O2602–014–004–125222.0]

Termination of the Environmental Impact Statement and Associated Resource Management Plan Amendment for the Section 368 Energy Corridor Revisions

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of termination.

SUMMARY: By this notice, the Bureau of Land Management (BLM) is announcing the termination of the Environmental Impact Statement (EIS) described in the Notice of Intent (NOI) published in the **Federal Register** on December 1, 2023, for potential Resource Management Plan (RMP) Amendments for the Section 368 Energy Corridors Revisions.

DATES: The EIS effort described in the NOI is terminated immediately.

FOR FURTHER INFORMATION CONTACT: Crystal Hoyt, Realty Specialist, Division of Lands, Realty, and Cadastral Survey, telephone: (307) 352–0322, email: *choyt@blm.gov.* Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services for contacting Ms. Hoyt. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: In accordance with the National Environmental Policy Act of 1969 (NEPA), as amended, the BLM published an NOI to prepare an EIS in the **Federal Register** on December 1, 2023 (88 FR 83959).

The BLM is terminating the EIS for the potential RMP Amendments related to several Section 368 Energy Corridor Revisions. The initial goal was to enable preferred siting and efficient environmental review for linear energy infrastructure. Now, updated processing methods and tools allow these activities to proceed in the changing energy market without requiring an EIS. Accordingly, the BLM is rescinding its NOI to prepare RMP Amendments and is terminating the EIS announced in the **Federal Register** at 88 FR 83959.

(Authority: 43 CFR 1610.2)

Tina Roberts-Ashby,

Assistant Director, Energy, Minerals and Realty Management.

[FR Doc. 2026–21645 Filed 10–22–26; 8:45 am]

BILLING CODE 4331–20–P

NATIONAL SCIENCE FOUNDATION

Information Collection; Improving Customer Experience (OMB Circular A–11, Section 280 Implementation)

AGENCY: National Science Foundation.

ACTION: Notice; request for comment.

SUMMARY: The National Science Foundation (NSF) has submitted the following information collection requirement to OMB for review and clearance under the Paperwork Reduction Act of 1995. This is the second notice for public comment; the first was published in the **Federal Register**, and no comments were received. NSF is forwarding the proposed submission to the Office of Management and Budget (OMB) for clearance simultaneously with the publication of this second notice.

DATES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAmain.* Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Suzanne H. Plimpton, Reports Clearance Officer, National Science Foundation, 401 Dulany Street, Alexandria, VA 22314, or send email to *splimpto@nsf.gov.* Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339, which is accessible 24 hours a day, 7 days a week, 365 days a year (including federal holidays).

Copies of the submission may be obtained by calling 703–292–7556.

SUPPLEMENTARY INFORMATION: NSF may not conduct or sponsor a collection of information unless the collection of information displays a currently valid OMB control number and the agency informs potential persons who are to respond to the collection of information that such persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

Title: Improving Customer Experience (OMB Circular A–11, Section 280 Implementation).

OMB Clearance Number: 3145–0254.

Abstract: A modern, streamlined and responsive customer experience means raising government-wide customer experience to the average of the private sector service industry; developing indicators for high-impact Federal programs to monitor progress towards excellent customer experience and mature digital services; and providing the structure (including increasing transparency) and resources to ensure customer experience is a focal point for agency leadership.

This proposed information collection activity provides a means to garner customer and stakeholder feedback in an efficient, timely manner in accordance with the Administration's commitment to improving customer service delivery as discussed in Section 280 of OMB Circular A–11 at *https://www.performance.gov/cx/a11-280.pdf.*

As discussed in OMB guidance, agencies should identify their highest-impact customer journeys (using customer volume, annual program cost, and/or knowledge of customer priority as weighting factors) and select touchpoints/transactions within those journeys to collect feedback.

These results will be used to improve the delivery of Federal services and programs. It will also provide government-wide data on customer experience that can be displayed on *www.performance.gov* to help build transparency and accountability of Federal programs to the customers they serve.

As a general matter, these information collections will not result in any new system of records containing privacy information and will not ask questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

NSF will only submit collections if they meet the following criteria.

- The collections are voluntary;
- The collections are low-burden for respondents (based on considerations of total burden hours or burden-hours per respondent) and are low-cost for both the respondents and the Federal Government;
- The collections are non-controversial and do not raise issues of concern to other Federal agencies;
- Any collection is targeted to the solicitation of opinions from respondents who have experience with the program or may have experience with the program in the near future;
- Personally identifiable information (PII) is collected only to the extent necessary and is not retained;
- Information gathered is intended to be used for general service improvement and program management purposes
- Upon agreement between OMB and the agency all or a subset of information may be released as part of A–11, Section 280 requirements only on *performance.gov.* Summaries of customer research and user testing activities may be included in public-facing customer journey maps or summaries.
- Additional release of data must be done coordinated with OMB.

These collections will allow for ongoing, collaborative and actionable communications between the Agency, its customers and stakeholders, and OMB as it monitors agency compliance on Section 280. These responses will inform efforts to improve or maintain the quality of service offered to the public. If this information is not collected, vital feedback from customers and stakeholders on services will be unavailable.

Current Action: Renewal of a Collection of Information.

Type of Review: Regular.

Affected Public: Individuals and Households, Businesses and Organizations, State, Local or Tribal Government.

Estimated Number of Respondents: Below is a preliminary estimate of the aggregate burden hours for this new collection. NSF will provide refined estimates of burden in subsequent notices.

Average Expected Annual Number of Activities: Approximately five types of customer experience activities such as feedback surveys, focus groups, user testing, and interviews.

Average Number of Respondents per Activity: 1 response per respondent per activity.

Annual Responses: 2,001,550.

Average Minutes per Response: 2 minutes–60 minutes, dependent upon activity.

Burden Hours: NSF requests approximately 101,125 burden hours.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity

of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; to develop, acquire, install and utilize technology and systems for the purpose of collecting, validating and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information, to search data sources, to complete and review the collection of information; and to transmit or otherwise disclose the information.

Dated: October 21, 2026.

Suzanne H. Plimpton,

Reports Clearance Officer, National Science Foundation.

[FR Doc. 2026–21707 Filed 10–22–26; 8:45 am]

BILLING CODE 7555–01–P

NATIONAL TRANSPORTATION SAFETY BOARD

SES Performance Review Board

AGENCY: National Transportation Safety Board.

ACTION: Notice.

SUMMARY: Notice is hereby given of the appointment of members of the National Transportation Safety Board, Performance Review Board (PRB).

FOR FURTHER INFORMATION CONTACT: Anh Bolles, Executive Resources Manager, Human Capital Management and Training, National Transportation Safety Board, 490 L'Enfant Plaza SW, Washington, DC 20594–0001, (202) 314–6355.

SUPPLEMENTARY INFORMATION: Section 4314(c)(1) through (5) of Title 5, United States Code requires each agency to establish, in accordance with regulations prescribed by the Office of Personnel Management, one or more SES Performance Review Boards (PRB). The board reviews and evaluates the initial appraisal of a senior executive's performance by the supervisor and considers recommendations to the appointing authority regarding the performance of the senior executive.

The following have been designated as members of the 2026 Performance Review Board of the National Transportation Safety Board (NTSB):

Dana Schulze, Managing Director, Office of the Managing Director, National Transportation Safety Board, PRB Chair.

Dolline Hatchett, Principal Deputy Managing Director for Management and Operations, Office of Managing Director, National Transportation Safety Board, PRB Member.

Brian Curtis, Deputy Managing Director for Investigations, Office of Managing Director, National Transportation Safety Board, PRB Member.

Edward Benthall, Chief Financial Officer, Office of the Chief Financial Officer, National Transportation Safety Board (Alternate).

Candi R. Bing,

Federal Register Liaison.

[FR Doc. 2026–21653 Filed 10–22–26; 8:45 am]

BILLING CODE P

NUCLEAR REGULATORY COMMISSION

[NRC–2024–0220]

Information Collection: Domestic Licensing of Source Material

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of submission to the Office of Management and Budget; request for comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) has recently submitted a request for renewal of an existing collection of information to the Office of Management and Budget (OMB) for review. The information collection is entitled, ''Domestic Licensing of Source Material.''

DATES: Submit comments by November 23, 2026. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received on or before this date.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Kristen Benney, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–6355; email: *Infocollects.Resource@nrc.gov*.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2024–0220 when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2024–0220.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at *https://www.nrc.gov/reading-rm/adams.html*. To begin the search, select ''Begin ADAMS Public Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to *PDR.Resource@nrc.gov*. The supporting statement and burden statement are available in ADAMS under Accession Nos. ML26240A313, and ML26246A139.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. Eastern Time (ET), Monday through Friday, except Federal holidays.
- *NRC's Clearance Officer:* A copy of the collection of information and related instructions may be obtained without charge by contacting the NRC's Clearance Officer, Kristen Benney, Office of the Chief Information Officer, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–6355; email: *Infocollects.Resource@nrc.gov*.

B. Submitting Comments

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *https://www.reginfo.gov/public/do/PRAMain.* Find this particular information collection by selecting ''Currently under Review—

Open for Public Comments'' or by using the search function.

The NRC cautions you not to include identifying or contact information in comment submissions that you do not want to be publicly disclosed in your comment submission. All comment submissions are posted at *https://www.regulations.gov* and entered into ADAMS. Comment submissions are not routinely edited to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the OMB, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that comment submissions are not routinely edited to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Background

Under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the NRC recently submitted a request for renewal of an existing collection of information to OMB for review entitled, ''10 CFR part 40 Domestic Licensing of Source Material.'' The NRC hereby informs potential respondents that an agency may not conduct or sponsor, and that a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The NRC published a **Federal Register** notice with a 60-day comment period on this information collection on August 15, 2025, 90 FR 39432.

1. *The title of the information collection:* ''10 CFR part 40 Domestic Licensing of Source Material.''

2. *OMB approval number:* 3150–0020.

3. *Type of submission:* Extension.

4. *The form number, if applicable:* Not applicable.

5. *How often the collection is required or requested:* Reports required under part 40 of title 10 of the *Code of Federal Regulations* (10 CFR) are collected and evaluated on a continuing basis as events occur. There is a one-time submittal of information to receive a license. Renewal applications need to be submitted every 15 to 40 years. Information in previous applications may be referenced without being resubmitted. In addition, recordkeeping must be performed on an on-going basis.

6. *Who will be required or asked to respond:* Applicants for and holders of NRC licenses authorizing the receipt, possession, use, or transfer of radioactive source material.

7. *The estimated number of annual responses:* 1,516 (698 reporting responses + 813 recordkeeping responses + 5 third-party disclosure responses).

8. *The estimated number of annual respondents:* 813.

9. *The estimated number of hours needed annually to comply with the information collection requirement or request:* 18,469 (12,087 hours reporting + 6,367 hours recordkeeping + 15 hours third-party disclosure).

10. *Abstract:* The NRC regulations in 10 CFR part 40 establish procedures and criteria for the issuance of licenses to receive title to, receive, possess, use, transfer, or deliver source and byproduct material. The application, reporting, recordkeeping, and third-party notification requirements are necessary to permit the NRC to make a determination as to whether the possession, use, and transfer of source and byproduct material is in conformance with the Commission's regulations for protection of public health and safety.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: October 20, 2026.

For the Nuclear Regulatory Commission.

Kristen Benney,

NRC Clearance Officer, Office of the Chief Information Officer.

[FR Doc. 2026–21631 Filed 10–22–26; 8:45 am]

BILLING CODE 7590–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2026–0001]

Sunshine Act Meetings

TIME AND DATE: Week of October 19, 2026.

PLACE: Via Teleconference.

STATUS: Open.

MATTERS TO BE CONSIDERED:

Week of October 19, 2026

Thursday, October 22, 2026

11:45 a.m. Affirmation Session (Public Meeting) (Tentative)

Final Rule [W1–4]: NRC Reviews of Reactor Designs Previously Authorized by U.S. Department of Energy or Department of War (RIN 3150–AL60) (Tentative)

(Contact: Wesley Held: 301–287–3591)

ADDITIONAL INFORMATION: By a vote of 5–0 on October 19 and October 20, 2026, the Commission determined pursuant to 5 U.S.C. 552b(e)(1) and 10 CFR 9.107 this item be affirmed with less than one week notice to the public. This item will be affirmed in the meeting being held on October 22, 2026. The public is invited to attend the Commission's meeting live; via teleconference. Details for joining the teleconference in listen only mode can be found at *https://www.nrc.gov/pmns/mtg.*

CONTACT PERSON FOR MORE INFORMATION: For more information or to verify the status of meetings, contact Wesley Held at 301–287–3591 or via email at *Wesley.Held@nrc.gov*. The schedule for Commission meetings is subject to change on short notice.

The NRC Commission Meeting Schedule can be found on the internet at: https://www.nrc.gov/public-involve/public-meetings/schedule.html.

The NRC provides reasonable accommodation to individuals with disabilities where appropriate. If you need a reasonable accommodation to participate in these public meetings or need this meeting notice or the transcript or other information from the public meetings in another format (*e.g.*, braille, large print), please contact the Reasonable Accommodations Resource by email at *Reasonable_Accommodations.Resource@nrc.gov*. Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

Members of the public may request to receive this information electronically. If you would like to be added to the distribution, please contact the Nuclear Regulatory Commission, Office of the Secretary, Washington, DC 20555, at 301–415–1969, or by email at *Betty.Thweatt@nrc.gov* or *Samantha.Miklaszewski@nrc.gov*.

The NRC is holding the meetings under the authority of the Government in the Sunshine Act, 5 U.S.C. 552b.

Dated: October 21, 2026.

For the Nuclear Regulatory Commission.

Wesley W. Held,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2026–21729 Filed 10–21–26; 4:15 pm]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106704; File No. SR–TXSE–2026–040]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Corporate Listing Fees on the Exchange

October 20, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 7, 2026, Texas Stock Exchange LLC (the ''Exchange'' or ''TXSE'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing with the Securities and Exchange Commission (''Commission'') a proposal to adopt annual fees applicable to corporate listings on the Exchange. The text of the proposed rule change is available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*) at the Exchange's website (*https://www.txse.com/regulations/rules-filings*), and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to add Section G to its Fee Schedule to establish an initial corporate listing fee framework for securities listed pursuant to Chapter 16 of the TXSE Rules.[3] The proposed section would establish an Entry Fee, an Initial Application Fee, and All-Inclusive Annual Listing Fees, including a separate annual fee for Companies with Dually-Listed Securities. The proposal also specifies the timing of assessments, transfer exemptions, fee-credit mechanics, proration, and limited circumstances in which fees may be deferred or waived.

Entry Fee

A Company would pay a one-time Entry Fee of $325,000 the first time it lists any class of securities on the Exchange. The fee would be assessed on the date of listing.[4] A Company whose business plan is to complete one or more acquisitions (an ''Acquisition Company'' or ''SPAC'') would instead pay a flat $80,000 Entry Fee. That fee would cover the SPAC's primary equity securities and any units, warrants, or rights issued in connection with the listing. The lower SPAC Entry Fee recognizes that a SPAC generally lists a package of related securities at the same time and has not yet completed a Business Combination.

A Company transferring the listing of any class of equity securities from another national securities exchange would not pay an Entry Fee. The transfer exemption is designed to reduce duplicative costs for an issuer that has already completed an exchange listing process and to support competition among listing markets.

[3] The proposed amount is comparable to the initial listing fee currently charged by other national securities exchanges for a primary equity listing, including the $325,000 entry fee adopted by Nasdaq for specified Global and Global Select Market listings and the $325,000 initial listing fee adopted by NYSE. *See* Securities Exchange Act Release No. 104355 (Dec. 10, 2025), File No. SR–NASDAQ–2025–099, and Securities Exchange Act Release No. 101966 (Dec. 17, 2024), File No. SR–NYSE–2024–78 (each adopting a $325,000 initial or entry fee for specified primary equity listings).

[4] The proposed amount is comparable to the initial listing fee currently charged by other national securities exchanges for a primary equity listing, including the $325,000 entry fee adopted by Nasdaq for specified Global and Global Select Market listings and the $325,000 initial listing fee adopted by NYSE. *See* Securities Exchange Act Release No. 104355 (Dec. 10, 2025), File No. SR–NASDAQ–2025–099, and Securities Exchange Act Release No. 101966 (Dec. 17, 2024), File No. SR–NYSE–2024–78 (each adopting a $325,000 initial or entry fee for specified primary equity listings). [*sic*]

The Exchange Board or its designee may, in its discretion, defer or waive all or any portion of an Entry Fee. Any exercise of that authority would be administered in a manner consistent with the Exchange Act, including the requirements that exchange fees be equitably allocated and not unfairly discriminatory.

Initial Application Fee

A Company, including a SPAC, would pay a non-refundable Initial Application Fee of $25,000 in connection with its first application to list an equity security on the Exchange. The Exchange would not grant eligibility clearance until it receives the Initial Application Fee. If the Company lists, the Initial Application Fee would be credited in full toward the applicable Entry Fee, so the fee would not increase the total Entry Fee paid by a successful first-time applicant.

A Company transferring the listing of any class of equity securities from another national securities exchange would be exempt from the Initial Application Fee. In addition, a Company that pays the Initial Application Fee but does not immediately list would not pay a second Initial Application Fee upon a later listing if it continues to have a registration statement regarding the security on file with the Commission or, after withdrawing the registration statement, refiles it within 24 months. These provisions avoid duplicative charges where the Exchange can continue to rely on the application work associated with the earlier submission.

All-Inclusive Annual Listing Fees

A Company would pay All-Inclusive Annual Fees for the continued listing of its securities. In the first year of listing, the Exchange would assess a prorated fee covering the period from the listing date through the end of the calendar year. For each later year, the Exchange would invoice the applicable annual fee at the beginning of the year.

A Company transferring its primary class of shares or units from another national securities exchange would not pay the All-Inclusive Annual Fee for that primary class for the transfer year. The exemption recognizes that a transferring Company may already have paid an annual listing fee to its prior exchange. Except as expressly provided in the Fee Schedule, an annual fee that is due and payable would not be waived or refunded if a class is later delisted or otherwise removed. The Exchange Board or its designee may defer or waive all or any portion of an All-Inclusive

Annual Fee, subject to the Exchange Act requirements described above.

Primary Listed Securities

For primary listed securities, the All-Inclusive Annual Fee for each class would equal the greater of the applicable minimum fee or the number of shares outstanding as of December 31 of the preceding year multiplied by $0.001250 per share, subject to a $250,000 maximum. The applicable minimum would be $70,000 for common shares and for a primary class of preferred stock where no common shares are listed, and $15,000 for each other class of preferred stock and each class of warrants, units, or rights. Additional common-share and preferred-stock issuances during the year of issuance would not generate an additional fee.

The per-share design, minimum fees, and maximum fee are intended to allocate annual fees in relation to the scale of the listed class while providing Companies with a predictable floor and ceiling. This structure is similar to the per-share annual fee schedules used by other national securities exchanges.[5]

As an example, a Company with 40 million common shares outstanding would pay the $70,000 minimum because 40 million multiplied by $0.001250 equals $50,000. A Company with 100 million common shares outstanding would pay $125,000. A Company with 300 million common shares outstanding would pay the $250,000 maximum because the calculated amount would otherwise equal $375,000.

The proposed Fee Schedule includes rules addressing multiple common classes, foreign private issuers, and transaction-related listings. The Exchange would aggregate all listed classes of common shares or equivalent common equity securities when calculating the annual fee. For a foreign private issuer, the calculation would include only equity securities issued and outstanding in the United States if the Company timely provides the required information. Additional common share issuances will not be charged an additional per share fee during the year of issuance.[6] A newly listed Company resulting from a transaction involving an existing TXSE-listed Company would not pay annual fees for the calendar year in which it lists.

Dually-Listed Securities

A Company with one or more Dually-Listed Securities listed on the Exchange would pay a Company-wide All-Inclusive Annual Fee of $600,000. ''Dually-Listed Securities'' refers to securities listed on TXSE and another national securities exchange under TXSE Rule 16.205 and Supplementary Material .01 thereto.[7]

The Exchange would assess the fee on the first day of the calendar month following the date on which the dual listing becomes effective and prorate it for the remaining calendar months in that year. At the beginning of each later calendar year, the Exchange would invoice the full annual fee. If the Company ceases to maintain its dual listing on the Exchange, fees already paid for the remainder of the applicable period would not be refunded.

For example, if a dual listing becomes effective on April 15, the fee would be assessed on May 1 for the eight remaining calendar months in that year, resulting in a prorated fee of $400,000. A Company with more than one Dually-Listed Security would remain subject to the same Company-wide fee rather than a separate $600,000 fee for each security.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among issuers and other persons using the Exchange's facilities and is not designed to permit unfair discrimination among issuers.

TXSE notes that the Exchange operates in a highly competitive marketplace for the listing of companies.[10] The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. The Exchange believes that the ever-shifting market share among exchanges with respect to new listings and the transfer of existing listings between competitor exchanges demonstrates that issuers can choose different listing markets in response to fee changes. Moreover, new competitors, such as the Exchange, can enter the space, as well as existing exchanges currently without listing programs. Accordingly, competitive forces constrain the Exchange's listing fees and changes to the listing fees can have a direct effect on the ability of TXSE to compete for new listings and retain existing listings.

The Exchange believes that the proposed fees are reasonable because they are designed to support the costs and value associated with reviewing applications, onboarding new listings, conducting ongoing regulatory oversight, administering corporate actions and issuer submissions, maintaining systems that support listed securities, and providing issuer services. The Exchange also considered fees charged by competing listing markets. In particular, the proposed $325,000 Entry Fee is the same as the current initial listing fee for specified primary equity listings on both Nasdaq and NYSE, and the proposed primary-listing annual fee uses a per-share structure, minimums, and a maximum that are familiar in the market for exchange listing services.

The Exchange believes that the $25,000 Initial Application Fee is reasonable because it applies only to a Company's first application, is credited in full toward the Entry Fee if the Company lists, and compensates the Exchange for application review where the applicant does not proceed immediately to listing. The proposed fee also limits duplicative charges where the application remains active or is renewed within the specified period.

The Exchange believes that the primary-listing annual fees are reasonable because the minimum and per-share components scale the fee to the listed class, while the maximum provides predictability for issuers with a large number of shares outstanding. Free treatment for additional issuances during the year avoids repeated charges for changes in shares outstanding before the next annual measurement date.

The Exchange also notes that the proposed fee for Dually-Listed Securities is subject to significant competitive constraints. A Company is not required to obtain a dual listing on the Exchange (or any exchange) and may decline to do so without affecting its existing primary listing or the ability of its securities to trade on other

[5] *See* Securities Exchange Act Release No. 101966 (Dec. 17, 2024), File No. SR–NYSE–2024–78 (describing NYSE's per-share annual listing fee architecture, minimum annual fees, and $325,000 initial listing fee operative Jan. 1, 2025).

[6] In the case of a transaction involving a Company listed on the Exchange where, at the conclusion of the transaction, a previously unlisted Company immediately lists on the Exchange, Annual Fees will not be charged to the newly listed Company for the calendar year in which it lists.

[7] *See* TXSE Rule 16.205 and Supplementary Material .01 thereto.

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(4) and (5).

[10] The Justice Department has noted the intense competitive environment for exchange listings. *See* ''NASDAQ OMX Group Inc. and Intercontinental Exchange Inc. Abandon Their Proposed Acquisition Of NYSE Euronext After Justice Department Threatens Lawsuit'' (May 16, 2011), available at *http://www.justice.gov/atr/public/press_releases/2011/271214.htm.*

national securities exchanges pursuant to unlisted trading privileges. Companies may therefore evaluate whether the benefits of an additional listing relationship with the Exchange justify the proposed fee.

The Exchange also believes that the proposal equitably allocates fees because each fee applies on objective terms to all Companies in the same category. The Entry Fee differentiates between an operating Company and a SPAC based on the nature and scope of the initial listing. The transfer exemptions apply to all eligible transfers from another national securities exchange. The Initial Application Fee applies only to a first application and is credited against the Entry Fee. The primary annual fee is determined using the same minimum, per-share rate, and maximum for each security category specified in the schedule.

The proposed annual-fee differences among common stock, preferred stock, warrants, units, and rights are not unfairly discriminatory because the categories reflect the role of the security in the Company's listing relationship and the scope of the Exchange's ongoing services. The lower minimum for additional preferred classes and for warrants, units, and rights recognizes that those securities generally accompany or supplement a primary equity listing, while the common-share and primary preferred-share minimum applies to the principal class supporting the listing relationship.

The proposal is not unfairly discriminatory with respect to Companies with Dually-Listed Securities because each such Company would pay the same Company-wide fee under the same proration and no-refund rules. The Company-wide approach also avoids charging a larger fee solely because the Company has more than one Dually-Listed Security on TXSE.

The Exchange believes that the $600,000 annual fee for a Company with Dually-Listed Securities is reasonable in light of the economic relationship with dually-listed companies, specifically the Exchange's ongoing regulatory oversight responsibilities with respect to the Company and its listed securities and the fact that the Exchange does not receive the economic benefit associated with a primary listing. Exchanges that have a primary listing draw the vast majority of auction volume in a security, volume which is particularly profitable for an exchange. Further, primary listing venues also generally attract an outsize portion of intraday trading volume in their primary listings. While this additional economic value to a primary listing exchange varies by company, the Exchange believes that the proposed across the board $600,000 annual dual-listing fee is reasonable given the reduced economic opportunity that comes with a dual-listing while requiring generally similar regulatory costs. The flat Company-wide structure also allows a Company to maintain more than one Dually-Listed Security without multiplying the fee by the number of securities. As noted above, the proposed fee for Dually-Listed Securities is subject to significant competitive constraints. A Company is not required to obtain a dual listing on the Exchange (or any exchange) and may decline to do so without affecting its existing primary listing or the ability of its securities to trade on other national securities exchanges pursuant to unlisted trading privileges. Companies may therefore evaluate whether the benefits of an additional listing relationship with the Exchange justify the proposed fee.

The limited waiver authority is consistent with the Act because any waiver or deferral must be administered on an equitable and not unfairly discriminatory basis. The Exchange would retain records explaining the basis for any waiver or deferral and would apply substantially similar treatment to similarly situated Companies.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.[11]

The market for corporate listing services is competitive. Companies may choose among national securities exchanges based on listing standards, market quality, services, fees, and other factors, and may transfer listings subject to applicable requirements. The proposed fee framework is designed to permit the Exchange to compete for new, transfer, and dual listings while supporting the costs of operating its corporate listing program.

The Exchange does not believe that the proposal will impose an inappropriate burden on intermarket competition because the fees apply only to Companies that voluntarily choose to list on TXSE. Competing exchanges may respond through their own fees, services, or listing programs. The transfer exemptions reduce the cost of moving a listing to TXSE and therefore may promote competition among listing markets.

The Exchange also does not believe that the proposal will impose an inappropriate burden on intramarket competition. The same fee calculation would apply to all similarly situated Companies, and the distinctions among operating Companies, SPACs, transfer listings, primary listed securities, and Dually-Listed Securities are based on objective characteristics of the listing and the associated Exchange relationship.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[12] and Rule 19b–4(f)(2)[13] thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File No. SR–TXSE–2026–040 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

[11] 15 U.S.C. 78f(b)(8).

[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f)(2).

All submissions should refer to File No. SR–TXSE–2026–040. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–TXSE–2026–040 and should be submitted on or before November 13, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21651 Filed 10–22–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106703; File No. SR–OCC–2026–010]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change by The Options Clearing Corporation Concerning Revisions to OCC Rule 213—Cybersecurity Obligations

October 20, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'' or ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 8, 2026, The Options Clearing Corporation (''OCC'' or ''Corporation'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change would amend OCC Rule 213—Cybersecurity Obligations (''Rule 213'') to further enhance OCC's security protocols and promote resiliency in OCC's approach to assessing and managing cybersecurity risks. OCC's proposed changes to Rule 213 would, among other things, (i) establish the concept of a ''Major Clearing Member System Event,'' in which OCC would be authorized to take certain action, including disconnection of a Clearing Member, or its Third-Party Service Provider, connected to OCC's Systems (as defined below); (ii) enhance the requirements of a Clearing Member to notify OCC in the event of a Security Incident (which would be redefined as a ''Clearing Member System Event''); (iii) remove language that invites a Clearing Member to assess potential impact of a Clearing Member System Event on OCC's Systems and clarify OCC's authority to assess such incident and determine impact; (iv) provide OCC with the authority to inform, or require the Clearing Member to inform, the Clearing Member's Third-Party Service Provider (as defined below) of the Clearing Member System Event; (v) update and add defined terms used throughout Rule 213; and (vi) incorporate other reporting, testing and approval requirements, process, obligations, and governance necessary for reconnection.

The proposed changes to OCC Rule 213 are contained in Exhibit 5 to File No. SR–OCC–2026–010. Material proposed to be added is marked by underlining and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.[3]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Background

OCC is the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission. OCC provides clearing services for options on equities, indices, Exchange Traded Funds (''ETFs''), for certain transactions in futures and options on futures, and for certain stock loan transactions. Organizations become OCC Clearing Members to facilitate the clearing and settlement of their customer transactions or proprietary transactions through OCC. More specifically, in its role as a clearing agency, OCC guarantees the performance of its Clearing Members for all transactions cleared by OCC by becoming the buyer to every seller and the seller to every buyer (or the lender to every borrower and the borrower to every lender, in the case of stock loan transactions). In 2012, OCC was designated as a systemically important financial market utility (''SIFMU'') by the Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (''Dodd-Frank Act'').[4] Such designation highlights the critical role that OCC plays in ensuring the stability and integrity of the financial markets.

Based on OCC's interconnections with its Clearing Members and with its Clearing Member's Third-Party Service Provider connected to OCC's Systems, OCC is exposed to various cybersecurity risks. Such cybersecurity risks have the potential to impact OCC, as well as market participants, as a cybersecurity attack on OCC may lead to the loss of data or system integrity, unauthorized disclosure of sensitive information, or an inability to conduct essential clearance and settlement functions. Moreover, as a SIFMU, a failure or disruption to OCC could threaten the stability of the financial system in the United States. Therefore, OCC believes it is prudent to enhance the cybersecurity notification obligations of its Clearing Members and strengthen OCC's ability to protect against and respond to such events to safeguard OCC's Systems and information against cyberattacks.

[14] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] OCC's By-Laws and Rules can be found on OCC's public website: *https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules.*

[4] Financial Stability Oversight Council 2012 Annual Report, Appendix A: Designation of Systemically Important Financial Market Utilities, at 145 (2012), *https://home.treasury.gov/system/files/261/2012-Appendix-A-Designation-of-Systemically-Important-Market-Utilities.pdf.*

In November 2023, OCC received approval [5] from the Commission to amend certain provisions in OCC's Rules relating to a Clearing Member's obligation to address a ''Security Incident'' (currently defined as the occurrence of a cyber-related disruption or intrusion of a Clearing Member's systems that is reasonably likely to pose an imminent risk or threat to OCC's operations). The amended provisions became OCC's existing Rule 213, which established, among other things: (i) notification requirements of a Clearing Member in the event of a Security Incident and (ii) OCC's security requirements for the reconnection process of a Clearing Member following a Security Incident that results in a Clearing Member's disconnection.

In recent years, OCC has received Rule 213 notifications, however, none have impacted OCC. OCC monitors the threat landscape on an ongoing basis, maintaining a dedicated threat intelligence team responsible for monitoring the activities of threat actors targeting the financial services industry. Through this monitoring, OCC has observed an increase in the frequency and elevated risk of cyber events targeting the industry and the broader marketplace. Considering OCC's experience receiving Rule 213 notifications, together with the increasing frequency and elevated risk of cyber events in the financial services industry at large, OCC has identified opportunities for additional enhancements to Rule 213. Though no specific triggering event necessitated these enhancements, OCC's actions are proactive, taken in light of the elevated risk environment across the industry.

1. Purpose

OCC's proposed amendments to Rule 213 are intended to further promote resiliency, strengthen OCC's cybersecurity protocols, and maintain consistency with industry standards, including by aligning OCC's Rules with recent rule amendments [6] of similarly situated self-regulatory organizations (''SROs'') with overlapping membership with OCC. Among other things, OCC's proposed enhancements to Rule 213 would:

• Add a defined terms section to Rule 213, including defining OCC's ''Systems'' to include not only direct connections, but also established communication channels (*e.g.,* access to File Transfer Protocols (''FTPs'') for transmitting data or instructions that may be compromised by a systems intrusion to a Clearing Member's back-office systems);

• Require the Cybersecurity Confirmation to be signed by a senior executive of the Clearing Member or applicant who is authorized to attest to such matters;

• Remove language that invites a Clearing Member to assess the potential impact of a Clearing Member System Event on OCC's Systems and operations when determining whether such incident is reportable, specify the timeframe in which OCC requires a Clearing Member System Event to be reported, and identify the specific information a Clearing Member must include in such notice;

• Establish the concept of a ''Major Clearing Member System Event,'' including a declaration requiring the approval of two or more Designated Officers and prompt notification to the Chairman of the Board of Directors;

• Reorganize and clarify OCC's authority to take action in response to a Clearing Member System Event, including specifying the actions that constitute a ''disconnect,'' and clarify a Clearing Member's related cooperation obligations;

• Add provisions incorporating the reporting, testing, and approval requirements, process, obligations, and governance necessary for reconnection, including the ability for OCC to require an audit report from a Third-Party Cybersecurity Firm; and

• Provide OCC with the authority to inform, or require the Clearing Member to inform, the Clearing Member's Third-Party Service Provider of the Clearing Member System Event if OCC determines, in its discretion, that such action is necessary for the protection of OCC and other Clearing Members.

As described in more detail below, OCC believes its proposed changes will strengthen OCC's security protocols by enhancing Rule 213 to be more efficient, effective and clear in its cybersecurity obligations of Clearing Members so that OCC may better address cybersecurity risks to protect OCC and its Clearing Members. Furthermore, OCC believes its proposed changes will enable OCC's Clearing Members to better understand and prepare for their obligations to OCC as it relates to a cybersecurity event.

Proposed Changes

Proposed Rule 213(a) [7]—Defined Terms

First, OCC proposes to introduce new section (a) titled ''Defined Terms.'' To strengthen the provisions of proposed Rule 213 and further clarify OCC's requirements related to the cybersecurity obligations of a Clearing Member, OCC proposes to define several terms specifically for the purposes of Rule 213.[8] OCC's proposed changes would:

• Define ''Best Practices'' to mean policies, procedures, practices or similar standards and guidelines that are reasonably designed and consistent with then current financial-sector cybersecurity standards issued by an authoritative body that is a U.S. governmental entity or agency, an association of a U.S. governmental entity or agency, or a widely recognized industry organization. The purpose of defining ''Best Practices'' is to clarify the standards that OCC would require a Third-Party Cybersecurity Firm to employ when such firm is engaged, as would be required by OCC Rule 213 as discussed further below. OCC's proposed definition of ''Best Practices'' aligns with Section 1001(a)(4) of the Commission's Regulation Systems Compliance and Integrity (''Reg SCI'').[9]

• Delete OCC's existing definition of a ''Security Incident'' and replace it with ''Clearing Member System Event.'' OCC proposes to define a ''Clearing Member System Event'' to mean an incident resulting from the unintended or unauthorized access to, or the malfunction or corruption (whether partial or total) of one or more systems, of a Clearing Member or its Third-Party Service Provider, connected to OCC's Systems. The purpose of re-defining the concept of a ''Security Incident'' to a ''Clearing Member System Event'' is to capture only those disruptions to systems connected to OCC's Systems, whether via an established communication channel from a Clearing Member, or through the Clearing Member's Third-Party Service Provider; it is not intended to capture every disruption to every system of the Clearing Member or its Third-Party Service Provider. In addition, as described in further detail in section (d) of proposed Rule 213, OCC proposes to eliminate the existing definition of a

[5] *See* Securities Exchange Act Release No. 98979 (Nov. 17, 2023), 88 FR 82441 (Nov. 24, 2023) (SR–OCC–2023–003).

[6] *See* Securities Exchange Act Release No.104183 (Nov. 17, 2025), 90 FR 52453 (Nov. 20, 2025) (SR–DTC–2025–003), (SR–FICC–2025–006), (SR–NSCC–2025–003).

[7] Existing Rule 213(a) would be renumbered to Rule 213(b).

[8] OCC's proposed amendments to Rule 213 align with the rule amendments of similarly situated SROs with overlapping membership with OCC, including the National Securities Clearing Corporation (''NSCC''). *See supra* note 6.

[9] 17 CFR 242.1001(a)(4).

''Security Incident'' to remove language that invites Clearing Members to assess the potential impact of such incident on OCC's Systems and operations when determining whether an incident is reportable. OCC's existing definition of a ''Security Incident,'' is defined, in part, as an incident, or an incident that is occurring, involving a cyber-related disruption or intrusion of the Clearing Member's systems that is reasonably likely to pose an imminent risk or threat to OCC's operations. OCC believes the language in the existing definition invites Clearing Members to assess whether such incident to their systems would impact OCC, and therefore OCC proposes to eliminate the definition of ''Security Incident'' and replace the definition with ''Clearing Member System Event'' in proposed Rule 213.

• Define ''OCC's Systems'' to mean the systems, equipment and technology networks of OCC, whether owned, leased, or licensed, and including software, hardware, applications, devices, IP addresses, or other addresses or accounts used in an established communication channel with such systems, equipment and technology networks, to provide the services set forth in these Rules, or otherwise used to transact business or connect with OCC. OCC proposes to introduce the definition of ''OCC's Systems'' for the purposes of Rule 213 to articulate OCC's potentially impacted connections and any means of connectivity in the event of a Clearing Member System Event. OCC's proposed definition incorporates not only direct connections but also references ''established communication channels,'' which OCC believes may include access to File Transfer Protocol (''FTPs'') for transmitting data or instructions that may be compromised by a systems intrusion to a Clearing Member's back-office systems.

• Define a ''Major Clearing Member System Event'' to mean a Clearing Member System Event that has or is reasonably anticipated to, for example, disrupt, degrade, cause a delay in, interrupt or otherwise alter the normal operation of OCC's Systems; result in unauthorized access to OCC's Systems; result in the loss of control of, disclosure of, or loss of OCC's Confidential Information; or cause a strain on, loss of, or overall threat to the OCC's resources, functions, security or operations. The purpose of establishing the concept of a ''Major Clearing Member System Event,'' is to tie the disruption at issue to its effect on the normal operations of OCC. This concept introduces a threshold level in which OCC would be authorized to take action, including disconnection, in the event OCC determines that a Clearing Member System Event rises to the level of a Major Clearing Member System Event.[10] OCC believes the concept of a ''Major Clearing Member System Event'' will strengthen OCC's security protocols by establishing a baseline by which OCC can measure the disruption at issue against its impact on OCC and, as described in further detail below, take action to mitigate risks presented.

• Define ''Third-Party Cybersecurity Firm'' to mean a firm that, in OCC's reasonable judgement, (A) (i) is well-known and reputable; (ii) is not the subject Clearing Member, or an affiliate or a Third-Party Service Provider of the subject Clearing Member; (iii) is experienced in financial-sector cybersecurity; and (iv) employs Best Practices; or (B) is otherwise determined to be a Third-Party Cybersecurity Firm by OCC. OCC proposes to include this definition to clearly describe the type of firm that OCC would require the subject Clearing Member to engage under proposed Rule 213(g)(3).

• Define ''Third-Party Service Provider'' to mean an affiliate of any Clearing Member, service bureau or other similar entity, that connects to OCC's Systems on behalf of or for the benefit of a Clearing Member. This proposed definition would help clarify that OCC Rule 213 applies to a Clearing Member's Third-Party Service Provider's connections to OCC's Systems.

Proposed Rule 213(b)—Cybersecurity Confirmation Submission

Proposed Rule 213(b) incorporates the provision from existing Rule 213(a)(ii) into proposed Rule 213(b)(1) to promote clarification and efficiency. Proposed Rule 213(b) also makes other conforming and non-substantive changes, including reorganizing provisions into a hierarchical structure, and updating language to promote clarity and efficiency.

Existing Rule 213(a) requires Clearing Members and clearing membership applicants to periodically submit a form, provided by OCC, confirming, in part, that they have a cybersecurity program in place (''Cybersecurity Confirmation''). Sections (i) and (ii) of existing Rule 213(a) require that applicants must submit it with their application, and existing Clearing Members must resubmit it at least every two years, within 180 days of the OCC's notice requiring attestation. OCC's proposed changes streamline existing Rule 213(a) into proposed Rule 213(b)(1) by combining the general description of the Cybersecurity Confirmation requirement with the specific timing obligation applicable to Clearing Members into a single paragraph. Specifically, OCC's proposed Rule 213(b)(1) would provide, in part, that each Clearing Member must complete and submit ''an attestation at least every two years, and not later than 180 calendar days from the date that OCC notifies the Clearing Member that the attestation is required.'' In addition, proposed Rule 213(b)(1) would remove the reference to the phrase ''applicant for clearing membership'' as OCC believes such language is duplicative since it is included in the subsequent provision in proposed Rule 213(b)(2). OCC's proposed changes replace the term ''shall'' with ''must'' in proposed Rule 213(b)(1) and proposed Rule 213(b)(2) to promote stronger cadence and readability. OCC's proposed changes also eliminate the specific reference to the word ''form'' after ''attestation.'' The concept of a ''form'' and an ''attestation'' may introduce different meanings, so this proposed change is intended to eliminate ambiguity and maintain consistency with OCC's referenced term, ''Cybersecurity Confirmation.'' OCC also proposes to eliminate the reference that the attestation is ''provided by the Corporation'' because OCC believes this is unnecessary to specify. Finally, OCC proposes to remove the word ''materials'' in proposed Rule 213(b)(2) to promote efficiency.

Proposed Rule 213(c)[11]—Representations in the Cybersecurity Confirmation

OCC's proposed changes relocate the signature requirement set forth in existing Rule 213(c), ''Execution of the Cybersecurity Confirmation,'' into the introductory provision of proposed Rule 213(c), ''Representations in the Cybersecurity Confirmation'' (redesignated from existing Rule 213(b)). As relocated, the requirement would provide that the Cybersecurity Confirmation must be signed by a senior executive of the Clearing Member or applicant who is authorized to attest to these matters, consistent with the substance of the existing requirement. Existing Rule 213(c) would be deleted in its entirety, as its sole requirement is preserved within proposed Rule 213(c). OCC believes this change is non-

[10] OCC's Information Security Disconnect and Reconnect Procedure is contained in Confidential Exhibit 3 of SR–OCC–2026–010, and it outlines how OCC determines that a Clearing Member System Event rises to the level of a Major Clearing Member System Event.

[11] Existing Rule 213(b) would be renumbered to proposed Rule 213(c).

substantive and is designed to eliminate duplicative rule text and improve the clarity and organization of Rule 213. OCC's proposed changes also remove the word ''designated'' from the signature requirement, such that the Cybersecurity Confirmation may be signed by any senior executive of the Clearing Member or applicant who is authorized to attest to these matters, rather than requiring a designated senior executive. Specifically, proposed Rule 213(c) would provide that the Cybersecurity Confirmation ''must be signed by a senior executive of the Clearing Member or applicant who is authorized to attest to these matters.'' OCC believes the term ''designated'' creates ambiguity. Additionally, OCC believes that removing this term improves operational flexibility by allowing any senior executive with the requisite authorization to sign and improves timely compliance by avoiding delays that could arise if a specifically designated individual is unavailable at the time attestation is required. OCC believes the proposed change preserves the integrity and reliability of the attestation, since the signatory must still be a senior executive with the requisite authorization to attest to these matters.

OCC's proposed changes to Rule 213(c) also make other non-substantive changes, including reorganizing the provisions into a hierarchical structure and replacing the term ''shall'' with ''must'' to promote stronger cadence and readability.

Proposed Rule 213(d)—Occurrence of a Clearing Member System Event

OCC's proposed Rule 213(d) would introduce enhanced notification requirements for a Clearing Member in the event of a Clearing Member System Event. More specifically, OCC's proposed changes would introduce a particular timeframe required for Clearing Members to report such incident and specify the information that must be included in the notification.

First, as referenced above in the proposed ''Defined Terms'' section, OCC proposes to re-define and broaden the definition of ''Security Incident'' to ''Clearing Member System Event.'' In alignment with this proposed change, OCC would also eliminate the existing definition of a ''Security Incident'' in proposed Rule 213(d), which states in part, that such incident is one that is occurring involving a cyber related disruption or intrusion of the Clearing Member's systems that is reasonably likely to pose an imminent risk or threat to OCC's operations.

Second, OCC's proposed changes would require that a Clearing Member experiencing a Clearing Member System Event must notify OCC immediately ''in writing, but no later than two hours'' after the Clearing Member becomes aware or should be aware that there has been a Clearing Member System Event. The purpose of including a specific timeframe of two hours for which a Clearing Member System Event must be reported is to clarify OCC's existing standard of ''immediate'' in order to help mitigate the risk presented by a Clearing Member or its Third-Party Service Provider that is experiencing such incident.[12] OCC believes that the term ''immediately,'' standing alone, may be interpreted differently and therefore could create uncertainty and inconsistent compliance. By pairing ''immediately'' with a definite, objective two-hour limit, OCC's Clearing Members will have a clear, unambiguous benchmark for timely notification. By receiving notification of a Clearing Member System Event within two hours of its occurrence, OCC believes it will be able to address and respond to such event in a timely manner and take proactive steps to reduce any future risk presented to OCC and its Clearing Members. If a Clearing Member does not report a Clearing Member System Event within the notification timeframe set forth in section (d), OCC will evaluate the facts and circumstances of the delay in notification to determine whether a rule violation has occurred that is subject to OCC's disciplinary process under Chapter XII of OCC's Rules.

Third, OCC's proposed changes require that notification of proposed section 213(d) must, at a minimum include the following information (as described below), and any such information unconfirmed or otherwise unknown may be identified by the Clearing Member as ''Unknown.'' OCC's existing Rule 213 does not expressly set out requirements for what to include in a notification of a Clearing Member System Event. While OCC already obtains the required information outlined out in proposed Rule 213(d) through its existing practice, the required information is not memorialized in OCC's Rules, policies, or procedures. This practice has historically included, among other things, requests regarding the legal entity name of the Clearing Member, contact information of individuals authorized to act on its behalf, and key details of the incident such as its nature, status, systems or data affected, and remediation steps taken. OCC typically obtains this information from the Clearing Member via phone or email, depending on the circumstances. This information is generally gathered over the course of OCC's engagement with the Clearing Member as the incident develops and the Clearing Member's own understanding of the incident evolves, rather than all at once at the onset of the incident. As such, the purpose of proposed section 213(d) is to codify what OCC already expects in practice, so that all Clearing Members are aware, in advance, of the information required to be included when reporting a Rule 213 incident.

OCC's proposed changes provide that the information required to be in the notice, if known, include: (i) the legal entity name of the Clearing Member or its Third-Party Service Provider affected by the Clearing Member System Event, (ii) contact information of individuals who are authorized to act on behalf of the subject Clearing Member regarding the Clearing Member System Event, and (iii) key details of the Clearing Member System Event such as event type, event effect, start date, end date, discovery date, scope, and any other notices given that would help to provide additional context of the Clearing Member System Event. As discussed above, OCC's existing Rule 213 does not expressly set out requirements for what information must be included in a notification of a Clearing Member System Event. In practice, OCC would obtain the same details identified in proposed section 213(d), but not all at once and not in the formal manner that proposed section 213(d) establishes.

OCC's proposed changes to Rule 213(d) would provide that the information required in the notice related to ''Legal Entities'' would include a complete list of the legal entity names of the Clearing Member and any Third-Party Service Providers experiencing or otherwise affected or potentially affected by the Clearing Member System Event. In addition, OCC's proposed changes would require that information required in the notice related to ''Contact Information'' would include list of persons—with their corresponding titles, primary email addresses and phone numbers, and if those primary email addresses and phone numbers are associated with the systems that are the subject of the Clearing Member System Event, alternate email addresses and phone numbers—who are authorized to act on behalf of the subject Clearing Member regarding the Clearing Member System

[12] OCC's current rule 213(d) requires a member to immediately notify OCC and to confirm such notice promptly in writing.

Event. Furthermore, OCC's proposed changes would provide that information required in the notice related to ''Clearing Member System Event Details'' would include requirements in sections (A) through (G) of proposed Rule 213(d):

(A) Event Type—the type of Clearing Member System Event, for example an insider threat, phishing attack, Man-in-the-Middle (''MITM'') [13] attack, privilege escalation, denial of service, external threat, malware, unauthorized access, ransomware, compromised user account, SQL injections, brute force attack, system compromise, supply chain attacks (as each term is commonly understood by cybersecurity professionals in the financial sector), or other with a provided explanation;

(B) Event Effect—perceived, anticipated, or known effect of the Clearing Member System Event, for example, loss of communication, data corruption, security breach, or other with a provided explanation;

(C) Start Date—date and time when the Clearing Member System Event began;

(D) End Date—date and time when the Clearing Member System Event ended, if applicable;

(E) Discovery Date—date and time when the Clearing Member System Event was first identified;

(F) Scope—scope of the Clearing Member System Event, including, but not limited to, a list of each affected or likely affected system or data, including OCC's Systems and data, the degree of such affect, and any supporting evidence of such; and

(G) Notices—whether any formal or informal notices or information regarding the Clearing Member System Event was made public and, if so, provide a copy of such notices or information.

The purpose of these proposed changes is to codify OCC's expectations to increase transparency around OCC's existing process. More specifically, OCC's proposed changes codify, within Rule 213(d), the information that OCC has historically requested from Clearing Members during a Rule 213 event. Currently, OCC receives this information from Clearing Members upon request during a Rule 213 event as an incident unfolds, rather than receiving a standardized set of information upfront. By codifying OCC's expectations directly in this Rule, OCC intends to increase transparency and ensure that all Clearing Members know, in advance, precisely what information they must provide when reporting a Rule 213 incident, as well as the types of information OCC may request as its investigation proceeds. OCC believes this advance clarity will enable Clearing Members to prepare more effectively and will allow OCC to more promptly and effectively review and mitigate any risk associated with the incident.

OCC believes that the requested information in the proposed sections (A) through (G), including Legal Entities, Contact Information, and details of the Clearing Member System Event are essential pieces of information that would help OCC to efficiently and effectively review and take action to mitigate risk presented. OCC also believes the proposed changes will allow Clearing Members and their Third-Party Service Providers to better understand and prepare for their obligations to OCC in the event they experience a Clearing Member System Event.

Proposed Rule 213(e) [14]—Declaration of a Major Clearing Member System Event

OCC proposes to introduce new Rule 213(e) sections (1) through (3), which would focus on the declaration of a Major Clearing Member System Event, including the details surrounding who is authorized to declare such event and notification requirements associated with such event.

First, proposed Rule 213(e)(1) would provide that upon becoming aware of a Clearing Member System Event, OCC will consider whether such Clearing Member System Event meets the definition of a Major Clearing Member System Event. The proposed change would also provide that the existence of a Major Clearing Member System Event must be declared by two or more Designated Officers of OCC, in their reasonable judgement.

Second, proposed Rule 213(e)(2) would provide that upon declaration of a Major Clearing Member System Event, OCC may act (or refrain from acting) pursuant to this Rule to help address, correct, mitigate or alleviate any and all risks presented to OCC by or related to the Major Clearing Member System Event. The proposed change would also provide that action taken will be in consideration of the risks presented to OCC, including but not limited to, information provided pursuant to this Rule.

The purpose of OCC's Proposed Rule 213(e)(1) through (2) is to clarify that OCC will assess the potential impact of a Clearing Member System Event on OCC's Systems and operations, and OCC will determine to act, or refrain from acting, depending on the details of the Clearing Member System Event. The proposed rule removes any ambiguity that may exist in present language that invites the Clearing Member to assess potential impact of the Clearing Member System Event on OCC's Systems or operations. The purpose of the proposed change is also to clearly define who is authorized to declare a Major Clearing Member System event, specifically, that such a declaration must be made by two or more Designated Officers of OCC. OCC believes it is appropriate that such declaration be made by two or more Designated Officers of OCC to ensure that information regarding the Clearing Member System Event has been escalated to and considered at the highest management level. OCC believes the proposed rule change also provides transparency to Clearing Members and other stakeholders as to who is authorized to declare a Major Clearing Member System Event.

Lastly, OCC's proposed changes introduce a new requirement that OCC notify the Chairman of the Board of Directors following a declaration of a Major Clearing Member System Event. Specifically, proposed Rule 213(e)(3) provides that following declaration of a Major Clearing Member System Event, OCC will promptly notify the Chairman of the Board of Directors of such declaration. Because a Major Clearing Member System Event reflects OCC's determination that a Clearing Member System Event may have a significant impact on OCC's Systems or operations, OCC believes it is appropriate that this information be escalated to the Chairman of the Board of Directors without delay. OCC believes that notifying the Chairman is appropriate because it allows the Chairman to determine, based on the nature and severity of the specific Major Clearing Member System Event, the extent to which the full Board or any relevant Board Committee should be further notified or involved.

Proposed Rule 213(f)—Authority To Take Action and Required Cooperation

Proposed Rule 213(f) would expand upon OCC's existing authority to take action in the event of a Clearing Member System Event and associated Major Clearing Member System Event. More specifically, proposed Rule 213(f)

[13] A man-in-the-middle (''MITM'') attack is an attack in which an adversary positions itself between two communicating parties in order to intercept and alter the data traveling between them. *See* National Institute of Standards and Technology, Computer Security Resource Center, Glossary, Man-in-the-Middle Attack (MitM), *https://csrc.nist.gov/glossary/term/man_in_the_middle_attack.*

[14] Existing Rule 213(e) would be renumbered to Rule 213(g).

introduces requirements surrounding: (i) OCC's ability to act, or refrain from acting, in the event of a Major Clearing Member System Event, (ii) OCC's responsibility to notify the Clearing Member of any disconnect or material action taken, and (iii) the Clearing Member's responsibility to cooperate fully and to the reasonable satisfaction of OCC in the event of a Major Clearing Member System Event. Proposed Rule 213(f) also makes other conforming and non-substantive changes, including reorganizing provisions into a hierarchical structure, and updating language to promote clarity and efficiency.

OCC's proposed changes would organize Rule 213(f) into subsections (1) through (4). Proposed Rule 213(f)(1) details, in part, OCC's ability to, in the event of a Clearing Member System Event, take actions reasonably necessary to mitigate any impact to its operations, including actions described in proposed Rule 213(f)(1)(A) through Rule 213(f)(1)(C).[15] OCC's changes to proposed Rule 213(f)(1)(A) make conforming and non-substantive changes to the text, including removing the phrase ''the right to.'' To maintain consistency and align with OCC's proposed definition of OCC's Systems, OCC proposes to eliminate the term ''data'' before systems in proposed Rule 213(f)(1)(A). Proposed Rule 213(f)(1)(B) is new and provides that OCC may take actions reasonably necessary to mitigate any effects to its operations, including to suspend any and all transmissions, communications, or access between OCC's Systems (together with actions taken under Rule 213(f)(1)(A), ''disconnect''). The purpose of this change is to broaden OCC's authority to take action that OCC believes may be necessary to mitigate risk presented by a Clearing Member System Event and associated Major Clearing Member System Event. In addition to OCC's existing authority to disconnect access of a Clearing Member, as described in proposed Rule 213(f)(1)(A), OCC believes the proposed change to expand OCC's authority to suspend any and all transmission, communication or access of a Clearing Member will help to ensure that OCC can adequately address all potential connectivity and communication types of a Clearing Member. OCC also proposes to adopt new Rule 213(f)(1)(C) to provide OCC the authority to act in the event OCC determines that a Major Clearing Member System Event has occurred. Proposed Rule 213(f)(1)(C) provides that OCC may take, or refrain from taking, or require the subject Clearing Member to take or refrain from taking, any and all action that OCC considers appropriate to help address, correct, mitigate or alleviate the Major Clearing Member System Event and, as appropriate and practical, facilitate the continuation of services, which may include issuing instructions to the subject Clearing Member and requiring such Clearing Member to act on such instructions. Examples of actions that OCC considers appropriate may include, but are not limited to, disconnection from OCC's Systems, forced password resets, and requiring the Clearing Member to use alternative communication and file transfer methods (*e.g.,* secure file transport instead of email). The purpose of this proposed change is to provide OCC with the authority to evaluate and address a Major Clearing Member System Event and adequately respond to such event in effort to mitigate impact to OCC and its Clearing Members. Additionally, in the event OCC determines a Major Clearing Member System Event has occurred, by adding the provision that allows OCC to issue instructions and requires the subject Clearing Member to follow those instructions, OCC believes this requirement will help to help facilitate the continuation of services for the subject Clearing Member and alleviate future impact that may otherwise result from the disruption. Specifically, the issuance of instructions allows OCC to direct a more tailored response that is specific to the nature and severity of the Major Clearing Member System Event. This flexibility enables OCC to address the risk presented by a specific Major Clearing Member System Event while, where practicable, preserving the Clearing Member's ability to continue some or all of its services during remediation.

OCC proposes to adopt Rule 213(f)(3), which addresses OCC's notification requirements to the Clearing Member, as well as the subject Clearing Member's obligations to comply with OCC's statutory rules. More specifically, proposed Rule 213(f)(3) would provide that OCC will promptly notify the Clearing Member of any disconnect or other material action that OCC takes with respect to such Clearing Member pursuant to Rule 213. In addition, proposed Rule 213(f)(3) would provide that, notwithstanding any action taken pursuant to Rule 213, the Clearing Member must continue to meet its obligations to OCC and comply with OCC's statutory rules, as defined in its By-Laws. Under OCC's existing Rule 213, if OCC determines that disconnection of a Clearing Member from OCC's Systems is necessary, the Clearing Member must continue to meet its obligations to OCC notwithstanding that disconnection. OCC's existing Rule 213(d) focuses solely on the Clearing Member's continuing obligations following a disconnection and it does not address whether OCC will notify the Clearing Member that a disconnection (or any other action) has occurred. Proposed Rule 213(f)(3) expands the current provision in two respects: (i) it adds a notification obligation on OCC's part, and (ii) it broadens both the scope of triggering actions (from disconnection alone to any material action under the Rule) and the scope of the Clearing Member's continuing obligations to also include compliance with OCC's statutory rules, as the term is defined in OCC's By-Laws.

These proposed changes serve several purposes. First, the purpose of requiring OCC to promptly notify a Clearing Member of any disconnection or other material action taken under this Rule is to provide enhanced transparency to Clearing Members regarding actions that OCC takes that impact them. OCC believes it is prudent to notify the Clearing Member promptly in such event to allow the Clearing Member to better prepare for and understand their obligations to OCC. Second, the proposed change expands the scope of that notification obligation from disconnection alone to ''any material action'' taken pursuant to the Rule. This may include, for example, modifying the scope and specifications of access of the Clearing Member to OCC's Systems. The purpose of this proposed change is to ensure that Clearing Members receive notice of any material action OCC may take, not solely the most severe action of disconnection. Third, the proposed change broadens the Clearing Member's continuing obligations to apply ''notwithstanding any action taken pursuant to this Rule,'' rather than only ''notwithstanding disconnection,'' removing any ambiguity as to whether a Clearing Member's obligations to OCC continue in the event OCC takes a material action, outside of disconnection. Finally, the proposed change also specifies what obligations the Clearing Member must continue to meet, by adding an express requirement that the Clearing Member comply with the statutory rules of OCC, as defined in OCC's By-Laws. OCC's current Rule 213 refers only generally to the Clearing Member's ''obligations to OCC'' without

[15] The proposed changes would not substantively alter this section of 213(f) but include only conforming changes such as changes to match defined terms.

specifying what those obligations include. OCC believes the addition of ''comply with the statutory rules of OCC, as defined in its By-Laws'' clarifies what those obligations encompass. OCC's proposed changes to proposed Rule 213(f)(3) also make other conforming, non-substantive changes.

Lastly, OCC proposes to adopt new Rule 213(f)(4), which requires that the Clearing Member must cooperate fully and completely with, and to the reasonable satisfaction of, OCC in all matters relating to the Major Clearing Member System Event, including, but not limited: (i) conducting timely investigations and inquiries, as OCC believes reasonably necessary, with respect to any known or unknown information relating to the Clearing Member System Event; (ii) promptly notifying OCC of any material changes, updates, or new information learned regarding the Clearing Member System Event; and (iii) promptly providing any documentation or information requested by OCC, unless not legally permitted to do so, regarding or related to the Clearing Member System Event.[16] The purpose of this proposed change is to provide enhanced transparency to Clearing Members on their obligations to comply with the proposed requirements. OCC believes that cooperation from Clearing Members on matters relating to a Major Clearing Member System Event will help OCC to efficiently and effectively manage and respond to a Major Clearing Member System Event in effort to mitigate risk presented.

Proposed Rule 213(g)[17] Procedures for Reconnection

OCC proposes to update existing Rule 213(e) titled ''Procedures for Connecting Following a Security Incident that Results in Disconnection'' to Proposed Rule 213(g) titled ''Procedures for Reconnection.'' OCC believes that such change in title is necessary to more accurately encompass the obligations of a Clearing Member pursuant to OCC's authority to act in the event of a Clearing Member System Event, as described in proposed Rule 213(f)(1). The retitled rule sets forth the information that the subject Clearing Member would be required to provide OCC in the event OCC takes action pursuant to proposed Rule 213(f)(1) and includes both substantive and non-substantive changes as described below. Proposed Rule 213(g) also reorganizes existing Rule 213(e) into proposed Rule 213(g)(1) through 213(g)(2), and incorporates new section (3) in proposed Rule 213(g)(3) titled ''Report from Third-Party Cybersecurity Firm.''

Proposed Rule 213(g)(1) Reconnection Attestation

OCC's proposed Rule 213(g)(1) would be titled ''Reconnection Attestation.'' Proposed Rule 213(g)(1) would include the current requirement that a subject Clearing Member must complete and submit a Reconnection Attestation prior to OCC reestablishing connectivity to OCC's Systems. More specifically, proposed Rule 213(g)(1) would provide that if OCC takes action pursuant to Rule 213(f)(1), the Clearing Member must complete and submit a form as provided by OCC that describes the Clearing Member System Event and includes required representations (''Reconnection Attestation''). OCC proposes to add language to clarify that such requirement must be met prior to OCC reestablishing connectivity to OCC's Systems (''Reconnection''). OCC proposes to relocate the existing provision that states ''The Clearing Member also will be required to complete an associated checklist provided by OCC that describes remediation efforts (''Reconnection Checklist''),'' because OCC believes such text is more appropriately located in proposed Rule 213(g)(2), which outlines the requirements in the Reconnection Checklist. In addition, OCC's proposed changes collapse and consolidate Rule 213(e)(1) into Rule 213(e), which becomes proposed Rule 213(g), such that the signature requirement is now reflected in proposed Rule 213(g)(1). Specifically, OCC's proposed changes reflect that the provision in current Rule 213(e)(1) on the requirement for the Reconnection Attestation to be signed by a designated senior executive becomes included in proposed Rule 213(g)(1). This change is intended to make Rule 213 easier to navigate by grouping related requirements together; it does not alter the Clearing Member's underlying obligation to obtain a signature from an individual who maintains the authorization to sign the Reconnection Attestation. OCC's proposed changes also eliminate the term ''designated'' when describing the senior executive of the Clearing Member that must sign the Reconnection Attestation. OCC believes the term ''designated'' creates ambiguity. By removing this term, OCC believes it improves operational flexibility by allowing any senior executive of the Clearing Member[18] with the requisite authorization to sign, and it improves timely compliance by avoiding delays that could arise if a specifically designated individual is unavailable at the time attestation is required. OCC believes the proposed change preserves the integrity and reliability of the attestation, since the signatory must still be a senior executive with the requisite authorization to attest to these matters.

In addition, proposed Rule 213(g)(1)(A) through 213(g)(1)(E) incorporates the requirements in current Rule 213(e)(1)(A) though Rule 213(e)(1)(E) and makes other non-substantive changes including renaming the term ''Security Incident'' to ''Clearing Member System Event,'' as described in proposed Rule 213(a).

Proposed Rule 213(g)(2) Reconnection Checklist

OCC's proposed Rule 213(g)(2) would be titled ''Reconnection Checklist.'' Proposed Rule 213(g)(2) reorganizes the provisions from existing Rule 213(e)(2) into proposed Rule 213(g)(2) and subsections (A) through (J) of proposed Rule 213(g)(2) to promote clarity and efficiency. OCC's proposed changes also make other conforming, clarifying and non-substantive changes. More specifically, OCC's proposed changes to Rule 213(g)(2) provide that if OCC takes action pursuant to Rule 213(f)(1), the Clearing Member must complete an associated checklist as provided by OCC that describes remediation efforts (''Reconnection Checklist''), which may require information including but not limited to the information in proposed subsections (A) though (J) of proposed Rule 213(g)(2).

Proposed Rule 213(g)(3) Report From Third-Party Cybersecurity Firm

OCC proposes to adopt Rule 213(g)(3), titled ''Report from Third-Party Cybersecurity Firm,'' which provides that OCC may require that the subject Clearing Member provide a report from a Third-Party Cybersecurity Firm, either as a condition to Reconnection or following Reconnection. OCC's proposed changes describe the information required to be in such report in proposed Rule 213(g)(3)(A) through proposed Rule 213(g)(3)(G).

[16] Sections (i) through (ii) described in the narrative would be numbered to proposed Rule 213(f)(4)(A) though proposed Rule 213(f)(4)(C).

[17] Existing Rule 213(e) would be renumbered to proposed Rule 213(g).

[18] A senior executive of the Clearing Member with the requisite authorization to sign may for example include, but is not limited to, a member of the board of directors or a member of senior management with the requisite knowledge and experience to make such an attestation, as determined by the Clearing Member's own delegation of authority and procedures.

More specifically, proposed Rule 213(g)(3) states that if OCC takes action pursuant to Rule 213(f)(1), OCC may require, either as a condition to reconnection or following reconnection, that the Clearing Member provide a detailed, comprehensive, and auditable report from a Third-Party Cybersecurity Firm, or a summary or such report that includes: (i) a timeline of the Clearing Member System Event, including all material actions, events, and decisions taken for or relating to the Clearing Member System Event; (ii) a description of the Clearing Member System Event and an explanation of how such disruption was corrected or resolved; (iii) root cause analysis of the Clearing Member System Event; (iv) confirmation that any issues identified by the Third-Party Cybersecurity Firm as severe, critical, or moderate, or comparable categorizations, have been resolved; (v) confirmation of normal or intended operation of the subject system(s), including, but not limited to, the return or replacement of key systems and data stores to pre-Clearing Member System Event resilience, in a safe, secure and proper manner for at least 72 hours; (vi) a description of short-and long-term preventive monitoring and detection recommendations form the Third-Party Cybersecurity Firm; and (vii) any other information reasonably requested to be included by OCC.[19] In the event a Clearing Member is the subject of action pursuant to OCC's authority under proposed Rule 213(f)(1), the purpose of proposed Rule 213(g)(3) is to provide OCC with all necessary information about the subject Clearing Member's disruption and its remediation from an independent, knowledgeable and reputable Third-Party Cybersecurity Firm, so that OCC can determine whether Reconnection is appropriate. OCC's ability to require an audit report from a Third-Party Cybersecurity Firm provides OCC with essential information that will help OCC to fully evaluate the Clearing Member System Event and take steps to mitigate risks presented by such incident.

Proposed Rule 213(h) Reconnection Testing and Approval

OCC's proposed changes would adopt Rule 213(h) titled ''Reconnection Testing and Approval, '' which would require, prior to any Reconnection, that the subject Clearing Member must demonstrate, as applicable, to OCC's reasonable satisfaction, that it: (i) can operate in a test environment, including, but not limited to, sending and receiving messages and transactions; (ii) can replay or resubmit previously submitted messages or transactions; (iii) can reverse or void previously submitted messages or transactions; (iv) can confirm the integrity of messages and transactions; (v) has alternative communication methods with OCC to facilitate the exchange of messages, transactions, and reports; and (vi) can complete any other such requirements as are reasonably requested by OCC. Furthermore, proposed Rule 213(h)(2) would authorize two or more Designated Officers of OCC to, in their reasonable judgment, approve the Reconnection of a Clearing Member that was the subject of action taken pursuant to proposed Rule 213, after OCC has received all required information pursuant to this Rule, in a form and a substance satisfactory OCC, and that all information necessary for a safe Reconnection and certain testing has occurred, pursuant to proposed Rule 213(h)(1).

The purpose of proposed Rule 213(h) is to ensure that the approval for a Reconnection is not made until OCC has received, to its satisfaction, all necessary information from the Clearing Member, and that OCC confirmed the subject Clearing Member can safely perform the capabilities necessary for submitting, receiving, and correcting information appropriately and in a manner unaffected by the Clearing Member System Event, so as to help mitigate the risk presented by the Reconnection. In addition, OCC believes it is appropriate that the approval of a Reconnection be made by at least two members of OCC's management committee to help ensure that information regarding the Reconnection has been escalated to the highest management level.

Proposed Rule 213(i) Certain Miscellaneous Matters

OCC proposes to adopt Rule 213(i), titled ''Certain Miscellaneous Matters,'' which would address various provisions including, but not limited to, (i) OCC's limited liability to a Clearing Member pursuant to proposed Rule 213; (ii) OCC's authority to inform the subject Clearing Member's Third-Party Service Provider, or require the Clearing Member to inform its Third-Party Service Provider, of a Clearing Member System Event; and (iii) the failure of a Clearing Member to comply with proposed Rule 213.

First, in an effort to promote enhanced transparency to Clearing Members, proposed Rule 213(i)(1) would address, in part, OCC's limited liability to any Clearing Member as it relates to losses arising out of OCC's action or inaction pursuant to proposed Rule 213. More specifically, proposed Rule 213(i)(1) would provide that without limiting any other provisions in these Rules concerning limitations on liability, neither OCC nor its directors, officers, employees, agents, or contractors shall be liable to any Clearing Member or any customer or client thereof for: (i) any failure, hindrance, interruption or delay in performance in whole or in part of the obligations of OCC under these Rules, if that failure, hindrance, interruption or delay arises out of or relates to a Clearing Member System Event, Major Clearing Member System Event, or any action or inaction pursuant to this Rule 213; or (ii) any loss, liability, damage, cost or expense arising from or relating in any way to any advice, request, requirement, instruction, action or inaction pursuant to this Rule 213.[20] Second, proposed Rule 213(i)(2) would provide that the power of OCC to take any action pursuant to this Rule 213, or to request or require any action, documentation, or information pursuant to this Rule 213, also includes the power to waive, repeal, rescind, revoke, amend, or vary any such action, request, or requirement in consideration of the facts and circumstances. Third, proposed Rule 213(i)(3) would provide that the powers of OCC pursuant to this Rule 213 are in addition to, and not in limitation of, any authority granted elsewhere in these Rules to act as specified therein. The purpose of proposed Rule 213(i)(2) and proposed Rule 213(i)(3) is to promote enhanced transparency to Clearing Member on OCC's authority to take action pursuant to Rule 213 so that Clearing Members can better understand and be prepared for their obligations to OCC.

Fourth, proposed Rule 213(i)(4) would provide that all information related to or regarding a Major Clearing Member System Event and all acts pursuant to this Rule 213 will be considered Confidential Information pursuant to these Rules; provided, however, that the OCC may inform, or direct the Clearing Member to inform, the Clearing Member's Third-Party Service Provider of a Clearing Member System Event if OCC determines, in its discretion, that such action is necessary for the protection of OCC and other Clearing Members. The purpose of the proposed change is to mitigate risk to

[19] The provisions described in subsections (i) through (vii) above would be organized as subsections (A) through (G), respectively, in proposed Rule 213(g)(3).

[20] The provisions described in (i) through (ii) would be organized as proposed Rule 213(i)(1)(A) through 213(i)(1)(B).

OCC and its Clearing Members that may be presented by a Clearing Member System Event and associated Major Clearing Member System Event. The proposed changes also provide transparency to Clearing Members on their obligation to inform their Third-Party Service Providers in certain circumstances that OCC deems necessary.

Fifth, proposed Rule 213(i)(5) would provide that the failure of a Clearing Member to comply with the requirements of this Rule 213 may subject the Clearing Member to any and all disciplinary action permitted under these Rules, including, without limitation, suspension. Lastly, proposed Rule 213(i)(6) would provide that a Clearing Member that has authorized another party, such as a Third-Party Service Provider, to access and use OCC's systems will be responsible for such authorized party's compliance with the requirements of this Rule 213 and any compliance failure by that authorized party will be deemed to be a failure of the authorizing Clearing Member. The purpose of proposed Rules 213(i)(5) and 213(i)(6) is to highlight the importance of complying with proposed Rule 213 and the actions OCC may take if there is a failure to comply.

2. Statutory Basis

OCC believes the proposed rule change is consistent with Section 17A of the Exchange Act [21] and Rule 17ad–22(e)(2) and (e)(17) [22] thereunder. Section 17A(b)(3)(F) of the Act [23] requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. OCC's proposed amendments to Rule 213 are designed to help OCC assess and take appropriate action to manage the cybersecurity risks that may be introduced to OCC's Systems and information due to a Clearing Member System Event. The proposed changes to Rule 213 enhance OCC's processes to help mitigate risk and better protect OCC and its Clearing Members.

As described above, the proposed rule change would, in part: (i) introduce a defined terms section to Rule 213 that broadens the definition of OCC Systems to include established communication channels, such as FTPs, in addition to direct connections; (ii) require that the Cybersecurity Confirmation be signed by a senior executive of the Clearing Member or applicant who is authorized to attest to such matters; (iii) remove language inviting a Clearing Member to assess the potential impact of a Clearing Member System Event on OCC's systems and operations when determining whether the event is reportable, and instead specify the timeframe for reporting such an event and the specific information that must be included in the notice; (iv) establish the concept of a ''Major Clearing Member System Event,'' including a declaration process requiring approval by two or more Designated Officers and prompt notification to the Chairman of the Board; (v) reorganize and clarify OCC's authority to take action in response to a Clearing Member System Event, including specifying the actions that constitute a ''disconnect'' and clarifying a Clearing Member's related obligations; (vi) add provisions establishing the reporting, testing, approval, and governance requirements necessary for reconnection, including OCC's ability to require an audit report from a Third-Party Cybersecurity Firm; and (vii) provide OCC with the authority to inform, or to require a Clearing Member to inform, the Clearing Member's Third-Party Service Provider of a Clearing Member System Event if OCC determines, in its discretion, that such action is necessary to protect OCC and other Clearing Members. OCC believes that these proposed changes will enhance Rule 213 to be more efficient, effective and clear in the cybersecurity obligations of its Clearing Members so that OCC may better address cybersecurity risks to protect OCC and its Clearing Members. Among the amendments discussed above, OCC believes the following amendments to Rule 213 are particularly consistent with the requirements of Section 17A(b)(3)(F) of the Act, as discussed in further detail below: (i) expanded notification requirements applicable to a Clearing Member System Event; (ii) the establishment of the Major Clearing Member System Event and its related governance; and (iii) the process for Reconnection of a Clearing Member.

First, proposed Rule 213(d) codifies within OCC's rules the specific content and timeframe requirements for notification of a Clearing Member System Event, which OCC believes is consistent with the requirements of Section 17A(b)(3)(F) of the Act.[24] Under proposed Rule 213(d), a Clearing Member would be required to provide OCC with specified information at the onset of a Clearing Member System Event, including but not limited to the event type, effect, scope, start date, end date, discovery date, and any public notices related to the event. OCC believes this requirement will allow OCC to receive consistent, timely information from Clearing Members, which in turn, will help to minimize the risk that delayed or incomplete information impacts OCC's ability to respond promptly and effectively to such events. As such, OCC believes this proposed change supports the prompt and accurate clearance and settlement of securities transactions and assures the safeguarding of securities and funds that are in the custody or control of OCC, consistent with Section 17A(b)(3)(F) of the Act.[25]

Second, proposed Rule 213(e) establishes the concept of a ''Major Clearing Member System Event,'' which OCC believes is also consistent with the requirements of Section 17A(b)(3)(F) of the Act.[26] Under proposed Rule 213(e), OCC would assess the potential impact of a Clearing Member System Event on OCC's Systems and operations, and would determine to act, or refrain from acting, depending on the specific details of the event. This removes the ambiguity that may exist in the current rule text, which instead invites the Clearing Member to assess potential impact of its own Clearing Member System Event on OCC's Systems or operations. Furthermore, under proposed Rule 213(e), the existence of a Major Clearing Member System Event must be declared by two or more Designated Officers of OCC, in their reasonable judgement. Following such a declaration, OCC will promptly notify the Chairman of the Board. OCC believes this process ensures that the most severe threats to OCC's Systems and operations are escalated to the highest levels of OCC's governance. OCC believes the establishment of a Major Clearing Member System Event and the governance outlined in proposed Rule 213(e) is consistent with Section 17A(b)(3)(F) of the Act because OCC, not the reporting Clearing Member, is best positioned to determine the severity of a threat to OCC's own Systems and operations. Additionally, OCC believes that escalation to the highest levels of OCC's governance helps to ensure events with the greatest potential impact to OCC receive attention and oversight proportionate to their severity. As such, OCC believes the proposed rule change is designed to

[21] 15 U.S.C. 78q–1.

[22] 17 CFR 240.17ad–22(e)(2) and (e)(17).

[23] 15 U.S.C. 78q–1(b)(3)(F).

[24] *Id.*

[25] *Id.*

[26] *Id.*

assure the safeguarding of securities and funds in the custody or control of OCC, consistent with the requirements in Section 17A(b)(3)(F) of the Act.[27]

Third, proposed Rule 213(h) establishes reconnection testing and approval requirements that OCC believes are consistent with Section 17A(b)(3)(F) of the Act. Under proposed Rule 213(h)(1), prior to Reconnection, a Clearing Member must demonstrate, to OCC's reasonable satisfaction, that it can, in part, operate in a test environment, send and receive messages and transactions, replay or resubmit previously submitted messages or transactions, reverse or void previously submitted messages or transactions, confirm the integrity of messages and transactions, and maintain alternative communication methods with OCC. These requirements test the Clearing Member's operational capability to interact accurately and reliably with OCC's Systems, rather than relying on the Clearing Member's representation that it is prepared to reconnect. OCC believes this proposed change is designed to safeguard securities and funds in the custody or control of OCC by verifying, before Reconnection occurs, that a Clearing Member's systems will not transmit corrupted or otherwise unreliable messages or transactions into OCC's Systems and operations. As such, OCC believes this proposed change is designed to assure the safeguarding of securities and funds in the custody or control of OCC, consistent with the requirements in Section 17A(b)(3)(F) of the Act.[28]

Risks presented by a Clearing Member System Event could impact OCC's ability to clear and settle securities transactions, or to safeguard the securities and funds that are in its custody or control, or for which it is responsible. Therefore, by enhancing OCC's processes to mitigate these risks, including but not limited to: expanding the notification requirements, establishing the concept of a Major Clearing Member System Event, and enhancing its process for Reconnection, OCC believes the proposed changes would promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds that are in the custody or control of the clearing agency or for which it is responsible, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[29]

Consistency With Rule 17ad–22(e)(2)(i) and (v)

OCC believes the proposed changes to Rule 213 are consistent with Rule 17ad–22(e)(2)(i) and (v), which require, in part, that each covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for governance arrangements that (i) are clear and transparent and (ii) specify clear and direct lines of responsibility.[30] OCC specifies in proposed Rule 213(e)(1) that the existence of a Major Clearing Member System Event must be declared by two or more Designated Officers of OCC, and OCC will provide notification of such declaration to the Chairman of the Board. Proposed Rule 213(e)(1) establishes a defined pathway from identification of the event, through declaration by two or more Designated Officers, to notification at the Board level. As such, OCC believes this specificity is consistent with the ''clear and transparent'' governance arrangements required by Rule 17Ad–22(e)(2)(i). It is likewise consistent with the ''clear and direct lines of responsibility'' required by Rule 17Ad–22(e)(2)(v), because this proposed change assigns responsibility for determining a Major Clearing Member System Event to a specifically identified group of officers.

Similarly, with respect to Reconnection, proposed Rule 213(h)(2) requires that the Reconnection of a Clearing Member following OCC's action pursuant to proposed Rule 213(f)(1) be approved by two or more Designated Officers of OCC, and conditions that approval on OCC's receipt of all information required under Rule 213, in a form and substance satisfactory to OCC, and satisfaction of the applicable testing requirements set forth in proposed Rule 213(h)(1). By specifying both who is authorized to approve Reconnection and the steps that must be satisfied before that approval may be granted, proposed Rule 213(h)(2) establishes a transparent and structured approval process, consistent with Rule 17Ad–22(e)(2)(i). It also identifies, with the same specificity as the Major Clearing Member System Event declaration process, the officers responsible for making a determination to reconnect a Clearing Member, consistent with the clear and direct lines of responsibility required by Rule 17Ad–22(e)(2)(v). Therefore, OCC believes the proposed changes are consistent with Rule 17ad–22(e)(2)(i) and (v) under the Act.[31]

Consistency With Rule 17ad–22(e)(17)(i)

OCC believes the proposed changes to Rule 213 are also consistent with Rule 17ad–22(e)(17)(i) under the Act, which requires that each covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to manage the covered clearing agency's operational risks by identifying the plausible sources of operational risk, both internal and external, and mitigating their impact through the use of appropriate systems, policies, procedures, and controls.[32]

As described above, the proposed changes to Rule 213, in part: (i) enhance the requirements of Clearing Members to notify OCC in the event of a Clearing Member System Event; (ii) add provisions around reporting, testing and approval requirements, and governance necessary for Reconnection of a Clearing Member, in the event OCC takes action pursuant to proposed Rule 213(f)(1); and (iii) update and add definitions for purposes of Rule 213 to clarify the obligations of a Clearing Members and its Third-Party Service Providers.

First, OCC believes the enhancements notification requirements in proposed Rule 213(d) are consistent with the requirements set forth in Rule 17Ad–22(e)(17)(i).[33] Proposed Rule 213(d) outlines the requirements applicable to a Clearing Member's notification of a Clearing Member System Event to OCC. This includes removing language that invites a Clearing Member to assess the potential impact of the event on OCC's Systems and operations in determining whether the event was reportable, specifying the timeframe within which such an event must be reported, and identifying the specific information that must be included in the notice. OCC believes these enhancements are consistent with Rule 17Ad–22(e)(17)(i), which requires OCC to identify the plausible sources of its operational risk, both internal and external. Because a Clearing Member System Event represents an external source of potential operational risk to OCC, OCC's ability to identify and characterize that risk depends on receiving timely, complete, and accurate information from the Clearing Member. The specified content requirements, including but not limited to, the event type, effect, scope, and start, end, and discovery dates, further support OCC's

[27] *Id.*

[28] *Id.*

[29] *Id.*

[30] 17 CFR 240.17ad–22(e)(2)(i) and (v).

[31] *Id.*

[32] 17 CFR 240.17ad–22(e)(17)(i).

[33] *Id.*

ability to identify the nature and extent of the risk presented. As such, OCC believes the proposed change helps OCC to identify, in a timely manner, plausible sources of operational risk presented by a Clearing Member System Event, and mitigate risk presented to OCC and its Clearing Members, consistent with Rule 17ad–22(e)(17)(i).[34]

Second, OCC's proposed changes in Rule 213(h) enhance the requirements surrounding the Reconnection of a Clearing Member, which will help OCC evaluate and determine whether Reconnection is appropriate and, if so, take steps to ensure a safe Reconnection. OCC believes these enhancements are also consistent with the requirements in Rule 17Ad–22(e)(17)(i) of the Act [35] that requires OCC to identify and mitigate the impact of its operational risks through appropriate systems, policies, procedures, and controls. Proposed Rule 213(h)(1) requires that, prior to Reconnection, a Clearing Member demonstrate, to OCC's reasonable satisfaction, that it can operate in a test environment, replay or resubmit previously submitted messages or transactions, reverse or void previously submitted messages or transactions, confirm the integrity of messages and transactions, and maintain alternative communication methods with OCC. OCC believes is consistent with the requirements in Rule 17Ad–22(e)(17)(i) because the proposed change identifies, through testing requirements, whether the specific risks presented by the original Clearing Member System Event, including, for example, data loss or communication failure, have been resolved. By requiring the Clearing Member to demonstrate these capabilities before Reconnection is granted, proposed Rule 213(h)(1) mitigates the risk that reconnecting the Clearing Member would reintroduce the same operational risk to OCC's Systems that necessitated the disconnection in the first place. In addition, under proposed Rule 213(g)(3), OCC can request a detailed, comprehensive, and auditable report from a Third-Party Cybersecurity Firm, either as a condition to or following Reconnection. This report must include, but is not limited to, a timeline of the Clearing Member System Event, a description of the event and how it was corrected or resolved, a root cause analysis, confirmation that any issues identified as severe, critical, or moderate have been resolved, confirmation that the affected systems have returned to normal, pre-incident operation for at least 72 hours, and short and long-term preventive monitoring and detection recommendations. OCC's ability to require an audit report from a Third-Party Cybersecurity Firm will enable OCC to collect and evaluate information from a reputable source to help OCC determine whether to reconnect. The requirement for an independent root cause analysis supports OCC's identification of the operational risk's underlying cause, while the requirement for verified confirmation supports the rule's mitigation component. As such, OCC believes this proposed change is consistent with the requirements in Rule 17Ad–22(e)(17)(i).[36]

Third, OCC believes the proposed addition of a defined terms section to Rule 213, including an expanded definition of OCC's Systems to encompass established communication channels, such as FTPs, that may be used to transmit data or instructions to a Clearing Member's back-office systems, is consistent with Rule 17Ad–22(e)(17)(i) of the Act.[37] OCC believes that expanding the definition of OCC's Systems to include these indirect channels is appropriate because a security intrusion can reach OCC through such a channel, in addition to a direct connection, so OCC believes it is prudent to codify this in its rules to help identify that potential source of risk. OCC's proposed changes also update the definition of a ''Clearing Member System Event'' to include an incident resulting from a Clearing Member's Third-Party Service Provider connected to OCC's Systems. By establishing definitions for these terms and, more specifically, expanding the definition of Clearing Member System Event to incorporate the Clearing Member's Third-Party Service Provider, this will help OCC to better identify and manage risks presented by a Clearing Member or its Third-Party Service Provider connected to OCC's Systems.

By enhancing reporting and notification requirements for Clearing Members in the event of a Clearing Member System Event, strengthening the testing, reporting, approval and governance requirements surrounding reconnection of a Clearing Member, and adding and updating definitions for the purpose of proposed Rule 213, OCC believes such changes will help to identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls, in accordance with Rule 17ad–22(e)(17)(i).[38]

Consistency With Rule 17ad–22(e)(17)(ii)

Rule 17ad–22(e)(17)(ii) under the Act requires that each covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to manage the covered clearing agency's operational risks by ensuring, in part, that systems have a high degree of security, resiliency, and operational reliability.[39] In addition to OCC's existing process that requires a Reconnection Attestation and Checklist to be submitted by a Clearing Member that has been disconnected, OCC's proposed changes to Rule 213 add provisions to strengthen the overall process and requirements around Reconnection of a Clearing Member. These changes include, but are not limited to: (i) the requirement that the subject Clearing Member submit the Reconnection Attestation prior to OCC reestablishing connectivity; (ii) the obligation for the subject Clearing Member to complete specific testing requirements prior to Reconnection in order to demonstrate to OCC that it is operationally ready to reconnect; and (iii) OCC's ability to request a report from a Third-Party Cybersecurity Firm, either as a condition to Reconnection or following Reconnection. By requiring that the subject Clearing Member (i) submit the Reconnection Attestation prior to OCC reestablishing connectivity, and (ii) complete specific testing requirements prior to OCC reestablishing connectivity, OCC will be able to better identify and address potential vulnerabilities that may still exist within the Clearing Member's environment after a Clearing Member System Event has occurred, and take steps to promote resiliency prior to establishing Reconnection. Furthermore, by including the ability for OCC to require an audit report from a Third-Party Cybersecurity Firm, OCC will be provided with key details about the Clearing Member System Event from a reputable and experienced source. OCC will be able to rely upon the information in the report to help analyze and address the Clearing Member System Event in effort to further mitigate risk. This, in turn, helps to strengthen OCC's security protocols. OCC believes these proposed changes provide OCC with the necessary tools to address and manage OCC's operational risks by ensuring, in part, that systems have a high degree of

[34] *Id.*

[35] *Id.*

[36] *Id.*

[37] *Id.*

[38] *Id.*

[39] 17 CFR 240.17ad–22(e)(17)(ii).

security, resiliency, and operational reliability, in accordance with Rule 17ad–22(e)(17)(ii).[40]

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act[41] requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule changes would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, OCC proposes to amend Rule 213 in effort to strengthen OCC's security protocols and promote resiliency when confronted with cybersecurity risks presented by OCC's interconnections with its Clearing Members. OCC believes the three of the proposed changes could have an impact on competition, but such impact is necessary and appropriate in further of the purposes of the Act. The three proposed changes that OCC believes could have an impact on competition include: (i) adding the definition of a Third-Party Service Provider in proposed Rule 213(a)(6) to include an affiliate of any Clearing Member, service bureau or similar entity that connects to OCC's Systems on behalf of or for the benefit of a Clearing Member; (ii) adopting proposed Rule 213(g)(3), which provides OCC with the ability to require an audit report from a Third-Party Cybersecurity Firm; and (iii) establishing the requirements for testing prior to reconnection of a Clearing Member, as described in proposed Rule 213(h). As described below, although the three proposed changes may have an impact on competition, OCC believes that such impact is necessary and appropriate in further of the purposes of the Act.

Proposed Rule 213(a) establishes the definition of ''Third-Party Service Provider'' to include an affiliate of any Clearing Member, service bureau or similar entity, that connects to OCC's Systems on behalf of or for the benefit of a Clearing Member. Establishing the definition of Third-Party Service Provider for purposes of Rule 213 to include such entities described above could impose a burden on competition because such entities would now be explicitly subject to the requirements in Rule 213, including disconnection and Reconnection requirements. OCC acknowledges that being disconnected from OCC's Systems may impact the entity's ability to perform certain functions, therefore putting the entity at a competitive disadvantage. However, OCC believes that the proposed change would not create a significant burden. Based on OCC's critical role as a SIFMU, OCC has the responsibility to promote financial stability and protect the broader marketplace. Due to the close relationship and interconnectivity that exists between a Third-Party Service Provider and the related Clearing Member, OCC believes that it is critical to address risks presented by the Third-Party Service Provider that connects to OCC's Systems on behalf of or for the benefit of a Clearing Member. Although this proposed change may impose a burden on such entity, OCC does not believe this burden is significant, and as described in proposed Rule 213(f)(1)(C), OCC would, as appropriate and practical, seek to facilitate the continuation of services for an entity that is subject to a Clearing Member System Event. Therefore, OCC believes the burden on competition is necessary and appropriate in furtherance of the purposes of the Act.

Proposed Rule 213(g)(3) provides OCC with the ability to require that the Clearing Member must provide an audit report from a Third-Party Cybersecurity Firm, either as a condition to Reconnection or following a Reconnection. Although this requirement may impose a burden on competition, OCC does not believe this burden is significant. As described above, given OCC's role as a SIFMU and its position in the marketplace, OCC believes it is prudent to enhance its management of Clearing Member System Events. OCC believes the ability to require, in certain circumstances, that the Clearing Member provide an audit report from a Third-Party Cybersecurity Firm will provide OCC with key details about the Clearing Member System Event. OCC believes this will help OCC analyze such incident and take necessary steps to mitigate risks presented. Although the Clearing Member may incur additional costs through the requirement to provide such audit report from a Third-Party Cybersecurity Firm, OCC believes this proposed change would not present an undue burden. OCC would also expect Clearing Members to leverage their existing relationships with Third-Party Cybersecurity Firms in effort to reduce costs of providing such audit report. OCC believes the proposed change is necessary to promote resiliency and enhance OCC's security protocols to protect OCC and Clearing Members from cybersecurity risks. Therefore, OCC believes the burden on competition presented by the proposed change is necessary and appropriate in furtherance of the Act.

OCC believes proposed Rule 213(h), which establishes testing requirements for Clearing Members prior to reconnection, may impose a burden on competition on a Clearing Member because the changes create additional steps that the Clearing Member must complete prior to reconnection. OCC acknowledges that these additional steps, if not completed by the Clearing Member, could result in a Clearing Member being disconnected from OCC's System's for a longer period of time than the Clearing Member would have expected, which may impose a burden on the Clearing Member. However, OCC believes that the burden on competition from the proposed testing requirements is necessary to help ensure that Reconnection is safe and appropriate. The purpose of the proposed testing requirements is to strengthen OCC's security protocols so that OCC can identify any vulnerabilities related to a Clearing Member System Event prior to establishing any Reconnection. Although this proposed change may impose a burden on the Clearing Member, OCC does not believe this burden is significant. In addition, proposed Rule 213(f)(1)(C), also provides that OCC will, as appropriate and practical, seek to facilitate the continuation of services of a disconnected Clearing Member, prior to Reconnection. Therefore, OCC believes the proposed change requiring testing requirements prior to Reconnection of a Clearing Member is necessary to help mitigate risk presented and ultimately protect OCC and other Clearing Members.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies, and would not impact or impose a burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed change and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal**

[40] *Id.*

[41] 15 U.S.C. 78q–1(b)(3)(I).

Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–OCC–2026–010 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–OCC–2026–010. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of such filing will be available for inspection and copying at the principal office of OCC and on OCC's website at *https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules.* Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR–OCC–2026–010 and should be submitted on or before November 13, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Sherry A. Haywood,

Assistant Secretary.

[FR Doc. 2026–21649 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0479]

Agency Information Collection Activities; Proposed Collection; Comment Request; Extension Rule: 15c2–7

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (''PRA'') (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the existing collection of information provided for in Rule 15c2–7 (17 CFR 240.15c2–7) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget (''OMB'') for extension and approval.

Rule 15c2–7 places disclosure requirements on broker-dealers who have correspondent relationships, or agreements identified in the Rule, with other broker-dealers. Whenever any such broker-dealer enters a quotation for a security through an inter-dealer quotation system, Rule 15c2–7 requires the broker-dealer to disclose these relationships and agreements in the manner required by the Rule. The inter-dealer quotation system must also be able to make these disclosures public in association with the quotation the broker-dealer is making.

Rule 15c2–7's required information which provides investor protections and anti-manipulation goals that are critical to the Commission's role in monitoring broker-dealers and protecting the integrity of over-the-counter markets. The disclosures required by Rule 15c2–7 help to ensure that inter-dealer-system quotations reflect true demand for securities.

There are approximately 3,253 broker-dealers registered with the Commission. Any of these broker-dealers could be potential respondents for Rule 15c2–7, so the Commission is using that number as the number of respondents. Only quotations that are furnished or submitted to an inter-dealer quotation system, on behalf another broker-dealer or in furtherance of one or more other arrangements between or among broker-dealers, are covered by Rule 15c2–7. We have not been made aware of any inter-dealer-quotation-system that has received, or anticipates receiving, any Rule 15c2–7 notices. This is because technological improvements over the years have made it easier for broker-dealers to disseminate quotations and thus the type of market practices the rule is designed to address are no longer as prevalent as they were when the rule was adopted. To the extent such a notice is made, the Commission estimates that one filing, in the aggregate, across the industry, by one broker-dealer, could be made annually pursuant to Rule 15c2–7.

Based on prior industry reports, the Commission estimates that the average time required to enter a disclosure pursuant to the Rule is .75 minutes, or 45 seconds. The Commission sees no reason to change this estimate. We estimate that impacted respondents spend a total of .0125 hours per year to comply with the requirements of Rule 15c2–7 (1 notice (×) 45 seconds/notice).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Written comments are invited on(a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by December 22, 2026.

Dated: October 20, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21633 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

[42] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36364; File No. 812–16074]

FIS Trust and Faith Investor Services, LLC

October 20, 2026.

AGENCY: Securities and Exchange Commission (''Commission'' or ''SEC'').

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (''Act'') for an exemption from section 15(a) of the Act, as well as from certain disclosure requirements in rule 20a–1 under the Act, Item 19(a)(3) of Form N–1A, Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A under the Securities Exchange Act of 1934, and sections 6–07(2)(a), (b), and (c) of Regulation S–X (''Disclosure Requirements'').

Summary of Application: The requested exemption would permit Applicants to enter into and materially amend subadvisory agreements with subadvisers without shareholder approval and would grant relief from the Disclosure Requirements as they relate to fees paid to the subadvisers.

Applicants: FIS Trust and Faith Investor Services, LLC.

Filing Dates: The application was filed on August 18, 2026, and amended on October 06, 2026.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at *Secretarys-Office@sec.gov* and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. The email should include the file number referenced above. Hearing requests should be received by the Commission by 5:30 p.m., Eastern Time, on November 16, 2026, and should be accompanied by proof of service on the Applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary.

ADDRESSES: The Commission: *Secretarys-Office@sec.gov.* Applicants: Bibb L. Strench, Thompson Hine LLP, 1999 K Street NW, Suite 600, Washington, DC 20006, *Bibb.Strench@thompsonhine.com*, with a copy to Steven T. Nelson, Faith Investor Services LLC, 8080 North Central Expressway, Suite 1700, Dallas, Texas 75206.

FOR FURTHER INFORMATION CONTACT: Rachel Loko, Senior Special Counsel, at (202) 551–6720 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' amended and restated application, dated October 06, 2026, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the Company name search field on the SEC's EDGAR system. The SEC's EDGAR system may be searched at *https://www.sec.gov/search-filings.* You may also call the SEC's Office of Investor Education and Advocacy at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106705; File No. SR–NYSE–2026–50]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend Rule 7.10 (Clearly Erroneous Executions)

October 20, 2026.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that on October 8, 2026, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7.10 (Clearly Erroneous Executions). The proposed rule change is available on the Exchange's website at *www.nyse.com* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend Rule 7.10 (Clearly Erroneous Executions). Specifically, the Exchange proposes to: (1) reorganize the Rule to enhance its clarity; (2) specify the impact of missing or erroneous LULD Price Bands [4] on the availability of Clearly Erroneous review during the Core Trading Session or Overnight Protected Hours; [5] (3) amend provisions on ''multi-stock events''; (4) remove references to ''multi-day events''; (5) add a provision on reasonable cross-market coordination; and (6) eliminate redundancies in the Rule.

Background

Following a severe disruption in the U.S. equities markets on May 6, 2010 (known as the Flash Crash), the Commission approved, on a pilot basis, the clearly erroneous rule to ''provide greater transparency and certainty to the process of breaking trades.'' [6] Largely,

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] ''LULD Price Bands'' or ''Price Bands'' means Price Bands as defined in Section V of the Plan to Address Extraordinary Market Volatility (the ''LULD Plan'') and Overnight Price Bands as defined in Section VIII of the LULD Plan.

[5] The term ''Core Trading Session'' is defined in Rule 7.34(a)(2). The term ''Overnight Protected Hours'' is defined in Section VIII of the LULD Plan.

[6] *See* Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (SR–NYSE–2010–47).

the pilot reduced the discretion of the Exchange, other national securities exchanges, and Financial Industry Regulatory Authority (''FINRA'') to deviate from the objective standards in their respective rules when dealing with potentially erroneous transactions. After revisions in 2013 and 2014,[7] the clearly erroneous pilot was extended in six-month increments numerous times until 2022.

In April 2019, the Commission approved an amendment to the LULD Plan to make that Plan permanent.[8] Following that change, in 2022, the Commission approved a proposal to amend the clearly erroneous rule (the ''2022 Amendment'' to Rule 7.10).[9] The 2022 Amendment made the clearly erroneous rule permanent and aimed to harmonize it with the LULD Plan by making explicit that, with limited exceptions, the LULD mechanism was the primary means of preventing clearly erroneous trades during the Core Trading Session.

In 2026, in conjunction with the industry's plans for the introduction of 23/5 Trading, the Operating Committee of the LULD Plan filed proposed Amendment 27 to the LULD Plan, which proposed to establish price band protections during overnight trading hours (''Overnight Price Bands'').[10] On August 5, 2026, the Commission approved the proposal.[11] On September 14, 2026, in light of the addition of Overnight Price Bands to the LULD Plan, the Exchange filed an amendment to Rule 7.10 that extended the restrictions on clearly erroneous review that apply in the Core Trading Session to the Overnight Protected Hours when Overnight Price Bands are in place.[12]

Proposed Amendment

Following the 2022 Amendment, market disruptions on January 24, 2023 and June 3, 2024 [13] further highlighted the close interplay of the LULD Plan and the clearly erroneous rule. Following those events, the Exchange, in consultation with other equities exchanges, closely reviewed the current text of Rule 7.10 and identified areas where the Exchange believes the Rule's clarity can be enhanced, its organization can be improved, and duplicate and obsolete sections can be eliminated. In sum, the proposed rule text is not substantively new, but rather a reorganization and further specification of existing Exchange authority.

Accordingly, the Exchange proposes to reorganize Rule 7.10 into three clear paragraphs: (a) Definitions, (b) Availability of Clearly Erroneous Review, and (c) Procedures. In the current Rule, definitions are spread across paragraphs (a), (c), and (d); rules on the availability of clearly erroneous review are split between paragraphs (c), (g), (h), and (i); and procedures are split across paragraphs (b), (c), (e), and (f). By reorganizing the Rule and gathering similar provisions together, the Exchange believes the proposed rule text will be easier for market participants to navigate, understand, and use.

(a) Definitions

The Exchange proposes to amend paragraph (a) of Rule 7.10 to include the definitions of terms used in the current version of the Rule, as well as new terms that would be added as a result of this proposal, as follows:

- Proposed paragraph (a) would be titled ''Definitions'' and would provide that ''[f]or purposes of this Rule, the terms below have the following meanings.''
- Proposed subparagraph (a)(1) would define ''CEE Reference Price'' as the consolidated last sale immediately prior to the execution(s) under review, or, in cases where there are no prior trades, the previous day's official closing price, unless an Officer determines to utilize a Revised CEE Reference Price [14] as provided in this Rule. The first part of this definition is based on the current definition of ''Reference Price'' in paragraph (d) of Rule 7.10. The second part of this definition is based on the Exchange's definition of ''Official Closing Price'' in Rule 1.1(u)(1)(D), which states that when there have been no consolidated last-sale eligible trades during the Core Trading Hours on that trading day, the Exchange's Official Closing Price will be the previous day's Official Closing Price. As such, the proposed definition of ''CEE Reference Price'' in subparagraph (a)(1) is not novel.
- Proposed subparagraph (a)(2), the definition of ''Clearly erroneous,'' would encompass the text of current paragraph (a), without substantive change.
- Proposed subparagraph (a)(3) would define ''LULD Plan'' to mean the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. This term is currently defined in paragraph (c)(1) of Rule 7.10.
- Proposed subparagraph (a)(4) would define ''LULD Price Bands'' or ''Price Bands'' as the Price Bands defined in Section V of the LULD Plan and Overnight Price Bands as defined in Section VIII of the LULD Plan. These terms are currently defined in paragraph (c)(1) of Rule 7.10.
- Proposed subparagraph (a)(5) would define ''LULD Protected Hours'' to include the Core Trading Session and Overnight Protected Hours. This term is currently defined in paragraph (c)(1) of Rule 7.10.
- Proposed subparagraph (a)(6) would define ''LULD Reference Price'' as the Reference Price or Overnight Reference Prices defined in the LULD Plan. This definition does not appear in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.
- Proposed subparagraph (a)(7) would define ''LULD Tier'' as Tier 1 or Tier 2 as defined in Appendix A to the LULD Plan. This definition does not appear in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.
- Proposed subparagraph (a)(8) would define ''Multi-Stock Event'' as an event involving 50 or more securities whose executions occurred within 5 minutes. As discussed below, this is a proposed

[7] *See* Securities Exchange Act Release Nos. 68804 (February 1, 2013), 78 FR 8677 (February 6, 2013) (SR–NYSE–2013–11) and 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR–NYSE–2014–22). The 2010, 2013, and 2014 filings pertain to Rule 128, which is no longer applicable to any securities that trade on the Exchange and has been replaced with Rule 7.10. *See* Securities Exchange Act Release Nos. 82945 (March 26, 2019), 83 FR 13553, 13565 (March 29, 2019) (SR–NYSE–2017–36) and 85962 (May 29, 2019), 84 FR 26188, 26189 n.13 (June 5, 2019) (SR–NYSE–2019–05).

[8] *See* Securities Exchange Act Release No. 84843 (December 18, 2018), 83 FR 66464 (December 26, 2018) (''Notice''); 85623 (April 11, 2019), 84 FR 16086 (April 17, 2019) (File No. 4–631) (''Amendment 18'').

[9] *See* Securities Exchange Act Release Nos. 95658 (September 1, 2022), 87 FR 55060 (September 8, 2022) (SR–CboeBZX–2022–037) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to Amend BZX Rule 11.17, Clearly Erroneous Executions) and 95822 (September 19, 2022), 87 FR 58140 (September 23, 2022) (SR–NYSE–2022–44) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.10).

[10] *See* Securities Exchange Act Release No. 105596 (June 1, 2026), 91 FR 33774 (June 4, 2026) (File No. 4–631) (Notice of Filing of 27th Amendment to the National Market System Plan).

[11] *See* Securities Exchange Act Release No. 106042 (August 5, 2026), 91 FR 51515 (August 10, 2026) (File No. 4–631) (Order Granting Approval of the 27th Amendment to the National Market System Plan to Address Extraordinary Market Volatility to Establish Temporary Price Band Protections in Overnight Trading).

[12] See Securities Exchange Act Release No. 106407 (September 17, 2026), 91 FR 60165 (September 22, 2026).

[13] On January 24, 2023, LULD bands in numerous securities were calculated based on anomalous reference prices supplied by NYSE. On June 3, 2024, a software defect caused the CTA SIP to incorrectly calculate LULD bands across numerous securities. In each case, NYSE and other exchanges declared numerous trades clearly erroneous.

[14] ''Revised CEE Reference Price'' is described below.

increase to 50 securities from 20 securities in the current Rule.

• Proposed subparagraph (a)(9) would define ''Numerical Guidelines'' as the percentage difference from the CEE Reference Price specified in Case 5A [15] below for transactions executed during LULD Protected Hours in NMS stocks that are not subject to the LULD Plan and transactions executed outside of LULD Protected Hours. This term is currently defined in paragraph (c)(2)(A) of Rule 7.10.

• Proposed subparagraph (a)(10) would define ''Officer'' as an Officer of the Exchange or such other employee designee of the Exchange. This term is currently defined in paragraph (b) of Rule 7.10.

• Proposed subparagraph (a)(11) would define ''Overnight Protected Hours'' as the Overnight Protected Hours defined in Section VIII of the LULD Plan. This term is not defined in the current text of Rule 7.10 and is being added for clarity to facilitate the proposed reorganization of the Rule.

• Proposed subparagraph (a)(12) would define ''Percentage Parameter'' as the Percentage Parameter defined in Appendix A to the LULD Plan or Overnight Percentage Parameter defined in Section VIII of the LULD Plan. These terms are currently defined in paragraph (c)(1)(B) of Rule 7.10.

• Proposed subparagraph (a)(13) would define ''SRO'' as a national securities exchange and/or a national securities association, as those terms are defined in Regulation NMS. This definition does not appear in the current text of Rule 7.10.

(b) Availability of Clearly Erroneous Review

Next, the Exchange proposes to reorganize all rule text about the availability of clearly erroneous review into a revised paragraph (b). In the current Rule, this content is spread across paragraph (c)(1), which addresses the availability of clearly erroneous review during the Core Trading Session; paragraph (c)(2), which addresses the availability of clearly erroneous review outside of the Core Trading Session and for stocks not subject to the LULD Plan; paragraph (g), which addresses transactions occurring outside of LULD Price Bands; paragraph (h), which addresses Multi-Day Events; and paragraph (i), which addresses transactions occurring during trading halts.

The Exchange proposes to reorganize all of these provisions into proposed paragraph (b). Further, instead of separating the rules for clearly erroneous review during the Core Trading Session vs. other times (*i.e.,* current paragraphs (c)(1) vs. (c)(2)) as in the current Rule, the Exchange proposes to assign a ''Case'' number to each circumstance where clearly erroneous review is available, and to include within the Case description all of the rules relevant to that particular Case. In addition, to the extent that the rules in current paragraphs (c)(1) and (c)(2) address the same issues as current paragraphs (g) and (i), the Exchange proposes to combine and streamline such rules within the relevant Case.

Specifically, the Exchange proposes to replace paragraph (b) of Rule 7.10 as follows:

• The Exchange proposes to title the revised paragraph (b) as ''Availability of Clearly Erroneous Review.'' Proposed paragraph (b) would specify that ''transactions are reviewable as clearly erroneous only in the enumerated cases below.''

• Proposed subparagraph (b)(1) would be titled ''Case 1—Transactions Erroneously Executed During a Trading Halt, Suspension, or Pause.''

• Proposed subparagraph (b)(2) would be titled ''Case 2—Transactions Executed Outside LULD Price Bands.''

• Proposed subparagraph (b)(3) would be titled ''Case 3—Unavailable or Missing LULD Price Bands.''

• Proposed subparagraph (b)(4) would be titled ''Case 4—Erroneous LULD Price Bands.''

• Proposed subparagraph (b)(5) would be titled ''Case 5—Transactions Executed During LULD Protected Hours in NMS Stocks Not Subject to the LULD Plan, and Transactions Executed Outside of LULD Protected Hours.''

Each of the Cases is discussed further below.

Case 1—Transactions Erroneously Executed During a Trading Halt, Suspension, or Pause

Proposed Case 1 (proposed subparagraph (b)(1)) is based on current paragraph (i) of Rule 7.10, with certain changes identified below. Proposed Case 1 would apply when a ''transaction was executed after implementation of a regulatory trading halt, suspension, or pause that has been declared by the primary listing market or imposed by the Commission [16] and before such regulatory halt, suspension, or pause officially ended according to the primary listing market.'' The current text of paragraph (i) expresses the same concept, but includes additional unnecessary detail about the event where a trading halt, suspension or pause is ''prematurely lifted in error and then re-instituted,'' which the Exchange believes is encompassed in the more general language above. The Exchange believes that removing such unnecessary detail will streamline the rule text and enhance comprehension of the Rule.

In addition, the current text of paragraph (i) includes language limiting the application of the Rule to ''the event of any disruption, or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause . . . .'' The Exchange believes that such limitation is unnecessary, because transactions erroneously executed during a trading halt, suspension, or pause should be nullified in all cases, whether the cause was one of the conditions listed in current paragraph (i) or some other issue that has not yet been imagined. The inclusion of such limiting language has the potential to cause confusion and add delay to the process of addressing such trades.

Proposed Case 1 would further provide: ''A Case 1 transaction shall be nullified by an Officer acting on his or her own motion or at the request of a third party without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule, and without regard to the trading session during which the transaction was executed.'' The provisions providing that an Officer shall nullify such transactions acting on his or her own motion and that such action will be taken without regard to the Percentage Parameters or Numerical Guidelines are taken directly from current paragraph (i), without substantive change. The Exchange proposes to add the further language ''without regard to the trading session during which the transaction was executed'' to make explicit that Case 1 applies both during LULD Protected Hours and outside of them. The Exchange also proposes to add that an Officer may nullify such a

[15] ''Case 5A'' and the other Cases are defined and discussed below.

[16] In addition to referencing regulatory trading halts, suspensions, or pauses that have been declared by the primary listing market, the Exchange proposes to include ''or imposed by the Commission'' to capture summary suspension orders issued by the Commission under Section 12(k) in the public interest and to protect investors. Such summary suspension orders by the Commission have the same effect as halts declared by primary listing markets—*e.g.,* to halt trading—and so the Exchange believes that including them here adds further specification to the rule and not a material change to the rule.

transaction ''acting on his or her own motion *or at the request of a third party*.'' Current paragraph (g), regarding transactions executed outside of LULD Price Bands, currently contains such language, and so it is not novel. The Exchange believes it is reasonable to also include such language in proposed Case 1, to make explicit that a third party market participant may inform the Exchange when such third party becomes aware of transactions erroneously executed during a trading halt, suspension, or pause.

Current paragraph (i) contains additional language regarding the timing of the Officer's review, the notification of parties involved in the subject transaction, and the appeal rights of aggrieved parties. This language is substantively identical to the procedural language contained in current paragraph (f). In light of the Exchange's proposal to reorganize all such procedural language into one location (*i.e.,* paragraph (c) of the proposed Rule), the Exchange proposes not to include such procedural language within Case 1 itself, but instead to include it in the ''Procedures'' section of the proposed Rule at paragraph (c)(1)(B).

The Exchange notes that current paragraph (c)(1)(B) includes a provision that indicates that a transaction that ''is executed after the primary listing market for the security declares a regulatory trading halt, suspension, or pause pursuant to paragraph (i)'' will be ''subject to review . . . and found to be clearly erroneous if the price of the transaction to buy (sell) that is subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter . . . .'' This provision was added as part of the 2022 Amendment and appears to be inconsistent with paragraph (i), which requires the Exchange to nullify such transactions without regard to Percentage Parameters. The Exchange believes that the paragraph (i) approach—which has been part of the clearly erroneous rule since 2014 [17]—is the more reasonable approach, and that transactions executed during a trading halt, suspension, or pause should be nullified without further analysis. For that reason, the Exchange proposes to eliminate the inconsistent provisions of paragraph (c)(1)(B) and adopt the paragraph (i) approach, as described and revised above, in Case 1.

Case 2—Transactions Executed Outside LULD Price Bands

Proposed Case 2 (proposed subparagraph (b)(2)) is based on current paragraph (g) of Rule 7.10, with certain changes identified below.

Proposed Case 2 would apply when a ''transaction was executed during LULD Protected Hours outside the LULD Price Bands at a time when the Price Bands were available and correct, as determined by an Officer, using his or her own discretion.'' Current paragraph (g) contains this concept, but with the limitation that the execution of such a transaction outside the LULD Price Bands must be ''as a result of an Exchange technology or systems issue.'' The Exchange believes that such limitation is unnecessary, because transactions erroneously executed outside of available and correct Price Bands during LULD Protected Hours should be nullified in all cases, whether the cause was an Exchange technology or systems issue or some other issue that has not yet been imagined. The inclusion of such limiting language has the potential to cause confusion and add delay to the process of addressing such trades.

As noted above, proposed Case 2 would apply ''when Price Bands were available and correct, as determined by an Officer, using his or her own discretion.'' The Exchange proposes to add this condition to distinguish Case 2 from other potential scenarios where transactions should be evaluated when the LULD Price Bands were erroneous or missing, as described below in proposed Cases 3 and 4. The Exchange believes it is appropriate for an Officer, using his or her own discretion, to determine whether the Price Bands were available and correct such that Case 2 applies.

Proposed Case 2 would provide: ''A Case 2 transaction shall be nullified by an Officer acting on his or her own motion or at the request of a third party, without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule.'' The provision providing that an Officer shall nullify such transactions acting on his or her own motion is taken directly from current paragraph (g), without substantive change. The Exchange proposes to add ''without regard to the Percentage Parameters or Numerical Guidelines set forth in this Rule'' to make clear that such nullification by the Officer is not discretionary, nor is it based on computations described elsewhere in the Rule.

Current paragraph (g) contains additional language regarding the timing of the Officer's review, the notification of parties involved in the subject transaction, and the appeal rights of aggrieved parties. This language is substantively identical to the procedural language contained in current paragraph (f). As with Case 1 above, the Exchange proposes not to include the procedural language within Case 2 itself, but to include it instead in the ''Procedures'' section of the proposed Rule at paragraph (c)(1)(B).

The Exchange notes that current paragraph (c)(1)(B) includes a provision that indicates that a transaction that ''is the result of an Exchange technology or systems issue that results in the transaction occurring outside of the applicable LULD Price Bands pursuant to paragraph (g)'' will be ''subject to review . . . and found to be clearly erroneous if the price of the transaction to buy (sell) that is subject of the complaint is greater than (less than) the Reference Price, described in paragraph (d) below, by an amount that equals or exceeds the applicable Percentage Parameter . . . .'' This provision was added as part of the 2022 Amendment and appears to be inconsistent with paragraph (g), which requires the Exchange simply to nullify such transactions. The Exchange believes that the paragraph (g) approach—which has been part of the clearly erroneous rule since 2013 [18]—is the more reasonable approach, and that transactions executed outside LULD Price Bands should be nullified without further analysis. For that reason, the Exchange proposes to eliminate the inconsistent provisions of paragraph (c)(1)(B) and adopt the paragraph (g) approach, as described and revised above, in Case 2.

Finally, current paragraph (g) includes the caveat that ''[i]n the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of Price Bands, the Exchange will make the determination of whether to nullify transactions based on paragraph (c)(1)(B) above.'' Because the Exchange proposes to address such processor issues in Cases 3 and 4 below, the Exchange proposes not to include this sentence in Case 2.

Case 3—Unavailable or Missing LULD Price Bands

Proposed Case 3 (proposed subparagraph (b)(3)) would apply when

[17] *See* Securities Exchange Act Release No. 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR–NYSE–2014–22) (adding ''Trading Halts'' section as paragraph (k) of Rule 128).

[18] *See* Securities Exchange Act Release Nos. 68804 (February 1, 2013), 78 FR 8677 (February 6, 2013) (SR–NYSE–2013–11) (adding ''Securities Subject to Limit Up-Limit Down Plan'' section as paragraph (i) of Rule 128).

a ''transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were unavailable, because (a) the first Price Bands had not yet been received after a security's opening or reopening; or (b) the Price Bands are missing.''

This proposed language is a clarification of the portion of current paragraph (c)(1)(B), added in the 2022 Amendment, that provides that clearly erroneous review is available if the transaction ''was executed at a time when Price Bands under the LULD Plan were not available.'' The Exchange's Rule 19b–4 filing in support of the 2022 Amendment noted that in certain circumstances during the Core Trading Session, clearly erroneous review should act as a ''backstop'' to the LULD Plan:

> [T]here are instances, such as the opening auction on the primary listing market, or circumstances where a transaction that ordinarily would have been subject to the LULD Plan is not—due, for example, to some issue with processing the Price Bands. These transactions would continue to be eligible for clearly erroneous review [under the 2022 Amendment], effectively ensuring that such review remains available as a backstop when the LULD Plan would not prevent executions from occurring at erroneous prices in the first instance.[19]

Proposed Case 3 would make explicit that clearly erroneous review is available when a transaction was executed during LULD Protected Hours at a time when the first Price Bands had not yet been received after a security's opening or reopening (*i.e.,* clause (a) of proposed paragraph (b)(3)). This provision is intended to capture the first circumstance identified in the quoted passage above: the case of an opening (or reopening) auction, when LULD Price Bands are not yet in effect. Because the protection of the Price Bands is not available at that time, transactions executed during that interval should be entitled to clearly erroneous review.

Proposed Case 3 would also make explicit that clearly erroneous review is available in the case of missing Price Bands during LULD Protected Hours (*i.e.,* clause (b) of proposed subparagraph (b)(3)). The Exchange believes that Case 3 should cover all cases where Price Bands are missing during LULD Protected Hours, regardless of whether the missing Price Bands are caused by the processor's failure to disseminate them, the Exchange's failure to receive or implement them, or some other reason that has not yet been imagined. As such, the Exchange does not propose to include limiting language such as the language in current paragraph (g) (*i.e.,* ''[i]n the event that a single plan processor experiences a technology or systems issue that prevents the dissemination of Price Bands''), because the Exchange believes that clearly erroneous review should be available in all instances during LULD Protected Hours where Price Bands are unavailable or missing, regardless of the cause.[20]

Finally, proposed Case 3 would specify that a ''Case 3 transaction shall be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the consolidated last sale immediately prior to the execution(s) under review (or, in cases where there are no prior trades, the previous day's official closing price) by an amount that equals or exceeds the applicable Percentage Parameter.'' This language is based on current paragraph (c)(1), without substantive change, but instead of cross-referencing the definition of ''Reference Price,'' it incorporates the relevant portion of the definition of ''CEE Reference Price'' from proposed paragraph (a)(1).

Case 4—Erroneous LULD Price Bands

Proposed Case 4 (proposed subparagraph (b)(4)) would apply when a ''transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were available but erroneous, as determined by an Officer using his or her own discretion.''

Similar to Case 3 above, the Exchange's Rule 19b–4 filing in support of the 2022 Amendment contemplated that clearly erroneous review would be available in such situations. The Exchange intended for erroneous Price Bands to be among the ''issue[s] with processing the Price Bands'' where the clearly erroneous rules would act as ''a backstop.'' [21] Proposed Case 4 would make explicit that clearly erroneous review is available when a transaction was executed during LULD Protected Hours at a time when Price Bands under the LULD Plan were available but those Price Bands were erroneous, as determined by an Officer using his or her own discretion.

Current Rule 7.10(c)(1)(C) already includes two specific examples in which clearly erroneous review is available during LULD Protected Hours due to erroneous LULD Price Bands: in cases involving ''(1) a corporate action or new issue or (2) a security that enters a Trading Pause pursuant to the LULD Plan and resumes trading without an auction'' where the Reference Price ''is determined to be erroneous by an Officer of the Exchange because it clearly deviated from the theoretical value of the security.'' The Exchange now proposes to bring those two examples under Case 4, and to also specify several additional, non-exclusive factors contemplated by the ''issue[s] with processing the Price Bands'' language from the Exchange's Rule 19b–4 filing in support of the 2022 Amendment, where clearly erroneous review should be available due to erroneous LULD Price Bands, as determined by an Officer using his or her own discretion. The proposed Rule would provide that an Officer ''may consider factors including, but not limited to,'' the following.

Proposed subparagraph (A)(1) would describe one such factor: ''whether the LULD Reference Price that was used to calculate the Price Bands was based on a price that equaled or exceeded the Numerical Guidelines.'' This factor illustrates the fact that if the LULD Reference Price deviates from the theoretical value of the security by an amount that equals or exceeds the Numerical Guidelines, it is a telltale sign that the LULD Price Bands are erroneous. Such an instance would be an ''issue with processing the Price Bands'' within the language that the Exchange included in its Rule 19b–4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(2) would describe a second factor: ''whether there was an issue that impacted the processor's calculation of the Price Bands.'' This factor would include cases such as the processor experiencing a software or hardware issue, as well as the instances described in footnote 12 [sic] above. This factor is a clear example of the ''issue with processing the Price Bands'' language that the Exchange included in its Rule 19b–4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(3) would describe a third factor: ''whether the security at issue was included in the correct LULD Tier under the LULD Plan.'' This factor refers to the LULD Plan's requirement that a security must

[19] *See* Securities Exchange Act Release No. 95822 (September 19, 2022), 87 FR 58140 at 58142 (September 23, 2022) (SR–NYSE–2022–44) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.10).

[20] Note that proposed Case 3 would cover only unavailable and missing Price Bands—*i.e.,* the absence of Price Bands during LULD Protected Hours. The presence of incorrect Price Bands would be covered in proposed Case 4.

[21] *See supra* note 14.

be categorized into either ''Tier 1'' or ''Tier 2,'' with Percentage Parameters of either 5% (for Tier 1) or 10% (for Tier 2) for NMS securities with an LULD Reference Price of more than $3.00.[22] A security incorrectly classified into the wrong LULD Tier would have the wrong Percentage Parameters applied to its LULD Reference Price, meaning that the resulting LULD Price Bands would be erroneous. This factor is another clear example of the ''issue with processing the Price Bands'' language that the Exchange included in its Rule 19b–4 filing in support of the 2022 Amendment and is therefore not novel.

Proposed subparagraph (A)(4) would describe a fourth factor: ''whether the transaction involved a corporate action or new issue where the LULD Reference Price clearly deviated from the theoretical value of the security due to conflicting or incorrect information in the market about the security, or an objective error like a processing or technical error.'' This factor is based on paragraph (c)(1)(C)(1) of the current rule, but replaces the term ''Reference Price'' with ''LULD Reference Price'' as defined in proposed Rule 7.10(a)(4) (*i.e.,* an erroneous reference price was used for calculating the LULD Price Bands), since it is clear from context that is the meaning contemplated by the current rule text. The Exchange proposes to supplement the current rule text by adding ''due to conflicting or incorrect information in the market about the security, or an objective error like a processing or technical error,'' as illustrative examples of the types of errors that could result in a corporate action or new issue having an erroneous LULD Reference Price.[23] The Exchange believes this addition is not material and will enhance comprehension of the Rule.

Proposed subparagraph (A)(5) would describe a fifth factor: ''whether the transaction involved a security that entered a Trading Pause pursuant to the LULD Plan and resumed trading without an auction, where the LULD Reference Price clearly deviated from the theoretical value of the security.'' This factor is based on paragraph (c)(1)(C)(2) of the current Rule, but, as in proposed subparagraph (A)(4) above, replaces the term ''Reference Price'' with ''LULD Reference Price'' as defined in proposed Rule 7.10(a)(4) (*i.e.,* an erroneous reference price was used for calculating the LULD Price Bands), since it is clear from context that is the meaning contemplated by the current rule text.

In sum, proposed subparagraph (A) under Case 4 provides illustrative examples of the types of factors that might lead to LULD Price Bands being erroneous, but as mentioned above, the list is intended to be non-exclusive and subject to Officer discretion.

In proposed subparagraph (B) under Case 4, the first sentence would provide that if the Officer determines that the LULD Price Bands are erroneous, the Officer may use a different CEE Reference Price that is based on the theoretical value of the security (the ''Revised CEE Reference Price'') for the purpose of clearly erroneous review. The Exchange believes that this provision is necessary because erroneous LULD Price Bands may be the byproduct of the security trading at prices that deviate from the theoretical value of the security. In such a case, it is likely that the CEE Reference Price that would ordinarily be used for clearly erroneous review[24] may also deviate from the theoretical value of the security. In such a case, the impact of such error can be corrected by using a Revised CEE Reference Price that is based on the theoretical value of the security. This proposed text is based on paragraph (c)(1)(C) of the current Rule, without substantive change, and is consistent with paragraph (d)(3) of the current Rule, which permits using a Revised CEE Reference Price when ''necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.''

The second sentence of proposed subparagraph (B) under Case 4 would incorporate rule text from current Rule 7.10(c)(1)(C) about how the Exchange would determine the Revised CEE Reference Price in the instances described in subparagraph (A)(4) above. It would provide that: ''With respect to transactions that involved a corporate action or new issue, the Exchange would consider a number of factors to determine a Revised CEE Reference Price that is based on the theoretical value of the security, including but not limited to, the offering price of the new issue, the ratio of the stock split applied to the prior day's closing price, the theoretical price derived from the numerical terms of the corporate action transaction such as the exchange ratio and spin-off terms, and for an OTC up-listing, the price of the security as provided in the prior day's FINRA Trade Dissemination Service final closing report.'' This language is based on paragraph (c)(1)(C) and the first two sentences of paragraph (d)(2) of the current Rule, without substantive alteration.

The third sentence of proposed subparagraph (B) under Case 4 would incorporate rule text from current Rule 7.10(c)(1)(C) and (d)(2) about how the Exchange would determine the Revised CEE Reference Price in the instances described in subparagraph (A)(5) above. It would provide that: ''With respect to transactions that involved a security that entered a Trading Pause pursuant to the LULD Plan and resumed trading without an auction, the Exchange may use the last effective upper or lower Price Band that triggered the limit state before the Trading Pause or another appropriate Revised CEE Reference Price.'' This language is based on the last sentence of paragraph (d)(2) of the current Rule, but substitutes the phrase ''the last effective upper or lower Price Band that triggered the limit state before the Trading Pause'' for the current text (''the last effective Price Band that was in a limit state before the Trading Pause''). The Exchange believes that the addition of the words ''upper,'' ''lower,'' and ''triggered'' adds further specification to the situation described in the current Rule. In addition, the Exchange proposes to add the language ''or another appropriate Revised CEE Reference Price'' because although the Price Band that triggered the LULD Trading Pause may be a reasonable indicator of the theoretical value of the security at the time of the LULD Trading Pause, trading following the LULD Trading Pause (albeit without a re-opening auction) may suggest that another price may be more appropriate.

Proposed subparagraph (C) under Case 4 would specify that a ''Case 4 transaction shall be found to be clearly erroneous if the price of the transaction to buy (sell) is greater than (less than) the Revised CEE Reference Price by an amount that equals or exceeds the Percentage Parameters.'' This language is based on paragraph (c)(1)(C) of the current Rule with two alterations. First, the Exchange proposes to replace the term ''new Reference Price'' in the current Rule with ''Revised CEE Reference Price'' in the proposed Rule, since that term is used in proposed subparagraph (B). Second, the current text of paragraph (c)(1)(C) references not just the Percentage Parameters, but also the Numerical Guidelines, ''as applicable depending on whether the

[22] *See* LULD Plan, *supra* note 4, Appendix A—Percentage Parameters.

[23] For instance, clearly erroneous review would be available under Case 4 for transactions involving a reverse stock split that was incorrectly reported to the market as a forward stock split. That scenario would result in an incorrect LULD Reference Price for the security, meaning that any LULD Price Bands calculated using that incorrect LULD Reference Price would be erroneous.

[24] In most cases, the CEE Reference Price is the last consolidated round lot sale.

security is subject to the LULD Plan.'' The Exchange proposes not to include that phrase in proposed Case 4 because transactions in securities not subject to the LULD Plan would be moved into Case 5 (discussed below) in the revised Rule.

Case 5—Transactions Executed During LULD Protected Hours in NMS Stocks Not Subject to the LULD Plan, and Transactions Executed Outside of LULD Protected Hours

Proposed Case 5 (proposed subparagraph (b)(5)) is based on current paragraphs (c)(1)(A) and (c)(2) of Rule 7.10, with changes as described below. Proposed Case 5 would describe the availability of clearly erroneous review for transactions that are not subject to the LULD Plan, either because (1) the transactions were executed during LULD Protected Hours in securities that are not subject to the LULD Plan (*i.e.,* rights or warrants) (current paragraph (c)(1)(A)), or (2) because the transactions were executed outside of LULD Protected Hours when the LULD Plan is not operational (current paragraph (c)(2)). The Exchange proposes to locate both of these rules in the same Case 5 to simplify the Rule's organization, reduce the need to cross-reference within the Rule, and enhance the Rule's clarity.

Proposed subparagraph (b)(5) would provide that ''[e]xcept in the case of an Outlier Transaction (discussed below),[25] transactions executed during LULD Protected Hours in NMS Stocks not subject to the LULD Plan and transactions executed outside of LULD Protected Hours shall be found to be clearly erroneous in the following two situations,'' and would go on to define Case 5A and Case 5B in the following subparagraphs.

Case 5A—Numerical Guideline Requirement

Proposed Case 5A (subparagraph (b)(6)(A)) would describe the first of the two situations in which the transaction under Case 5 shall be found to be clearly erroneous, namely, when, ''[s]ubject to the additional factors described below in this Case 5A, the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below.'' This language is based on paragraph (c)(2)(A) of the current Rule, without substantive change.

The ''Additional Factors'' included in Case 5A is substantively identical to paragraph (c)(2)(C) of the current Rule, and would provide that ''an Officer may also consider additional factors to determine whether an execution is clearly erroneous, provided the execution occurred during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan. Such additional factors include, but are not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, executions outside of the Core Trading Session, validity of the consolidated tapes trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor will be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.''

Consistent with current practice, when the Exchange considers these additional factors, it typically looks for a representation in the clearly erroneous filing indicating the existence of an error. Such errors may include, for example, a system malfunction or disruption (such as at the Exchange, trade reporting facility, data processor, or market participant), which resulted in incorrect market data or executions, incorrect processing of a corporate action, or a typographical error in the material terms of an order.

Proposed subparagraph (A) under Case 5A would also incorporate the table from current paragraph (c)(2)(A), with the following alteration. The two rows in the current table concerning Multi Stock Events (*i.e.,* ''Multi Stock Events—Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less'' and ''Multi Stock Events—Filings involving twenty or more securities whose executions occurred within a period of five minutes or less'') would be deleted and replaced with descriptive text in Case 5B, described below.

Case 5B—Multi-Stock Events

Proposed Case 5B (subparagraph (b)(6)(B)) would describe the second of the two situations in which the transaction under Case 5 may be found to be clearly erroneous, namely, Multi-Stock Events.

As an initial matter, the current version of Rule 7.10 contains two scenarios involving ''Multi Stock Events'': (1) ''filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less,'' and (2) filings involving twenty or more securities whose executions occurred within a period of five minutes or less.'' The Exchange believes that the numbers of affected securities referenced in those scenarios are now too low to justify special treatment, and that events of such size are more properly analyzed on a security-by-security basis by applying the Case 1 through Case 5A as discussed above.

The Exchange proposes instead that an event should be treated as a ''Multi-Stock Event'' only if it involves 50 or more securities whose executions occurred within 5 minutes. The Exchange believes that 50 securities is a more appropriate trigger for the application of the Multi-Stock Event rule. The 20-security threshold in the current Rule has not been updated since 2010,[26] and given the Exchange's experience in processing clearly erroneous reviews over the past 16 years, the Exchange believes that it would be able to process clearly erroneous requests involving fewer than 50 securities without resorting to the Multi-Stock Event rule. In addition, while the current Rule assumes that Multi-Stock Events will be brought to the Exchange's attention via a filing from a customer, the Exchange proposes that Case 5B would state that a Multi-Stock Event may be reviewable as clearly erroneous ''by an Officer acting on his or her own motion.'' The Exchange believes that with respect to events of this size, it would be reasonable for an Officer to act on his or her own motion without insisting on the requirement that a customer file a formal request for review.

Apart from these modifications, proposed Case 5B is based on current Rule 7.11(c)(2)(B). The third sentence of proposed Case 5B—which would provide that ''[s]uch transactions will be nullified provided the price of the transactions to buy (sell) are greater than (less than) the Reference Price for each security by an amount that equals or exceeds 30%''—is based on the final sentence of current Rule 7.11(c)(2)(B),

[25] Outlier Transactions are discussed below in proposed paragraph (c)(1)(A)(2)(b).

[26] *See* Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (SR–NYSE–2010–47) (adding ''Multi-Stock Events Involving Twenty or More Securities'' to Rule 128).

without substantive differences. The fourth sentence of proposed Case 5B—which would provide that ''[t]he Exchange will coordinate with other SROs regarding the appropriate review period (which may be greater than the 5-minute period that triggered the application of this paragraph) and Reference Prices to use for this analysis''—is based on the third and fourth sentences of current Rule 7.11(c)(2)(B), without substantive differences.

Finally, the Exchange proposes to add as the fifth sentence of proposed Case 5B a requirement providing that ''[a]ny action taken in connection with this paragraph will be taken in a timely fashion, and no later than 8:30 a.m. Eastern Time on the trading day following the date of the executions under review.'' This proposed reference to 8:30 a.m. Eastern Time is consistent with other references in this proposed Rule to an 8:30 a.m. cut-off time in light of T+1 settlement.

Case 5A and Case 5B—Use of Revised CEE Reference Price

Proposed subparagraph (C) under Case 5 would be titled ''Use of Revised Reference Price in Case 5A and Case 5B'' and would provide: ''In Case 5A and Case 5B, the Exchange may use a Revised CEE Reference Price in circumstances involving, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a Revised CEE Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.'' This language is based on paragraph (d)(3) of the current Rule, without substantive change. The Exchange proposes to omit the proviso in current paragraph (d)(3) (*i.e.,* ''provided that such circumstances occurred during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan'') because the proposed inclusion of the phrase ''[i]n Case 5A and Case 5B'' provides the same limitation.[27]

(c) Procedures

Finally, the Exchange proposes to reorganize all rule text about the procedures under the clearly erroneous rule in to a revised paragraph (c). In the current Rule, such procedures are split across paragraphs (b), (c), (e), and (f). The Exchange believes that reorganizing all of the procedures into one area of the Rule will enhance the clarity and comprehension of the Rule.

The Exchange proposes to organize the procedures into two categories: ''Review Procedures'' in subparagraph (1) and ''Appeals'' in subparagraph (2).

(c)(1)—Review Procedures

Proposed subparagraph (c)(1) would set out all the procedures for the review of potentially clearly erroneous transactions.

Request for Review by Member Organization

Proposed subparagraph (c)(1)(A), titled ''Request for Review by Member Organization,'' would set forth the procedures for reviewing a transaction when a member organization requests such review.

Proposed subparagraph (c)(1)(A)(1) would be titled ''General.'' The first sentence would provide: ''A member organization may request that the Exchange review a transaction for its own account or for its customer's account under the Rule.'' This language is based on the first sentence of paragraph (b) of the current Rule, except that it omits the phrase ''*submitted erroneously*'' as used in the current Rule. This change would clarify that a member organization may request review of any transaction. Whether the transaction is ''erroneous'' would be determined by the review process, and a belief that it was ''submitted erroneously'' should not be a precursor to requesting review.

The second sentence of proposed subparagraph (c)(1)(A)(1) would provide: ''Member organizations are responsible for submitting valid requests for review to the Exchange within the timeframes set out below.'' This language does not appear in the current version of the Rule, but the Exchange proposes to include it in the revised version to add specificity to the review procedure.

The third and fourth sentences of proposed subparagraph (c)(1)(A)(1) would provide: ''An Officer will review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review will be made in writing via email or other electronic means specified from time to time by the Exchange in a circular distributed to member organizations.'' This language is based on the second and third sentences of paragraph (b) of the current Rule, without substantive change.

Proposed subparagraph (c)(1)(A)(2) would be titled ''Timing of Requests for Review.'' Proposed subparagraph (c)(1)(A)(2)(a) would be titled ''General'' and would provide: ''Requests for review must be received by the Exchange within 30 minutes of execution time and will include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold), and the factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request, the counterparty to the trade will be notified by the Exchange as soon as practicable, but generally within 30 minutes. An Officer may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction will provide, within 30 minutes of the request, any supporting written information. Either party to the disputed trade may request supporting written information provided by the other party on the matter.'' This language is identical to the paragraph (b)(1) of the current Rule, except for the following differences. The current Rule is limited to ''receipt of a timely filed request *that satisfies the numerical guidelines set forth in Section (c)(1) of this Rule*,'' but in the proposed Rule, the Numerical Guidelines would apply only to Case 5A. The Exchange believes that the clarity of the Rule would be enhanced by removing the limitation, making clear that proposed subparagraph (c)(1)(A)(2)(a) applies to all requests for review under any Case.

Proposed subparagraph (c)(1)(A)(2)(b) would be titled ''Outlier Transactions'' and would include a reorganized and streamlined version of language from paragraph (c)(2)(D) of the current Rule. The first sentence of proposed subparagraph (c)(1)(A)(2)(b) would provide: ''In Case 5A transactions where the execution price of the security is greater than three times the current Numerical Guidelines set forth in this Rule (an ''Outlier Transaction''), an Officer may, at his or her sole discretion, and on a case-by-case basis, consider requests received after 30

[27] The Exchange proposes to delete paragraph (h) of the current Rule 7.10 pertaining to ''Multi Day Event.'' That provision was added to the rule in 2014 to cover ''[a] series of transactions in a particular security on one or more trading days . . . [that are] based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions.'' *See* Securities Exchange Act Release No. 72434 (June 19, 2014), 79 FR 36110 (June 25, 2014) (SR–NYSE–2014–22) (adding ''Multi Day Event'' section as paragraph (j) of Rule 128). In light of the fact that settlement cycles have been greatly shortened since this provision was added in 2014, and particularly, in light of the T+1 settlement cycle instituted in 2024, the Exchange believes that the provision for ''Multi Day Events'' is obsolete and should be deleted from the rule.

minutes, but not longer than 60 minutes after the transaction in question, depending on the facts and circumstances surrounding such request.'' This language is based on subparagraphs (c)(2)(D) and (c)(2)(D)(i) of the current Rule, except that the Exchange proposes to replace the limitation in the current Rule (*i.e.,* ''during the Early Trading Session or eligible for review pursuant to paragraph (c)(1)(A)'') with ''[i]n Case 5A transactions.'' This is a non-substantive change, since proposed Case 5A captures the limiting language in the current Rule.

The second sentence of proposed subparagraph (c)(1)(A)(2)(b) would provide: ''If the execution price of the security in question is not within the Outlier Transaction parameters described in the previous sentence but breaches the 52-week high or 52-week low, the Exchange may consider the additional factors in paragraph (b)(6)(A) of Case 5A in determining if the transaction qualifies for further review or if the Exchange shall decline to act.'' This language is based on paragraph (c)(2)(D)(ii) of the current Rule.

Proposed subparagraph (c)(1)(A)(3) would be titled ''Determination by Officer'' and would include a revised version of the language in paragraph (e)(1) of the current Rule. While the current version of the Rule implies that all requests for review will be submitted to an Officer for determination, the Exchange believes that certain facially insufficient requests should not progress to that stage. As such, the Exchange proposes to include new language in the first sentence of subparagraph (c)(1)(A)(3) providing that ''[i]f the request for review is untimely, was submitted by a non-member, and/or does not indicate a reason why the execution is clearly erroneous, the request will be deemed invalid and the Officer will decline to act on it.''

The second sentence of proposed subparagraph (c)(1)(A)(3) would provide that ''[i]n the case of a valid request, unless both parties to the disputed transaction agree to withdraw the initial request for review, the Officer will review the disputed transaction and render a determination that it either is or is not clearly erroneous.'' This language is based on the first sentence of current subparagraph (e)(1), with slight modifications to enhance its clarity.

The third, fourth, and fifth sentences of proposed subparagraph (c)(1)(A)(3) would provide: ''In the event that the Officer determines that the disputed transaction is clearly erroneous, the Officer will declare the transaction null and void. A determination will be made generally within 30 minutes of receipt of the complaint, but in no case later than 8:30 a.m. Eastern Time on the following trading day. The parties will be promptly notified of the determination.'' This language is based on the third, fourth, and fifth sentences of current paragraph (e)(1) (and similar language in current paragraphs (g) and (i)), without substantive change, except the Exchange proposes the 8:30 a.m. Eastern Time deadline instead of ''the start of Core Trading'' (as paragraph (e)(1) currently provides) in light of T+1 settlement.

Officer Acting On Own Motion

Proposed subparagraph (c)(1)(B), titled ''Officer Acting On Own Motion,'' would be substantively identical to paragraph (f) of the current Rule, with updated cross-references. Specifically, in the first sentence, the Exchange proposes to replace the current text's reference to ''during the Early Trading Session or during LULD Protected Hours in NMS Stocks not subject to the LULD Plan'' with ''pursuant to paragraph (b) above.'' In the second sentence, the Exchange proposes to replace the current text's reference to ''paragraphs (c)(1) and (c)(2)'' with an updated reference to ''paragraph (b).'' In the fourth sentence, the Exchange proposes to replace the current text's reference to ''the start of Core Trading'' to ''no later than 8:30 Eastern Time'' in light of T+1 settlement. In the last sentence, the Exchange proposes to delete the phrase ''[w]hen such action is taken independently'' from the current text as extraneous, and proposes to replace the current cross-reference to the appeal provisions in ''subsection (e)(2)–(4) above'' with a cross reference to ''paragraph (c)(2) below.'' None of these changes is substantive.

Cross-Market Coordination

The Exchange proposes to add a new provision as paragraph (c)(1)(C), titled ''Cross-Market Coordination.''

The Exchange proposes that subparagraph (c)(1)(C)(1) would provide: ''Regarding events involving trading activity on multiple SROs, the Exchange will use reasonable efforts as appropriate to coordinate with other SROs regarding the Exchange's determinations, if any, about (a) whether transactions occurred outside of available and correct Price Bands, (b) whether the LULD Price Bands or LULD Reference Price are erroneous, (c) what CEE Reference Price or Revised CEE Reference Price to use, and (d) issues related to Multi-Stock Events.'' The proposed language reflects the Exchange's existing practice of coordinating with other SROs on such topics whenever a market event involving trading activity on multiple SROs raises questions about the availability of clearly erroneous review. Cross-exchange coordination is already reflected in the current rule text applicable to Multi-Stock Events and Multi-Day Events, and in practice, the exchanges currently coordinate with each other about additional aspects of market-wide events. The proposed rule text synthesizes the existing rule text and the Exchange's current practices, making explicit the Exchange's practice of using reasonable efforts as appropriate to coordinate with other markets on such issues.

The Exchange proposes that subparagraph (c)(1)(C)(2) would provide: ''Regarding events involving trading activity on multiple SROs, if another SRO receives a valid request to review a transaction(s) as clearly erroneous and coordinates with the Exchange about such request, an Officer may declare transactions on the Exchange that meet the same criteria to be clearly erroneous on his or her own motion, pursuant to paragraph (c)(1)(B) above.'' The proposed language reflects the Exchange's existing practice of acting on its Officer's own motion to declare transactions clearly erroneous based on criteria agreed upon as a result of coordination with other affected exchanges.[28]

In light of these proposed provisions about cross-market coordination, the Exchange proposes to delete current paragraph (b)(2), which is titled ''Routed Executions.'' That provision currently provides that ''[o]ther market centers will generally have an additional 30 minutes from receipt of their participant's timely filing, but no longer than 60 minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that market center and executed on the Exchange.'' This provision predates the Exchange's current practice of coordinating with other SROs whenever a market event involving trading activity on multiple SROs raises questions about the availability of clearly erroneous review,

[28] Notwithstanding this existing practice of considering such events on its Officer's own motion, the Exchange still wishes to encourage member organizations to submit requests for clearly erroneous review directly to the exchange, even in events involving trading activity on multiple SROs. For that reason, the Exchange has proposed to add the second sentence of proposed subparagraph (c)(1)(A)(1), described above, providing that ''[m]ember organizations are responsible for submitting valid requests for review to the Exchange within the timeframes set out below.''

regardless of whether particular orders had been routed to particular exchanges. As such, the Exchange believes that the language in current paragraph (b)(2) setting a particular time limit to consider routed orders is unnecessarily limiting, and proposes instead to replace current paragraph (b)(2) with the procedures regarding cross-market collaboration in proposed subparagraph (c)(1)(C).

(c)(2)—Appeals

Proposed subparagraph (c)(2) would set out the appeal procedures for clearly erroneous review. This proposed subparagraph would be identical to current paragraph (e)(2)–(6), with the following alterations.

First, the Exchange proposes to renumber the several subparagraphs of the Rule. Current subparagraph (e)(3), (e)(4), (e)(5), and (e)(6) would become proposed subparagraphs (c)(2)(C), (c)(2)(D), (c)(2)(E), and (c)(2)(F), respectively.

Second, the reference in current paragraph (e)(2) to decisions ''under paragraph (g)'' would be updated to refer to ''Case 2,'' and the current reference to ''applicable Price Bands'' would be updated to refer to ''available and correct Price Bands,'' which is the language used in proposed Case 2.

Third, the Exchange proposes to reduce the number of member organization representatives that must be designated to serve on the CEE Panel to 5 (in proposed subparagraph (c)(2)(B)), from 10 (in current paragraph (e)(2)(B). The Exchange notes that in practice, appeals from clearly erroneous determination are quite rare and the CEE Panel meets infrequently. The requirement to have 10 member organization representatives at the ready for such a small number of appeals has become excessive, and accordingly, the Exchange proposes to recalibrate that number to better reflect the actual need for CEE Panel members currently.

Fourth, the Exchange proposes to change the time for the CEE Panel to render a decision from ''no later than the trading day following the date of the execution under review'' (in current paragraph (e)(3)) to ''no later than 8:30 a.m. Eastern Time on the trading day following the date of the execution under review.'' The Exchange proposes this 8:30 a.m. Eastern Time deadline in light of T+1 settlement.

Fifth, the cross-reference to ''Rule 7.10(E)(1)'' in current subparagraph (e)(5) would be updated in proposed subparagraph (c)(2)(E) to refer instead to ''paragraph (c)(1)(A) or (B).''

Implementation

The Exchange will publish a trader notice before implementing the proposed changes.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act,[29] in general, and Section 6(b)(5) of the Act,[30] in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers.

Reorganization. The Exchange believes that it is consistent with just and equitable principles of trade to reorganize Rule 7.10 into three clear subsections addressing (a) Definitions, (b) Availability of Clearly Erroneous Review, and (c) Procedures, as proposed here. The current Rule is an amalgam of rule text originating in 2010, 2013, 2014, 2022, and 2026, and has not been comprehensively reorganized since its inception. The Exchange believes that the clarity of the Rule can be enhanced and improved by the reorganizing the Rule and gathering similar provisions together. In addition, the Exchange believes that identifying each situation in which clearly erroneous review is available and assigning such situations with easy-to-identify Case numbers will make it easier for market participants to navigate, understand, and use the Rule.

Definitions. The Exchange believes that it is consistent with just and equitable principles of trade to include in proposed paragraph (a), ''Definitions,'' definitions of all terms used within the Rule, and to move definitions that previously existed elsewhere in the Rule to the ''Definitions'' section in paragraph (a). The Exchange believes that gathering definitions in one paragraph at the start of the Rule will enhance the ability of market participants to navigate, understand, and use the Rule, and minimize the amount of cross-referencing that market participants must do in order to comprehend and apply the Rule text.

Cases 1 and 2 and the Elimination of Inconsistent and Duplicative Provisions. The Exchange believes it is consistent with just and equitable principles of trade and with the protection of investors and the public interest to delete from the Rule the provisions of current paragraph (c)(1)(B) that direct the Exchange to perform an analysis using Percentage Parameters in cases where a transaction occurred outside of LULD Price bands pursuant current to paragraph (g) or during a regulatory halt, suspension, or pause pursuant to current paragraph (i). As noted above, the reference to Percentage Parameters in such cases was added to the Rule as part of the 2022 Amendment, and appears to be inconsistent with preexisting requirements of paragraphs (g) and (i), which require the Exchange to nullify such transactions without regard to Percentage Parameters. The Exchange believes that the approach in paragraphs (g) and (i)—which have been part of the clearly erroneous rule since 2013 and 2014 respectively [31]—should be maintained and thus proposes in Cases 1 and 2 that transactions executed outside of LULD Bands or during a trading halt, suspension, or pause should be nullified without further analysis.

Cases 3 and 4 Covering Unavailable, Missing, and Erroneous LULD Price Bands. The Exchange believes that it is consistent with just and equitable principles of trade and with the protection of investors and the public interest to add rule text making explicit that clearly erroneous review is available in the cases of unavailable or missing LULD Price Bands (proposed Case 3) and erroneous LULD Price Bands (proposed Case 4). As explained above, current paragraph (c)(1)(B) provides that clearly erroneous review is available if the transaction ''was executed at a time when Price Bands under the LULD Plan were not available,'' and the Exchange's Rule 19b–4 filing in support of the 2022 Amendment explained that clearly erroneous review should be available to act as a ''backstop'' to the LULD Plan during the Core Trading Session in situations where there is ''some issue with processing the Price Bands.'' [32] The proposed addition of Cases 3 and 4 would make explicit that the ''issue[s] with processing the Price Bands'' referred to in the Exchange's Rule 19b–4 filing include cases where the Price Bands are unavailable because the first Price Bands had not yet been received after a security's opening or reopening, the Price Bands are missing, or the Price Bands were available but erroneous. As such, this proposed change is not substantive, but would be a clarification of the existing rule text and rationale.

[29] 15 U.S.C. 78f(b).

[30] 15 U.S.C. 78f(b)(5).

[31] *See supra* notes 12 and 13.

[32] *See supra* note 14.

Case 5B—Multi-Stock Events. The Exchange believes that it is consistent with just and equitable principles of trade to combine the two Multi-Stock Events currently codified in Rule 7.10 into proposed Case 5B, which sets forth a single standard of review for erroneous transactions involving at least 50 securities occurring outside of the Core Trading Session over a five-minute period. Rather than having two separate criteria for reviewing Multi-Stock Events, which occur infrequently, the Exchange believes that moving to one set of criteria would provide a more uniform application of the Rule and enable the Exchange to respond more efficiently during situations where a large number of transactions across multiple securities are under review.

Procedures. The Exchange believes that it is consistent with equitable principles of trade and with the protection of investors and the public interest to make the proposed clarifying changes to the procedures for clearly erroneous review, as described above. In particular, the Exchange believes that referring in the proposed Rule to its existing procedures regarding cross-market coordination on events involving trading activity on multiple SROs would provide greater certainty and clarity to market participants about the clearly erroneous review process.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposal would ensure the continued, uninterrupted operation of harmonized clearly erroneous execution rules across the U.S. equities markets while also amending those rules to provide greater certainty to SROs, member organizations, and investors regarding the particular Cases where clearly erroneous review is available. The Exchange understands that the other national securities exchanges and FINRA will also file similar proposals, the substance of which are identical to this proposal. Thus, the proposed rule change will help to ensure consistency across SROs without implicating any competitive issues.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–NYSE–2026–50 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–NYSE–2026–50. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NYSE–2026–50 and should be submitted on or before November 13, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21650 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0213]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Rule 17g–1

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501 *et seq.*), the Securities and Exchange Commission (SEC or ''Commission'') is submitting to the Office of Management and Budget (OMB) this request for extension of the proposed collection of information described below.

Section 17(g) of the Investment Company Act of 1940 (the ''Act'') (15 U.S.C. 80a–17(g)) authorizes the Commission to require by rules and regulations, for the protection of investors, that officers and employees of registered management investment companies (''funds'') who may singly, or jointly with others, have access to securities or funds of any registered management investment company, either directly or through authority to draw upon such funds or to direct generally the disposition of such securities, to be bonded by a reputable fidelity insurance company against larceny and embezzlement. The Commission, pursuant to this provision, adopted rule 17g–1 (17 CFR 270.17g–1) in 1947 and has subsequently amended the rule on numerous occasions.

Rule 17g–1 provides, in substance, the following requirements. The form and amount of the fidelity bond must be approved by a majority of the fund's independent directors at least once annually, and the amount of any premium paid by the fund for any ''joint insured bond,'' covering multiple funds or certain affiliates, must be approved by a majority of the fund's independent directors. The amount of the bond may not be less than the minimum amounts of coverage set forth in a schedule based on the fund's gross assets. The bond

[33] 17 CFR 200.30–3(a)(12).

must provide that it shall not be cancelled, terminated, or modified except upon 60 days' written notice to the affected party and to the Commission. In the case of a joint insured bond, 60 days' written notice must also be given to each fund covered by the bond. A joint insured bond must provide that the fidelity insurance company will provide all funds covered by the bond with a copy of the agreement, a copy of any claim on the bond, and notification of the terms of the settlement of any claim prior to execution of that settlement. Finally, a fund that is insured by a joint bond must enter into an agreement with all other parties insured by the joint bond regarding recovery under the bond.

Upon the execution of a fidelity bond or any amendment thereto, a fund must file with the Commission within 10 days: (i) a copy of the executed bond or any amendment to the bond, (ii) the independent directors' resolution approving the bond, and (iii) a statement as to the period for which premiums have been paid on the bond. In the case of a joint insured bond, a fund must also file: (i) a statement showing the amount the fund would have been required to maintain under the rule if it were insured under a single insured bond; and (ii) the agreement between the fund and all other insured parties regarding recovery under the bond. A fund must also notify the Commission in writing within five days of any claim or settlement on a claim under the fidelity bond. A fund must notify by registered mail each member of its board of directors of: (i) any cancellation, termination, or modification of the fidelity bond at least 45 days prior to the effective date; and (ii) the filing or settlement of any claim under the fidelity bond when notification is filed with the Commission. The Commission amended rule 17g–1 most recently in 2004 to require that the fund's board of directors satisfy the fund governance standards defined in rule 0–1(a)(7) (17 CFR 270.0–1(a)(7)).[1] The rule's requirements are mandatory for funds.

We estimate that approximately 2,078 funds (registered open- and closed-end funds, and business development companies) must comply with the collections of information under rule 17g–1, and which collectively submit an estimated 2,437 filings on Form 17G annually.[2] We estimate an annual burden per response of 1.0 hour of compliance attorney time and 1.0 hour of the fund's board of directors time. This results in a total annual burden of 2,437 hours for the compliance attorney ($1,886,238) and 2,437 hours for the fund board ($29,697,282), for a total estimated annual burden of 4,874 hours and $31,583,520 total annual internal cost for all funds. We continue to estimate that the filing and reporting requirements of rule 17g–1 do not entail any external cost burdens.

An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB Control Number. The public may view and comment on this information collection request at: *https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202608-3235-010* or email comment to *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov* within 30 days of the day after publication of this notice, by November 23, 2026.

Dated: October 20, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21637 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

[1] Investment Company Governance, Investment Company Act Release No. 26520 (July 27, 2004) (69 FR 46378 (Aug. 2, 2004)).

[2] Based on a review of fund filings for the three-year period from January 1, 2023 to December 31, 2025, Commission staff estimates there are approximately 2,078 funds (registered open- and closed-end funds, and business development companies) that must comply with the collections of information under rule 17g–1, and which collectively submit an estimated 2,437 filings on Form 17G annually.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106700; File No. SR–NYSE–2026–49]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Restore Former Rule 123D

October 20, 2026.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (''Act'')[2] and Rule 19b–4 thereunder,[3] notice is hereby given that on October 6, 2026, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to restore former Rule 123D to its rulebook and mark it ''Reserved.'' The proposed rule change is available on the Exchange's website at *www.nyse.com* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') proposes restore former Rule 123D to its rulebook and mark it ''Reserved.''

In July 2025, the Exchange proposed to reorganize its trading halt rules into Rule 7.18 and to delete Rule 123D, where some trading halt rules had been located.[4] That filing proposed to delete Rule 123D in its entirety, completely removing any reference to it from the Exchange's rulebook. The Commission noticed the proposed rule change for immediate effectiveness, and the change became operative in August 2026 in a coordinated roll-out of trading halt changes with other equities exchanges.

For the sake of posterity, the Exchange now wishes to add former Rule 123D back into its rulebook and note that the rule is ''Reserved.'' In so doing, the Exchange would also add back the adoption and amendment history of Rule 123D, so that the history and legacy of the rule and its development is preserved in the rulebook.

The proposed change is non-substantive. The content of former Rule 123D would remain deleted; this filing

[4] *See* Securities Exchange Act Release No. 103356 (June 30, 2025), 90 FR 29600 (July 3, 2025) (SR–NYSE–2025–21).

would only restore its title, the word ''Reserved,'' and its adoption and amendment history.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[5] Specifically, the proposal is consistent with Section 6(b)(5) of the Act[6] because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest.

The Exchange believes the proposed rule change would protect investors and the public interest and perfect the mechanism of a free and open market and a national market system. Adding reference to former Rule 123D back into the rulebook as ''Reserved'' and restoring its adoption and amendment history would preserve the legacy of the rule and its development, thereby providing clarity and transparency for the Exchange and for market participants about the rule's history and evolution.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act[7] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act as explained below. Rather than impacting competition, the proposed change would simply add back into the Exchange's rulebook the title ''Rule 123D,'' the word ''Reserved,'' and the former rule's adoption and amendment history.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[8] and Rule 19b–4(f)(6) thereunder.[9] Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b–4(f)(6)[10] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[11] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act[12] and paragraph (f)(6) of Rule 19b–4 thereunder.[13] The Commission believes that it is consistent with the protection of investors and the public interest to waive the operative date of the proposal so that it becomes operative upon filing.[14] The Commission believes that the waiver would provide member organizations greater clarity about the recent changes to the Exchange's trading halt rules. In addition, the proposal does not present any unique or novel regulatory issues because it simply adds back into the Exchange's rulebook the title ''Rule 123D,'' the word ''reserved,'' and the ''former rule's adoption and amendment history.'' For this reason, the Commission hereby waives the 30-day operative period and designates the proposal operative upon filing.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[15] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–NYSE–2026–49 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–NYSE–2026–49. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NYSE–2026–49 and should be submitted on or before November 13, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21652 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

[5] 15 U.S.C. 78f(b).

[6] 15 U.S.C. 78f(b)(5).

[7] 15 U.S.C. 78f(b)(8).

[8] 15 U.S.C. 78s(b)(3)(A)(iii).

[9] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[10] 17 CFR 240.19b–4(f)(6).

[11] 17 CFR 240.19b–4(f)(6)(iii).

[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f)(6).

[14] For purposes of waiving the operative date of the proposed rule, Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[15] 15 U.S.C. 78s(b)(2)(B).

[16] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0473]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Rule 17Ad–3(b)

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (''PRA'') (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''SEC'' or ''Commission'') is submitting to the Office of Management and Budget (''OMB'') a request for extension of the proposed collection of information provided for in Rule 17Ad–3(b) (17 CFR 240.17Ad–3(b)), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (''Exchange Act'').

Section 17A(d)(1)(A) of the Exchange Act generally prohibits any registered transfer agent from engaging in any transfer agent activity in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act. In addition, Sections 17(a)(1) and (3) of the Exchange Act require every registered transfer agent to make reports as the Commission or other appropriate regulatory agency (''ARA''), as defined in Section 3(a)(34)(B) of the Exchange Act, prescribe by rule as necessary or appropriate in furtherance of the purposes of Section 17A of the Exchange Act.

On June 16, 1977, the Commission adopted Rules 17Ad–2(c) and (d), pursuant to Sections 2, 17, 17A, and 23(a) of the Exchange Act [1] in order to provide an early warning system to ARAs when a registered transfer agent is not meeting the performance standards set forth in the Commission's rules.[2] Rules 17Ad–2(c) and (d) enable an ARA to take timely, preventive, and remedial measures to protect the public interest and investors. Similarly, the Commission also adopted Rule 17Ad–3(b) to alert issuers when their transfer agents fail to meet the minimum performance standards set forth in Rule 17Ad–3(b).[3]

Rule 17Ad–3(b) requires a registered transfer agent to send a copy of the written notice required pursuant to Rules 17Ad–2(c) and (d) to all the issuers for which that transfer agent acts when for two consecutive months the transfer agent has failed to turnaround at least 75% of all routine items in accordance with the requirements of Rule 17Ad–2(a) or to process at least 75% of all items in accordance with the requirements of Rule 17Ad–2(b). The transfer agent is required to send the notice within twenty business days after the close of the second month to the chief executive officer (''CEO'') of each issuer for which such registered transfer agent acts.

The Commission estimates that each year approximately two registered transfer agents send a notice of non-compliance to the Commission and their ARA pursuant to Rule 17Ad–2(c) and (d). Pursuant to Rule 17Ad–3(b), a transfer agent that has already filed a notice of non-compliance with the Commission and its ARA pursuant to Rule 17Ad–2 will only be required to send a copy of that notice to issuers it services when that transfer agent fails to turnaround 75% of all routine items or to process 75% of all items for two consecutive months. The Commission estimates that each year approximately one of the two registered transfer agents that file a notice of non-compliance with the Commission and ARA will meet the requirements of Rule 17Ad–3(b), and such transfer agent will send its issuer-clients a copy of the notice that has already been filed under Rule 17Ad–2(c) or (d). The Commission estimates that the time burden of doing so will be approximately 4 hours per year. The total estimated time burden associated with Rule 17Ad–3(b) is thus approximately 4 hours per year (1 notice per year × 4 hours per notice). The Commission estimates that the total annual internal labor cost for a transfer agent to comply with this third-party disclosure requirement is approximately $1,320 per year (4 hours × $330 per hour for Accountants and Auditors = $1,320).[4]

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

The public may view and comment on this information collection request at: *https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202608-3235-005* or email comment to *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov* within 30 days of the day after publication of this notice, by November 23, 2026.

Dated: October 20, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–21632 Filed 10–22–26; 8:45 am]

BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under Office of Management and Budget Review

AGENCY: U.S. Small Business Administration.

ACTION: 30-Day notice; request for comments.

SUMMARY: The Small Business Administration (SBA) will submit the information collection described below to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, as amended, on or after the date of publication of this notice. SBA is publishing this notice to allow all interested members of the public an additional 30 days to provide comments on the collection of information.

DATES: Submit comments on or before November 23, 2026.

ADDRESSES: Written comments and recommendations for this information collection request should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this particular information collection request by selecting ''Small Business Administration''; ''Currently

[1] 15 U.S.C. 78b, § 78q, § 78q–1, and § 78w(a), respectively.

[2] *See* Exchange Act Release No. 13636 (Jun. 16, 1977), 42 FR 32404 (Jun. 24, 1977).

[3] *Id.*

[4] For purposes of calculating the dollar cost burdens associated with respondents, the Commission relies on the Occupational Employment and Wage Statistics (''OEWS'') from the U.S. Bureau of Labor Statistics (''BLS''). *See Occupational Employment and Wage Classification,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/oes/; see also Standard Occupational Classification,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/soc/* (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industrial Classification System (2022), *available at https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf* (describing the industry adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. *See Employment Cost Index,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/eci/.* The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis's annual gross output data for the North American Industry Classification System (''NAICS) number to total annual wages across all occupations for the NAICS number in the OEWS data.

Under Review,'' then select the ''Only Show ICR for Public Comment'' checkbox. This information collection can be identified by title and/or OMB Control Number, which are provided below.

FOR FURTHER INFORMATION CONTACT: You may obtain information including a copy of the forms and supporting documents from the Interim Agency Clearance Officer, Shauniece Carter, at (202) 205–6536, or *shauniece.carter@sba.gov*, or from *www.reginfo.gov/public/do/PRAMain*.

SUPPLEMENTARY INFORMATION: The information collected on SBA Form 480, ''Size Status Declaration'' is a certification of small business size status for purposes of the Small Business Investment Company (SBIC) program. This information collection is used to determine whether SBIC financial assistance is provided only to small business concerns as defined in the Small Business Investment Act of 1958, as amended, and SBA size regulations. Without this certification, businesses that exceed SBA's size standards could benefit from program resources meant for small businesses.

Summary of Information Collection

Title: Size Status Declaration.

OMB Control Number: 3245–0009.

Form Number: Form 480.

Description of Respondents: Small Business Investment Companies and Applicants.

Estimated Number of Respondents: 1,787.

Estimated Annual Responses: 1,462.

Estimated Annual Hour Burden: 244.

Solicitation of Public Comments

SBA invites the public to submit comments, including specific and detailed suggestions on ways to improve the collection and reduce the burden on respondents. Commenters should also address (i) whether the information collection is necessary for the proper performance of SBA's functions, including whether it has any practical utility; (ii) the accuracy of the estimated burdens; (iii) ways to enhance the quality, utility, and clarity of the information to be collected; and (iv) the use of automated collection techniques or other forms of information technology to minimize the information collection burden on those who are required to respond.

Shauniece Carter,

Interim Agency Clearance Officer.

[FR Doc. 2026–21639 Filed 10–22–26; 8:45 am]

BILLING CODE 8026–09–P

DEPARTMENT OF STATE

[Public Notice: 13135]

Privacy Act of 1974; System of Records

AGENCY: Department of State.

ACTION: Rescindment of a system of records notice.

SUMMARY: The ''Board of Appellate Review Records,'' State–02, system of records notice, which is being rescinded, applies to the records of the Office of the Legal Adviser Board of Appellate Review (''L–BAR''). L–BAR records included appeals of U.S. Department of State (the ''Department'') determinations related to loss of U.S. nationality the denial of an application for a U.S. passport, or the revocation of a U.S. passport. State–02 contained correspondence between the appellant and their attorney at the Department, the appellant's passport file, and copies of decisions rendered by the Board of Appellate Review. The latter two categories of records were only maintained in State–02 for the duration of the review after which they were returned to the Department's Passport Records system of records, State–26.

DATES: The Department of State stopped maintaining the ''Board of Appellate Review Records, State–02'' in May 2024 following the disposition of remaining hard copy files pertaining to loss of nationality cases. All other records previously maintained in the system have been disposed of in accordance with the Department's domestic Legacy Records Disposition Schedule for hard copy records created before 2012; specifically, Chapter 23 Legal Affairs Records, N1–059–95–11, item 10b.

ADDRESSES: Questions can be submitted by mail, or email. If mail, please write to: U.S Department of State; Shared Knowledge Services, A/SKS; Room 4534, 2201 C St. NW, Washington, DC 20520. If email, please address the email to the Senior Agency Official for Privacy, Timothy J. Kootz, at *SORN@state.gov.* Please write ''Board of Appellate Review Records, State–02'' on the envelope or the subject line of your email.

FOR FURTHER INFORMATION CONTACT: Timothy J. Kootz, Senior Agency Official for Privacy; U.S. Department of State; Shared Knowledge Services, A/SKS; Room 4534, 2201 C St. NW, Washington, DC 20520 or *SORN@state.gov.*

SUPPLEMENTARY INFORMATION: The Board of Appellate Review, previously within the Department's Office of the Legal Adviser, was responsible for reviewing appeals related to Department determinations concerning cases of loss of nationality or the revocation of a passport. This board was disbanded in 2008. The administrative review functions related to passport revocations and loss of nationality have since been transferred to the Bureau of Consular Affairs. Relevant System of Records Notices pertaining to these records include State–05, Overseas Citizens Services Records and Other Overseas Records, State–26, Passport Records, and State–21, Legal Case Management Records.

SYSTEM NAME AND NUMBER:

Board of Appellate Review Records, State–02.

HISTORY:

67 FR 30753.

Timothy J. Kootz,

Deputy Assistant Secretary, Shared Knowledge Services (A/SKS), U.S. Department of State.

[FR Doc. 2026–21694 Filed 10–22–26; 8:45 am]

BILLING CODE 4710–24–P

DEPARTMENT OF STATE

[Public Notice: 13151]

Privacy Act of 1974; System of Records

AGENCY: Department of State.

ACTION: Notice of a modified system of records.

SUMMARY: This system maintains information that is used to establish the U.S. nationality and identity of persons for a variety of legal purposes including, but not limited to, the adjudication of passport applications and requests for related services, social security benefits, voter eligibility, employment applications, estate settlements, and Federal and state law enforcement and counterterrorism purposes.

DATES: In accordance with 5 U.S.C. 552a(e)(4) and (11), this system of records notice is effective upon publication, with the exception of the routine uses (u), (v), and (w) that are subject to a 30-day period during which interested persons may submit comments to the Department. Please submit any comments by November 23, 2026. Unless comments are received that would require a revision, routine uses (u), (v), and (w) will become effective on November 23, 2026.

ADDRESSES: Interested parties may submit comments, identified by Department docket number DOS–2026–1156, through the Federal eRulemaking

Portal at *http://www.regulations.gov.* Follow the website instructions for submitting comments. Comments submitted in a manner other than the eRulemaking Portal will not be considered comments on the System of Records Notice (SORN) and might not be considered by the Department.

FOR FURTHER INFORMATION CONTACT: Timothy J. Kootz, Senior Agency Official for Privacy; U.S. Department of State; Shared Knowledge Services, A/SKS; Room 4534, 2201 C St. NW; Washington, DC 20520 or *SORN@state.gov.* Please write ''Passport Services Records, State–26'' on the envelope or the subject line of your email.

SUPPLEMENTARY INFORMATION: The Department of State proposes to rename the current ''Passport Records'' system (previously published at 80 FR 15653) as the ''Passport Services Records'' system. The proposed system will include modifications to sections including Summary; Dates; Addresses; For Further Information Contact; Supplementary Information; System Name and Number; System Location; Authority For Maintenance of the System; Purpose(s) of the System; Routine Uses of Records Maintained in the System; Policies And Practice For Storage of Records; Policies And Practices For Retention And Disposal of Records; Administrative, Technical, And Physical Safeguards; Record Access Procedures; Contesting Record Procedures; Notification Procedures; and History. The purpose of these modifications is to reflect the Department's move to cloud storage and new Office of Management and Budget (OMB) guidance including breach notification routine uses, and to clarify the use of passport records in administrative hearings and by additional users for identity verification.

SYSTEM NAME AND NUMBER:

Passport Services Records, State–26.

SECURITY CLASSIFICATION:

Classified and Unclassified.

SYSTEM LOCATION:

Department of State, Passport Services, Vital Records Section, 44132 Mercure Cir., P.O. Box 1213, Sterling, VA 20166–1213 and within a government cloud provided, implemented, and overseen by the Department's Enterprise Server Operations Center (ESOC), 2201 C Street NW, Washington, DC 20520.

SYSTEM MANAGER(S):

Deputy Assistant Secretary of State for Passport Services, 600 19th Street NW, Fourth Floor, Washington, DC 20431.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

(a) 8 U.S.C. 1104, 1185, 1401–1504 (2025); (b) 18 U.S.C. 911, 1001, 1541–1546 (2024); (c) 22 U.S.C. 211a–218, 2651a, 2705, 2714, 2714a (2025); Executive Order 11295, August 5, 1966, 31 FR 10603; and (d) 26 U.S.C. 6039E (2025).

PURPOSE(S) OF THE SYSTEM:

The information maintained in the Passport Services Records, State–26, is used to establish the U.S. nationality and identity of persons for a variety of legal purposes including, but not limited to, the adjudication of passport applications and requests for related services, social security benefits, voter eligibility, employment applications, estate settlements, and Federal and state law enforcement and counterterrorism purposes.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Records are maintained in the Passport Services Records system about individuals who:

(a) have applied for the issuance, amendment, extension, or renewal of U.S. passport books and passport cards;

(b) were issued U.S. passport books or cards, or had passports amended, extended, renewed, limited, revoked, or denied;

(c) applied to document the birth of a U.S. citizen born abroad;

(d) were issued a Consular Report of Birth Abroad of U.S. citizens or for whom Certifications of Birth have been issued;

(e) were born in and/or died in the former Panama Canal Zone prior to October 1979;

(f) registered at U.S. diplomatic or consular posts as U.S. citizens living or traveling abroad prior to 1990;

(g) were issued Cards of Registration and Identity as U.S. citizens;

(h) were issued Certificates of Loss of Nationality of the U.S. by the Department of State;

(i) applied at U.S. diplomatic or consular posts for issuance of Certificates of Witness to marriage and individuals who have been issued Certificates of Witness to Marriage prior to 1989;

(j) deceased individuals for whom a Report of Death of a U.S. Citizen Abroad has been obtained;

(k) although U.S. citizens, are not or may not be entitled under relevant passport laws and regulations to the issuance or possession of U.S. passport books, cards, or other documentation nor service(s);

(l) have previous passport records that must be reviewed before further action can be taken on their passport application or request for other consular services;

(m) requested their own or another's passport records under the Freedom of Information Act (FOIA) or Privacy Act, whether successfully or not; or

(n) have corresponded with Passport Services concerning various aspects of the issuance or denial of a specific applicant's U.S. passport books or cards.

CATEGORIES OF RECORDS IN THE SYSTEM:

Passport Services maintains U.S. passport records for passports issued from 1925 to present, as well as vital records related to births abroad, deaths, and witnesses to marriage overseas. The passport records system does not maintain evidence of travel such as entrance/exit stamps, visas, or residence permits, since this information is entered into the passport book after it is issued. The passport records system includes the following categories of records:

(a) Passport books and passport cards (''passports''), applications for passports, and applications for additional visa pages, amendments, extensions, replacements, and/or renewals of passports (including all information and materials submitted as part of or with all such applications);

(b) Applications for registration at U.S. diplomatic and consular posts as U.S. citizens or for issuance of Cards of Identity and Registration as U.S. citizens;

(c) Consular Reports of Birth Aboard of United States citizens;

(d) Panama Canal Zone birth and death certificates;

(e) Certificates of Witness to Marriage;

(f) Certificates of Loss of United States Nationality;

(g) Oaths of Repatriation;

(h) Consular Certificates of Repatriation;

(i) Reports of Death of a U.S. Citizen Abroad;

(j) Cards of Identity and Registration as U.S. citizens;

(k) Lookout files which identify those persons whose applications for a consular or related services required other than routine examination or action;

(l) Lost, Stolen or Revoked passport status; and

(m) Miscellaneous materials, which are documents and/or records maintained separately, if not in the application, including but not limited to

the following types of documents: Investigatory reports compiled in connection with granting or denying passport and related services or prosecuting violations of passport criminal statutes; Transcripts and opinions on administrative hearings, appeals, and civil actions in Federal courts; Legal briefs, memoranda, judicial orders and opinions arising from administrative determinations relating to passports and citizenship; Birth and baptismal certificates; Copies of state-issued driver's licenses and identity cards; Court orders; Arrest warrants; Medical, personal and financial reports; Affidavits; Inter-agency and intra-agency memoranda, telegrams, letters and other miscellaneous correspondence; An electronic index of all passport application records created since 1978; and/or An electronic index of Department of State Reports of Birth of U.S. Citizens Abroad and Consular Reports of Death Abroad.

RECORD SOURCE CATEGORIES:

These records contain information obtained primarily from the individual who is the subject of these records; law enforcement agencies; investigative intelligence sources; investigative security sources; and officials of foreign governments.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

Records in the Passport system may be disclosed to the following users:

(a) Department of Homeland Security for border patrol, screening, and security purposes; law enforcement, counterterrorism, and fraud prevention activities; for verification of passport validity to support employment eligibility and identity corroboration for public and private employment through E-Verify, and for assisting U.S. state or territory driver's licensing or identification issuing authorities seeking to confirm the authenticity of the U.S. passport when it is presented as evidence of identity, nationality, and/or lawful status to acquire a driver's license or identification card;

(b) Department of Justice, including the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the U.S. Marshals Services, and other components, for law enforcement, counterterrorism, firearms sales and purchases in accordance with 18 U.S.C. 922, border security, fraud prevention, and criminal and civil litigation activities;

(c) Internal Revenue Service for the mailing and permanent addresses of specifically identified taxpayers in connection with pending actions to collect taxes accrued, examinations, and/or other tax-related assessment and collection activities; and an annual transmission of certain data from applications of those U.S. citizens residing abroad consistent with applicable requirements of 26 U.S.C. 6039E;

(d) INTERPOL and other international organizations for law enforcement, counterterrorism, fraud prevention, and criminal activities related to lost and stolen passports;

(e) National Counterterrorism Center to support strategic operational planning and counterterrorism intelligence activities;

(f) Office of Personnel Management (OPM), other Federal agencies, or contracted outside entities to support the investigations OPM, other Federal agencies and contractor personnel conduct for the Federal government in connection with verification of employment eligibility and/or the issuance of a security clearance;

(g) Social Security Administration to support employment-eligibility verification for public and private employers and for support in verification of social security numbers used in processing U.S. passport applications;

(h) Federal law enforcement and intelligence agencies to support their efforts in identifying, verifying identity, and investigating individuals potentially involved in or associated with criminal or terrorist activities and individuals with other ties or connections to terrorism who may pose a threat to the United States;

(i) Federal, state, local or other agencies having information on an individual's history, nationality, or identity, to the extent necessary to obtain information from these agencies relevant to adjudicating an application for a passport or related service, or where there is reason to believe that an individual has applied for or is in possession of a U.S. passport fraudulently or has violated the law;

(j) Federal, state, local or other agencies for use in legal proceedings, as government counsel deems appropriate, in accordance with any understanding reached by the agency with the U.S. Department of State;

(k) Department of Defense for the purpose of responding to inquiries from U.S. military installations concerning the current status of diplomatic, official, or no-fee regular passport applications of Department of Defense personnel and eligible family members;

(l) Immediate family when the information is necessary as a result of a serious and emergency situation, and for the benefit of the subject;

(m) Private U.S. citizen ''wardens'' designated by U.S. embassies and consulates to serve, primarily in emergency and evacuation situations, as channels of communication with other U.S. citizens in the local community;

(n) Parties and their attorneys in administrative or judicial passport proceedings when necessary for the adjudication of a case involving the individual who is the subject of a Departmental record;

(o) Members of Congress, at the request of the individual to whom the record pertains;

(p) Contractor personnel conducting data entry, scanning, corrections, and modifications on behalf of an agency and for a purpose otherwise covered by this Notice;

(q) Commercial vendors conducting applicant identity verification against commercial databases upon request of the Department of State;

(r) Foreign governments, to permit such governments to fulfill passport control and immigration duties and their own law enforcement, counterterrorism, and fraud prevention functions, and to support U.S. law enforcement, counterterrorism, and fraud prevention activities;

(s) U.S. state vital records issuing authorities for the purpose of confirming or validating a U.S. passport when it is presented as evidence to acquire certified copies of vital records;

(t) The National Association for Public Health Statistics and Information Systems for the purpose of verifying a Consular Report of Birth Abroad presented as evidence of nationality and/or lawful status when acquiring a driver's license or identification card at a U.S. state or territory driver's licensing or identification issuing authority;

(u) To appropriate agencies, entities, and persons when (1) the Department of State suspects or has confirmed that there has been a breach of the system of records; (2) the Department of State has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, the Department of State (including its information systems, programs, and operations), the Federal Government, or national security; and (3) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with the Department of State efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.

(v) To another Federal agency or Federal entity, when the Department of State determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (1) responding to a suspected or confirmed breach or (2) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach;

(w) Various entities including, but not limited to, Federal, state, territorial, tribal, and local government agencies, and non-profit organizations, utilizing federal government verification platforms, for the purpose of verifying the identity or citizenship for users accessing government websites and applications, voter eligibility, and other governmental services; and

(x) Government agencies other than the ones listed above that have statutory or other lawful authority to maintain such information may also receive access on a need-to-know basis; however, all information is made available to users only for a previously established routine use.

The Department of State periodically publishes in the **Federal Register** its standard routine uses that apply to all of its Privacy Act systems of records. These notices appear in the form of a Prefatory Statement (published in Volume 73, Number 136, Public Notice 6290, on July 15, 2008). All these standard routine uses apply to Passport Services Records, State–26.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records are stored both in hard copy and on electronic media. A description of standard Department of State policies concerning storage of electronic records is found here *https://fam.state.gov/fam/05fam/05fam0440.html.* All hard copies of records containing personal information are in secured file cabinets in restricted areas, access to which is limited to authorized personnel only.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

By individual name, date and place of birth, social security number, passport book or passport card number.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Records are retained in accordance with the following Records Disposition Schedule: N1–059–90–23, item 1(3); N1–059–04–02, item 15e; N1–059–04–02, item 15h; DAA–0059–2020–0017–0009 ; DAA–0059–2020–0017–0002 ; DAA–0059–2020–0017–0011 ; DAA–0059–2020–0017–0025.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

All users are given cyber security awareness training which covers the procedures for handling Sensitive but Unclassified (SBU) information, including personally identifiable information (PII). Annual refresher training is mandatory. In addition, all Department OpenNet users are required to take the National Foreign Affairs Training Center distance learning course instructing employees on privacy and security requirements, including the rules of behavior for handling PII and the potential consequences if it is handled improperly. Before being granted access to Passport Services Records, State–26, a user must first be granted access to the Department of State computer system.

Department of State employees and contractors may remotely access this system of records using non-Department owned information technology. Such access is subject to approval by the Department of State's mobile and remote access program and is limited to information maintained in unclassified information systems. Remote access to the Department of State's information systems is configured in compliance with OMB Circular Memorandum A–130 multifactor authentication requirements and includes a time-out function.

All Department of State employees and contractors with authorized access to records maintained in this system of records have undergone a background security investigation. Access to the Department of State, its annexes and posts abroad is controlled by security guards and admission is limited to those individuals possessing a valid identification card or individuals under proper escort. Access to computerized files is password-protected and under the direct supervision of the system manager. The system manager has the capability of printing audit trails of access from the computer media, thereby permitting regular and ad hoc monitoring of computer usage. When it is determined that a user no longer needs access, the user account is disabled.

Physical records containing personal information are maintained in secured file cabinets or in restricted areas, access to which is limited to authorized personnel. Servers are stored in secured facilities in cipher locked server rooms. Physical access to the server rooms is limited to authorized personnel only. The system is secured with the safeguards required by OMB Memorandum M–07 16 as may be applicable.

The safeguards in the following paragraphs apply only to records that are maintained in government-certified cloud systems. All cloud systems that provide IT services and process Department of State information must be specifically authorized by the Department of State Authorizing Official and Senior Agency Official for Privacy.

Information that conforms with Department of State-specific definitions for Federal Information Security Modernization Act (FISMA) low, moderate, or high categorization are permissible for cloud usage and must specifically be authorized by the Department of State's Cloud Program Management Office and the Department of State Authorizing Official. Specific security measures and safeguards will depend on the FISMA categorization of the information in a given cloud system. In accordance with Department of State policy, systems that process more sensitive information will require more stringent controls and review by Department of State cybersecurity experts prior to approval. Prior to operation, all cloud systems must comply with applicable security measures that are outlined in FISMA, FedRAMP, OMB regulations, National Institute of Standards and Technology's (NIST) Special Publications (SP) and Federal Information Processing Standards (FIPS) and Department of State policies and standards.

All data stored in cloud environments categorized above a low FISMA impact risk level must be encrypted at rest and in-transit using a federally-approved encryption mechanism. The encryption keys shall be generated, maintained, and controlled in a Department of State data center by the Department of State key management authority. Deviations from these encryption requirements must be approved in writing by the Department of State Authorizing Official. High FISMA impact risk level systems will additionally be subject to continual auditing and monitoring, multifactor authentication mechanism utilizing Public Key Infrastructure (PKI) and NIST 800 53 controls concerning virtualization, servers, storage and networking, as well as stringent measures to sanitize data from the cloud service once the contract is terminated.

RECORD ACCESS PROCEDURES:

Individuals who wish to gain access to or amend records pertaining to themselves should submit a Privacy Act request to the U.S. Department of State Information Access Programs (IAP)

directorate by following the guidance and procedures located at *https://foia.state.gov/request/request2.aspx.* Mailed requests can be addressed to U.S. Department of State, Information Access Programs Directorate (A/SKS/IAP); 2201 C Street NW; Washington, DC 20520–0000. To request information under the Privacy Act, the individual should be a citizen of the United States, or an alien lawfully admitted for permanent residence. The Privacy Act permits access to an individual's own records only if those records are within a system of records that are retrieved by an individual's name or personal identifier.

CONTESTING RECORD PROCEDURES:

Individuals who wish to contest the content of any record pertaining to him or her in the system should write to U.S. Department of State; Information Access Programs Directorate (A/SKS/IAP); 2201 C Street NW; Washington, DC 20520–0000.

NOTIFICATION PROCEDURES:

Individuals who wish to be notified if the system contains a record pertaining to him or her should write to the U.S. Department of State; Information Access Programs Directorate (A/SKS/IAP); 2201 C Street NW; Washington, DC 20520–0000.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

Pursuant to 5 U.S.C. 552a (k)(1), (k)(2), and (k)(3), certain records contained within this system of records may be exempt from subsections 5 U.S.C. 552a (c)(3), (d), (e)(1); (e)(4)(G), (e)(4)(H), (e)(4)(I) and (f).

HISTORY:

Passport Records, State–26, was previously published at 80 FR 15653.

Timothy J. Kootz,

Deputy Assistant Secretary, Shared Knowledge Services (A/SKS), U.S. Department of State.

[FR Doc. 2026–21695 Filed 10–22–26; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF STATE

[Public Notice: 13153]

Notice of Department of State Action

ACTION: Notice of Department of State Sanctions Actions Pursuant to the Executive Order Imposing Sanctions on the International Criminal Court.

SUMMARY: The Department of State is publishing the names of one or more persons that have been placed on the Department of the Treasury's List of Specially Designated Nationals and Blocked Persons (SDN List) administered by the Office of Foreign Assets Control (OFAC).

DATES: See **SUPPLEMENTARY INFORMATION** section for applicable dates.

FOR FURTHER INFORMATION CONTACT: Samuel Parker, Deputy Assistant Secretary, Division for Counter Threat Finance and Sanctions, Bureau of Economic, Energy & Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647 6981, email: *iccsanctions@state.gov*.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning sanctions programs are available on OFAC's website, *https://ofac.treasury.gov/sanctions-programs-and-country-information/international-criminal-court-related-sanctions.*

Notice of Department of State Actions

Acting pursuant to the authority of, and in accordance with, Executive Order 14203, the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, determined that the following persons met the E.O. criteria referenced below. As a result, these persons have been added to the SDN List as of August 18, 2026, and all property and interests in property subject to U.S. jurisdiction of those persons are blocked.

Individuals

1. AKANE, Tomoko, The Hague, Netherlands; DOB 28 Jun 1956; POB Aichi, Japan; nationality Japan; Gender Female; Passport RA3001686 (Japan) expires 17 Nov 2027.

Designated pursuant to section 1(a)(ii)(A) of E.O. 14203 for having directly engaged in any effort by the ICC to investigate, arrest, detain, or prosecute a protected person without consent of that person's country of nationality.

2. SEYE, Abdoulaye, The Hague, Netherlands; DOB 09 May 1967; POB Dakar, Senegal; nationality Senegal; Gender Male; Passport A04447087 (Senegal) expires 23 Jul 2030.

Designated pursuant to section 1(a)(ii)(A) of E.O. 14203 for having directly engaged in any effort by the ICC to investigate, arrest, detain, or prosecute a protected person without consent of that person's country of nationality.

Acting pursuant to the authority of, and in accordance with, E.O. 14203, the Secretary of State determined, in consultation with the Secretary of the Treasury and the Attorney General, that the following person met the E.O. criteria referenced below. As a result, this person has been added to the SDN List as of October 9, 2026, and all property and interests in property subject to U.S. jurisdiction of that person are blocked.

Entity

1. INTERNATIONAL CRIMINAL COURT, Oude Waalsdorperweg 10 2597 AK, The Hague, Netherlands; V.A.T. Number NL810956822 (Netherlands); Organization Established Date 01 Jul 2002.

Designated pursuant to section 1(a)(ii)(A) of E.O. 14203 for having directly engaged in any effort by the ICC to investigate, arrest, detain, or prosecute a protected person without consent of that person's country of nationality.

Samuel K. Parker,

Deputy Assistant Secretary, Bureau of Economic, Energy & Business Affairs, U.S. Department of State.

[FR Doc. 2026–21701 Filed 10–22–26; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF STATE

[Public Notice 13146]

60-Day Notice of Proposed Information Collection: Two (2) Passport Services Information Collections: Application for Consular Report of Birth Abroad of a Citizen of the United States of America and Affidavit of Physical Presence or Residence, Parentage, and Support

ACTION: Notice of request for public comment and submission to OMB of proposed collection of information.

SUMMARY: The Department of State has submitted the information collections described below to the Office of Management and Budget (OMB) for approval. In accordance with the Paperwork Reduction Act of 1995, we are requesting comments on these collections from all interested individuals and organizations. The purpose of this Notice is to allow 60 days for public comment.

DATES: The Department will accept comments from the public up to December 22, 2026.

ADDRESSES: You may submit comments by any of the following methods:

- *Web:* Persons with access to the internet may comment on this notice by going to *www.Regulations.gov*. You can search for the document by entering ''Docket Number: DOS–2026–1123 in

the Search field. Then click the ''Comment Now'' button and complete the comment form. Email and regular mail options have been suspended to centralize receiving and addressing all comments in a timely manner.

You may send requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents, to the following email address: *Passport-Form-Comments@State.gov*. You must include the DS form number (if applicable), information collection title, and the OMB control number in the email subject line.

SUPPLEMENTARY INFORMATION:

- *Title of Information Collection:* Application for Consular Report of Birth Abroad of a Citizen of the United States of America.
- *OMB Control Number:* 1405–0011.
- *Type of Request:* Revision of a Currently Approved Collection.
- *Originating Office:* Bureau of Consular Affairs, Passport Services (CA/PPT).
- *Form Number:* DS–2029.
- *Respondents:* United States Citizens and Nationals.
- *Estimated Number of Respondents:* 113,212.
- *Estimated Number of Responses:* 113,212.
- *Average Time per Response:* 60 minutes.
- *Total Estimated Burden Time:* 113,212 hours.
- *Frequency:* On occasion.
- *Obligation to Respond:* Required to Obtain or Retain a Benefit.
- *Title of Information Collection:* Affidavit of Physical Presence or Residence, Parentage, and Support.
- *OMB Control Number:* 1405–0187.
- *Type of Request:* Revision of a Currently Approved Collection.
- *Originating Office:* Bureau of Consular Affairs, Passport Services (CA/PPT).
- *Form Number:* DS–5507.
- *Respondents:* Individuals and Organizations.
- *Estimated Number of Respondents:* 162,161.
- *Estimated Number of Responses:* 162,161.
- *Average Time per Response:* 30 minutes.
- *Total Estimated Time Burden:* 81,081 hours.
- *Frequency:* On occasion.
- *Obligation to Respond:* Required to Obtain or Retain a Benefit.

We are soliciting public comments to permit the Department to:

- Evaluate whether the proposed information collection is necessary for the proper functions of the Department.
- Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Please note that comments submitted in response to this Notice are public record. Before including any detailed personal information, you should be aware that your comments as submitted, including your personal information, will be available for public review.

Abstract of Proposed Collection

- 1405–0011, DS–2029, *Application for Consular Report of Birth Abroad of a Citizen of the United States of America:* The form is used to apply for a Consular Report of Birth Abroad of a U.S. citizen. The information collected on this form will be used to certify the acquisition of U.S. citizenship at birth of a person born abroad. 8 U.S.C. 1104 and 22 CFR 50.5–50.7 are among the important legal authorities pertaining to the Department's use of this form.
- 1405–0187, DS–5507, *Affidavit of Physical Presence or Residence, Parentage, and Support:* The form is used to determine whether a U.S. national parent has met the statutory physical presence or residence requirements to transmit U.S. nationality to his/her child born abroad or in a United States territory for U.S. noncitizen nationality; to establish parentage of the child; and to fulfill the requirements of 8 U.S.C. 1409(a), which permits acknowledgment of paternity under oath and requires the U.S. citizen father's written agreement to provide financial support for a child born abroad out of wedlock to a U.S. citizen father.

Methodology

Parents normally apply for a Consular Report of Birth Abroad at a U.S. embassy or consulate in the consular district in which the birth occurred. A consular officer will interview the parent(s)/guardian, examine the application and supporting documentation, and enter the information provided into the Department of State American Citizen Services (ACS) electronic database. The DS–2029 application is also available in an online format known as eCRBA. eCRBA allows applicants to enter their data, upload required documents, pay fees, and schedule an appointment to appear at the adjudicating post for an interview. Additionally, the applicant may check the status of their application.

Parent(s) may complete and submit the Affidavit of Physical Presence or Residence, Parentage, and Support in person or by mail. The form may be accessed online, completed electronically, printed, and signed; or it may be downloaded, printed, and completed manually.

Paul T. Peek,

Acting Managing Director for Passport Support Operations, Bureau of Consular Affairs, Passport Services, Department of State.

[FR Doc. 2026–21662 Filed 10–22–26; 8:45 am]

BILLING CODE 4710–06–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–1090]

Agency Information Collection Activities; Renewal of a New Information Collection Request: Request for Revocation of Authority Granted

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, FMCSA announces its plan to submit the Information Collection Request (ICR) described below to the Office of Management and Budget (OMB) for review and approval. FMCSA requests approval to renew the previously approved ICR now titled ''Request for Revocation of Authority Granted,'' OMB Control No. 2126–0018. This ICR allows certain transportation industry registrants, such as motor carriers, freight forwarders, and property brokers, to request the voluntary revocation of all or part of their operating authority registration utilizing Form OCE–46.

DATES: Comments on this notice must be received on or before November 23, 2026.

ADDRESSES: Written comments and recommendations for the proposed information collection should be submitted within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* Find this information collection by selecting ''Currently under 30-day Review—Open

for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Mr. Jeffrey Secrist, Office of Registration, Chief, Registration Division, DOT, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001; (202) 385–2367; *jeff.secrist@dot.gov.*

SUPPLEMENTARY INFORMATION:

Title: Request for Revocation of Authority Granted.

OMB Control Number: 2126–0018.

Type of Request: Renewal of a currently approved information collection.

Respondents: For-hire motor carriers, freight forwarders, and property brokers.

Estimated Number of Respondents: 5,711.

Estimated Time per Response: 15 minutes.

Expiration Date: December 31, 2026.

Frequency of Response: Other (as needed).

Estimated Total Annual Burden: 1,428 hours.

Background

FMCSA registers for-hire motor carriers of regulated commodities under 49 U.S.C. 13902, surface freight forwarders under 49 U.S.C. 13903, and property brokers under 49 U.S.C. 13904. Each registration is effective from the date specified under 49 U.S.C. 13905 (c). Subsection (d) of 49 U.S.C. 13905 also provides that on application of the registrant, the Secretary may amend or revoke a registration, and hence the registrant's operating authority.

Form OCE–46 allows these registrants to apply voluntarily for revocation of their operating authority or parts thereof. If the registrant fails to maintain evidence of the required level of insurance coverage on file with FMCSA, its operating authority will be revoked involuntarily. Although the effect of both types of revocation is the same, some registrants prefer to request voluntary revocation. For various business reasons, a registrant may request revocation of some part, but not all, of its operating authority. This information collection, which supports the DOT Strategic Goal of Safety, reflects modified estimates of burden hours and costs. For respondents, the program adjustment has resulted in decreased total burden hours and a decrease in respondent costs. The burden hour decrease is due to an estimated decrease in the number of annual filings of Form OCE–46 from 8,699 to 5,711 per year, resulting in a decrease of 2,988 responses and 747 burden hours. The estimated annual labor cost for industry resulting from submitting Form OCE–46 is $51,422, a decrease of $15,765. The total annual non-labor respondent cost has decreased by $8,177. This decrease is due to the decrease in the number of respondents. While the online submission option exists, FMCSA still estimates that approximately 1,517 respondents (approximately 27 percent of the total number of respondents) will continue to file the form by mail, which incurs notarization and postage fees. For the Federal Government, the program costs have decreased by $14,513 due to the decrease in the number of forms received by FMCSA.

On May 14, 2026, FMCSA published a **Federal Register** notice allowing for a 60-day comment period on this ICR (91 FR 27483). The comment period closed on July 13, 2026 and no comments were received.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including: (1) whether the proposed collection is necessary for the performance of FMCSA's functions; (2) the accuracy of the estimated burden; (3) ways for FMCSA to enhance the quality, usefulness, and clarity of the collected information; and (4) ways that the burden could be minimized without reducing the quality of the collected information.

Issued under the authority of 49 CFR 1.87.

Jonathan Mueller,

Acting Associate Administrator, Office of Research and Registration.

[FR Doc. 2026–21647 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–EX–P

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

[Docket Number FRA–2010–0074]

Denton County Transportation Authority's Request To Amend Its Positive Train Control Safety Plan and Positive Train Control System

AGENCY: Federal Railroad Administration (FRA), Department of Transportation (DOT).

ACTION: Notice of availability and request for comments.

SUMMARY: This document provides the public with notice that, on October 12, 2026, the Denton County Transportation Authority (DCTA) submitted a request for amendment (RFA) to its FRA-approved Positive Train Control Safety Plan (PTCSP) to transition to an integrated dispatch system. The purpose of the transition is to eliminate the need for DCTA dispatch personnel to operate two separate workstations and dispatch systems to perform Centralized Traffic Control (CTC) and Enhanced Automatic Train Control (E–ATC) Temporary Speed Restriction (TSR) operations. As this RFA may involve a request for FRA's approval of proposed material modifications to an FRA-certified positive train control (PTC) system, FRA is publishing this notice and inviting public comment on DCTA's RFA to its PTCSP.

DATES: FRA will consider comments received by November 12, 2026. FRA may consider comments received after that date to the extent practicable and without delaying implementation of valuable or necessary modifications to a PTC system.

ADDRESSES: *Comments:* Comments may be submitted by going to *https://www.regulations.gov* and following the online instructions for submitting comments.

Instructions: All submissions must include the agency name and the applicable docket number. The relevant PTC docket number for this host railroad is Docket No. FRA–2010–0074. For convenience, all active PTC dockets are hyperlinked on FRA's website at *https://railroads.dot.gov/research-development/program-areas/train-control/ptc/railroads-ptc-dockets.* All comments received will be posted without change to *https://www.regulations.gov;* this includes any personal information.

FOR FURTHER INFORMATION CONTACT: Gabe Neal, Staff Director, Signal, Train Control, and Crossings Division, telephone: 816–516–7168, email: *Gabe.Neal@dot.gov.*

SUPPLEMENTARY INFORMATION: In general, title 49 United States Code (U.S.C.) section 20157(h) requires FRA to certify that a host railroad's PTC system complies with 49 CFR part 236, subpart I, before the technology may be operated in revenue service. Before making certain changes to an FRA-certified PTC system or the associated FRA-approved PTCSP, a host railroad must submit, and obtain FRA's approval of, an RFA to its PTCSP under 49 CFR 236.1021.

Under 49 CFR 236.1021(e), FRA's regulations provide that FRA will publish a notice in the **Federal Register** and invite public comment in accordance with 49 CFR part 211, if an RFA includes a request for approval of a material modification of a signal or train control system. Accordingly, this notice informs the public that DCTA submitted an RFA to its PTCSP for its E–ATC system, which seeks FRA's approval for updates to dispatch system software and wayside segments. That

RFA is available in Docket No. FRA–2010–0074.

Interested parties are invited to comment on DCTA's RFA to its PTCSP by submitting written comments or data. During FRA's review of DCTA's RFA, FRA will consider any comments or data submitted within the timeline specified in this notice and to the extent practicable, without delaying implementation of valuable or necessary modifications to a PTC system. *See* 49 CFR 236.1021; *see also* 49 CFR 236.1011(e). Under 49 CFR 236.1021, FRA maintains the authority to approve, approve with conditions, or deny a railroad's RFA to its PTCSP at FRA's sole discretion.

Privacy Act Notice

In accordance with 49 CFR 211.3, FRA solicits comments from the public to inform its decisions. DOT posts these comments, without edit, including any personal information the commenter provides, to *https://www.regulations.gov,* as described in the system of records notice (DOT/ALL–14 FDMS), which can be reviewed at *https://www.transportation.gov/privacy.* See *https://www.regulations.gov/privacy-notice* for the privacy notice of *regulations.gov*. To facilitate comment tracking, we encourage commenters to provide their name, or the name of their organization; however, submission of names is optional. If you wish to provide comments containing proprietary or confidential information, please contact FRA for alternate submission instructions.

Issued in Washington, DC

Carolyn R. Hayward-Williams,

Director, Office of Railroad Systems and Technology.

[FR Doc. 2026–21635 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–06–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2026–1719]

Request Notice: Use of Foreign-Built Small Passenger Vessel in United States Coastwise Trade, M/V GT PRINCESS

AGENCY: Maritime Administration (MARAD), U.S. Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: The Secretary of Transportation, as represented by MARAD, is authorized to make determinations regarding the coastwise use of foreign built; certain U.S. built; and U.S. and foreign rebuilt vessels that solely carry no more than twelve passengers for hire. MARAD has received such a determination request and is publishing this notice to solicit comments to assist with determining whether the proposed use of the vessel set forth in the request would have an adverse effect on U.S. vessel builders or U.S. coastwise trade businesses that use U.S.-built vessels in those businesses. Information about the requestor's vessel, including a description of the proposed service, is in the **SUPPLEMENTARY INFORMATION** section below.

DATES: Submit comments on or before November 23, 2026.

ADDRESSES: You may submit comments identified by DOT Docket Number MARAD–2026–1719 by any one of the following methods:

- *Federal eRulemaking Portal:* Go to *https://www.regulations.gov.* Search the above DOT Docket Number and follow the instructions for submitting comments.
- *Mail or Hand Delivery:* Docket Management Facility is in the West Building, Ground Floor of the U.S. Department of Transportation. The Docket Management Facility location address is U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Room W12–140, Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except on Federal holidays.

Note: If you mail or hand-deliver your comments, we recommend that you include the DOT Docket Number, your name and a mailing address, an email address or a telephone number in the body of your document so that we can contact you if we have questions regarding your submission.

Instructions: All submissions received must include the agency name and specific DOT Docket Number. All comments received will be posted without change to the docket at *www.regulations.gov,* including any personal information provided. For detailed instructions on submitting comments, or to submit comments that are confidential in nature, see the section entitled Public Participation.

FOR FURTHER INFORMATION CONTACT: Ye Tian, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE, Mail Stop 2, MAR–620, Washington, DC 20590. Telephone: (202) 366–5400. Email: *smallvessels@dot.gov.*

SUPPLEMENTARY INFORMATION: Pursuant to 46 U.S.C. 12121(b), the U.S. Coast Guard may issue a certificate of documentation with a coastwise trade endorsement for eligible, small passenger vessels authorized to carry no more than 12 passengers for hire if MARAD, after notice and an opportunity for public comment, determines the use of the small passenger vessel in the coastwise trade will not adversely affect United States vessel builders or the coastwise trade business of any person that employs vessels built in the United States in that business.[1]

MARAD has received an eligibility determination request. Further details about the requester's vessel and its proposed operations may be found in the determination request posted in the DOT Docket Number listed in the **ADDRESSES** section above at *https://www.regulations.gov.* Interested parties may comment on the undue adverse effect this action may have on U.S. vessel builders or coastwise trade businesses in the U.S. that employ U.S.-built vessels in those businesses. Comments should refer to the vessel name, state the commenter's interest in the request, and demonstrate, with supporting documentation, the undue adverse effect on U.S. vessel builders and coastwise trade businesses.

Public Participation

How do I submit comments?

Please submit comments, including the attachments, following the instructions provided under the above heading entitled **ADDRESSES**. It may take a few hours or even days for comments to be reflected on the docket. Comments must be written in English. Provide concise comments and attach additional documents as necessary. There is no limit on the length of the attachments.

Where do I go to read public comments, and find supporting information?

The docket online is located at *https://www.regulations.gov,* keyword search the DOT Docket Number list in the **ADDRESSES** section above or visit the Docket Management Facility (see **ADDRESSES** for hours of operation). Please periodically check the Docket for new submissions and supporting material.

Will my comments be made available to the public?

Yes. Your entire comment, including your personal identifying information, will be made publicly available.

[1] The U.S. Coast Guard and MARAD have authority under 46 U.S.C. 12121(b) through the Secretary of the Department of Homeland Security and the Secretary of the Department of Transportation, respectively.

May I submit comments confidentially?

You may request that MARAD treat your comments as commercially confidential by submitting them to *SmallVessels@dot.gov.* Include in the email subject heading ''Contains Confidential Commercial Information'' or ''Contains CCI'' and state in your submission, with specificity, the basis for any such confidential treatment highlighting the CCI portions. If possible, please provide a summary of your submission that can be made available to the public.

If MARAD receives a Freedom of Information Act (FOIA) request for the information, procedures described in the Department's FOIA regulation at 49 CFR 7.29 will be followed. Only information that is ultimately determined to be confidential under those procedures will be exempt from disclosure under FOIA.

Privacy Act

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). For information on DOT's compliance with the Privacy Act, please visit *https://www.transportation.gov/privacy.*

(Authority: 46 U.S.C. 12121, 49 CFR 1.93(a))

By Order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2026–21638 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2026–1717]

Request Notice: Use of Foreign-built Small Passenger Vessel in United States Coastwise Trade, M/V LUMINOSITY

AGENCY: Maritime Administration (MARAD), U.S. Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: The Secretary of Transportation, as represented by MARAD, is authorized to make determinations regarding the coastwise use of foreign built; certain U.S. built; and U.S. and foreign rebuilt vessels that solely carry no more than twelve passengers for hire. MARAD has received such a determination request and is publishing this notice to solicit comments to assist with determining whether the proposed use of the vessel set forth in the request would have an adverse effect on U.S. vessel builders or U.S. coastwise trade businesses that use U.S.-built vessels in those businesses. Information about the requestor's vessel, including a description of the proposed service, is in the **SUPPLEMENTARY INFORMATION** section below.

DATES: Submit comments on or before November 23, 2026.

ADDRESSES: You may submit comments identified by DOT Docket Number MARAD–2026–1717 by any one of the following methods:

- *Federal eRulemaking Portal:* Go to *https://www.regulations.gov.* Search the above DOT Docket Number and follow the instructions for submitting comments.
- *Mail or Hand Delivery:* Docket Management Facility is in the West Building, Ground Floor of the U.S. Department of Transportation. The Docket Management Facility location address is U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Room W12–140, Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except on Federal holidays.

Note: If you mail or hand-deliver your comments, we recommend that you include the DOT Docket Number, your name and a mailing address, an email address or a telephone number in the body of your document so that we can contact you if we have questions regarding your submission.

Instructions: All submissions received must include the agency name and specific DOT Docket Number. All comments received will be posted without change to the docket at *www.regulations.gov*, including any personal information provided. For detailed instructions on submitting comments, or to submit comments that are confidential in nature, see the section entitled Public Participation.

FOR FURTHER INFORMATION CONTACT: Ye Tian, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE, Mail Stop 2, MAR–620, Washington, DC 20590. Telephone: (202) 366–5400. Email: *smallvessels@dot.gov.*

SUPPLEMENTARY INFORMATION: Pursuant to 46 U.S.C. 12121(b), the U.S. Coast Guard may issue a certificate of documentation with a coastwise trade endorsement for eligible, small passenger vessels authorized to carry no more than 12 passengers for hire if MARAD, after notice and an opportunity for public comment, determines the use of the small passenger vessel in the coastwise trade will not adversely affect United States vessel builders or the coastwise trade business of any person that employs vessels built in the United States in that business.[1]

MARAD has received an eligibility determination request. Further details about the requester's vessel and its proposed operations may be found in the determination request posted in the DOT Docket Number listed in the **ADDRESSES** section above at *https://www.regulations.gov*. Interested parties may comment on the undue adverse effect this action may have on U.S. vessel builders or coastwise trade businesses in the U.S. that employ U.S.-built vessels in those businesses. Comments should refer to the vessel name, state the commenter's interest in the request, and demonstrate, with supporting documentation, the undue adverse effect on U.S. vessel builders and coastwise trade businesses.

Public Participation

How do I submit comments?

Please submit comments, including the attachments, following the instructions provided under the above heading entitled **ADDRESSES**. It may take a few hours or even days for comments to be reflected on the docket. Comments must be written in English. Provide concise comments and attach additional documents as necessary. There is no limit on the length of the attachments.

Where do I go to read public comments, and find supporting information?

The docket online is located at *https://www.regulations.gov*, keyword search the DOT Docket Number list in the **ADDRESSES** section above or visit the Docket Management Facility (see **ADDRESSES** for hours of operation). Please periodically check the Docket for new submissions and supporting material.

Will my comments be made available to the public?

Yes. Your entire comment, including your personal identifying information, will be made publicly available.

May I submit comments confidentially?

You may request that MARAD treat your comments as commercially confidential by submitting them to *SmallVessels@dot.gov*. Include in the

[1] The U.S. Coast Guard and MARAD have authority under 46 U.S.C. 12121(b) through the Secretary of the Department of Homeland Security and the Secretary of the Department of Transportation, respectively.

email subject heading ''Contains Confidential Commercial Information'' or ''Contains CCI'' and state in your submission, with specificity, the basis for any such confidential treatment highlighting the CCI portions. If possible, please provide a summary of your submission that can be made available to the public.

If MARAD receives a Freedom of Information Act (FOIA) request for the information, procedures described in the Department's FOIA regulation at 49 CFR 7.29 will be followed. Only information that is ultimately determined to be confidential under those procedures will be exempt from disclosure under FOIA.

Privacy Act

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). For information on DOT's compliance with the Privacy Act, please visit *https://www.transportation.gov/privacy*.

(Authority: 46 U.S.C. 12121, 49 CFR 1.93(a))

By Order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2026–21642 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2026–1718]

Request Notice: Use of Foreign-Built Small Passenger Vessel in United States Coastwise Trade, S/V STARCHASER II

AGENCY: Maritime Administration (MARAD), U.S. Department of Transportation (DOT).

ACTION: Notice and request for comments.

SUMMARY: The Secretary of Transportation, as represented by MARAD, is authorized to make determinations regarding the coastwise use of foreign built; certain U.S. built; and U.S. and foreign rebuilt vessels that solely carry no more than twelve passengers for hire. MARAD has received such a determination request and is publishing this notice to solicit comments to assist with determining whether the proposed use of the vessel set forth in the request would have an adverse effect on U.S. vessel builders or U.S. coastwise trade businesses that use U.S.-built vessels in those businesses. Information about the requestor's vessel, including a description of the proposed service, is in the **SUPPLEMENTARY INFORMATION** section below.

DATES: Submit comments on or before November 23, 2026.

ADDRESSES: You may submit comments identified by DOT Docket Number MARAD–2026–1718 by any one of the following methods:

- *Federal eRulemaking Portal:* Go to *https://www.regulations.gov.* Search the above DOT Docket Number and follow the instructions for submitting comments.
- *Mail or Hand Delivery:* Docket Management Facility is in the West Building, Ground Floor of the U.S. Department of Transportation. The Docket Management Facility location address is U.S. Department of Transportation, 1200 New Jersey Avenue SE, West Building, Room W12–140, Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except on Federal holidays.

Note: If you mail or hand-deliver your comments, we recommend that you include the DOT Docket Number, your name and a mailing address, an email address or a telephone number in the body of your document so that we can contact you if we have questions regarding your submission.

Instructions: All submissions received must include the agency name and specific DOT Docket Number. All comments received will be posted without change to the docket at *www.regulations.gov,* including any personal information provided. For detailed instructions on submitting comments, or to submit comments that are confidential in nature, see the section entitled Public Participation.

FOR FURTHER INFORMATION CONTACT: Ye Tian, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE, Mail Stop 2, MAR–620, Washington, DC 20590. Telephone: (202) 366–5400. Email: *smallvessels@dot.gov.*

SUPPLEMENTARY INFORMATION: Pursuant to 46 U.S.C. 12121(b), the U.S. Coast Guard may issue a certificate of documentation with a coastwise trade endorsement for eligible, small passenger vessels authorized to carry no more than 12 passengers for hire if MARAD, after notice and an opportunity for public comment, determines the use of the small passenger vessel in the coastwise trade will not adversely affect United States vessel builders or the coastwise trade business of any person that employs vessels built in the United States in that business.[1]

MARAD has received an eligibility determination request. Further details about the requester's vessel and its proposed operations may be found in the determination request posted in the DOT Docket Number listed in the **ADDRESSES** section above at *https://www.regulations.gov.* Interested parties may comment on the undue adverse effect this action may have on U.S. vessel builders or coastwise trade businesses in the U.S. that employ U.S.-built vessels in those businesses. Comments should refer to the vessel name, state the commenter's interest in the request, and demonstrate, with supporting documentation, the undue adverse effect on U.S. vessel builders and coastwise trade businesses.

Public Participation

How do I submit comments?

Please submit comments, including the attachments, following the instructions provided under the above heading entitled **ADDRESSES**. It may take a few hours or even days for comments to be reflected on the docket. Comments must be written in English. Provide concise comments and attach additional documents as necessary. There is no limit on the length of the attachments.

Where do I go to read public comments, and find supporting information?

The docket online is located at *https://www.regulations.gov,* keyword search the DOT Docket Number list in the **ADDRESSES** section above or visit the Docket Management Facility (see **ADDRESSES** for hours of operation). Please periodically check the Docket for new submissions and supporting material.

Will my comments be made available to the public?

Yes. Your entire comment, including your personal identifying information, will be made publicly available.

May I submit comments confidentially?

You may request that MARAD treat your comments as commercially confidential by submitting them to *SmallVessels@dot.gov.* Include in the email subject heading ''Contains Confidential Commercial Information'' or ''Contains CCI'' and state in your submission, with specificity, the basis

[1] The U.S. Coast Guard and MARAD have authority under 46 U.S.C. 12121(b) through the Secretary of the Department of Homeland Security and the Secretary of the Department of Transportation, respectively.

for any such confidential treatment highlighting the CCI portions. If possible, please provide a summary of your submission that can be made available to the public.

If MARAD receives a Freedom of Information Act (FOIA) request for the information, procedures described in the Department's FOIA regulation at 49 CFR 7.29 will be followed. Only information that is ultimately determined to be confidential under those procedures will be exempt from disclosure under FOIA.

Privacy Act

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, *etc.*). For information on DOT's compliance with the Privacy Act, please visit *https://www.transportation.gov/privacy.*

(Authority: 46 U.S.C. 12121, 49 CFR 1.93(a))

By Order of the Maritime Administrator.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2026–21641 Filed 10–22–26; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Proposed Information Collection; Submission for OMB Review; Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites comment on a new information collection, as required by the Paperwork Reduction Act of 1995 (PRA). In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is proposing a new information collection titled ''Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency,'' that would include weekly and quarterly reporting forms that must be completed by permitted payment stablecoin issuers and foreign payment stablecoin issuers. The OCC is seeking a new OMB control number for this information collection. The OCC also is giving notice that it has sent the collection to OMB for review.

DATES: Comments must be received by November 23, 2026.

ADDRESSES: Commenters are encouraged to submit comments by email, if possible. You may submit comments by any of the following methods:

- *Email: prainfo@occ.treas.gov.*
- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, Attention: 1557–NEW, 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Fax:* (571) 293–4835.

Instructions: You must include ''OCC'' as the agency name and ''1557–NEW'' in your comment. In general, the OCC will publish comments on *www.reginfo.gov* without change, including any business or personal information provided, such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Written comments and recommendations for the proposed information collection should also be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* You can find this information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

You may review comments and other related materials that pertain to this information collection following the close of the 30-day comment period for this notice by the method set forth in the next bullet.

- *Viewing Comments Electronically:* Go to *www.reginfo.gov.* Hover over the ''Information Collection Review'' tab and click on ''Information Collection Review'' from the drop-down menu. From the ''Currently under Review'' drop-down menu, select ''Department of the Treasury'' and then click ''submit.'' This information collection can be located by searching OMB control number ''1557–NEW'' or ''Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency.'' Upon finding the appropriate information collection, click on the related ''ICR Reference Number.'' On the next screen, select ''View Supporting Statement and Other Documents'' and then click on the link to any comment listed at the bottom of the screen.

For assistance in navigating *www.reginfo.gov,* please contact the Regulatory Information Service Center at (202) 482–7340.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, Clearance Officer, (202) 649–5490, Chief Counsel's Office, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501 *et seq.*), Federal agencies must obtain approval from the OMB for each collection of information that they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC asks the OMB to approve the collection in this notice.

Title: Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency.

OMB Control No.: 1557–NEW.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Description: The Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act or the Act) was enacted on July 18, 2025. The GENIUS Act establishes a regulatory framework for payment stablecoin activities. On March 2, 2026, the Office of the Comptroller of the Currency (OCC) issued a proposed rule that would implement requirements of the Act with respect to the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction (the proposed rule).[1] On

[1] *See Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the*

June 12, 2026, the OCC proposed weekly and quarterly reporting forms (Form PS–01 and Form PS–02, respectively) that permitted payment stablecoin issuers and foreign payment stablecoin issuers subject to the OCC's jurisdiction would be required to file with the OCC.[2] The OCC issued a final rule implementing the requirements of the GENIUS Act with respect to the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction (the final rule), published elsewhere in this issue of the **Federal Register**.[3]

These reporting forms would help ensure compliance with the final rule, facilitate OCC supervision of permitted payment stablecoin issuers and foreign payment stablecoin issuers, and would promote transparency with respect to the financial condition of permitted payment stablecoin issuers and foreign payment stablecoin issuers. Twelve CFR 15.14 of the final rule requires a permitted payment stablecoin issuer to submit two reports to the OCC. Section 15.14(h) requires a permitted payment stablecoin issuer to submit a weekly confidential reporting form to the OCC for each payment stablecoin it issues, and section 15.14(i) requires a permitted payment stablecoin issuer to submit a quarterly reporting form to the OCC. Section 15.31(b)(2) of the final rule requires a foreign payment stablecoin issuer registered with the OCC to produce the reports required of a permitted payment stablecoin issuer under section 15.14. With this issuance, the OCC is publishing a revised set of the required weekly and quarterly reporting forms for public comment. The revised reporting forms, and their instructions, are available at *www.occ.gov.* The proposed forms are published as text documents. However, the OCC expects to use eXtensible Markup Language (commonly known as ''XML'') or another format for permitted payment stablecoin issuers to submit reported data to enhance usability of the data. The final rule will be effective on January 18, 2027. This information collection would take effect as of the January 25, 2027, report date for OCC Reporting Form PS–01, Payment Stablecoin Activity and Reserve Weekly Reporting, and the March 31, 2027, report date for OCC Reporting Form PS–02, Permitted Payment Stablecoin Issuer and Foreign Payment Stablecoin Issuer Reports of Condition and Income.

Comments: On June 12, 2026, the OCC published a 60-day notice for this proposed information collection.[4] The agency received several public comments for the agency's consideration.

General Comments Regarding Forms PS–01 and PS–02

On June 12, 2026, the OCC proposed a weekly reporting form, Form PS–01, and a quarterly reporting form, Form PS–02, that permitted payment stablecoin issuers and foreign payment stablecoin issuers, subject to the OCC's jurisdiction, would be required to file with the OCC. The notice accompanying the forms invited comment on Forms PS–01 and PS–02 generally as well as certain technical aspects of the forms. The comment period closed on August 11, 2026, and the OCC received approximately 20 comments in total. The comments focused on numerous aspects of the proposed forms as well as the overall reporting framework. Below is a discussion of the comments the OCC received concerning the overall reporting framework and technical comments that apply to both Form PS–01 and Form PS–02. Comments specific to Form PS–01 and Form PS–02 are discussed below.

One commenter expressed support for a reporting framework that is targeted, risk-based, and aligned with the GENIUS Act and encouraged the OCC to tailor the reporting obligations to capture information most important to assessing compliance with the GENIUS Act's core requirements, while avoiding imposing duplicative or impracticable obligations. In response to this feedback, the OCC has revised the reporting forms to minimize duplication, reduce the overall reporting, and ensure that the information being collected from permitted payment stablecoin issuers and foreign payment stablecoin issuers is essential to the supervision of those entities. Upon implementation, the OCC will continue to assess the reporting forms to ensure that the data being reported serves a justifiable supervisory purpose and provides the OCC with information relevant to the supervision of permitted payment stablecoin issuers and foreign payment stablecoin issuers.

Several commenters expressed support for the issuance of a reporting framework jointly adopted by the primary Federal payment stablecoin regulators. Generally, the commenters stated that jointly adopted reporting forms would improve consistency of reporting, reduce burden, and align with the statutory mandate in the GENIUS Act for Federal payment stablecoin regulators. One commenter stated that the primary Federal payment stablecoin regulators should coordinate closely to ensure that reporting requirements for all federal qualified payment stablecoin issuers are substantially similar. Another commenter stated that harmonization is key to ensuring that permitted payment stablecoin issuers compete on a level compliance field, while also enabling the Federal payment stablecoin regulators to evaluate the same core information through consistent, comparable reporting metrics. Another commenter stated that a review of the reporting forms and instructions published by the OCC and Federal Deposit Insurance Corporation (''FDIC'') found mostly identical definitions but that there were a few notable differences between the OCC's and the FDIC's respective forms.[5] The commenter claimed that differences in definitions, labels, or calculation relationships can result in inconsistencies and lack of interoperability between datasets, which makes it not only difficult to compare and analyze, but also limits the Federal payment stablecoin regulators' ability to share tools and platforms for collection and use. The commenter further stated that harmonizing the reporting requirements and terminology will make it easier and less expensive for the industry to implement. Another commenter stated that the OCC should coordinate with the other primary Federal payment stablecoin regulators so that common fields have the same meaning, which would improve comparability, reduce reconciliation risk, and minimize duplicative reporting burdens for permitted payment stablecoin issuers subject to multiple Federal reporting or supervisory expectations.

Jurisdiction of the Office of the Comptroller of the Currency, 91 FR 10202 (March 2, 2026).

[2] 91 FR 35795; OCC Bulletin 2026–24, ''GENIUS Act: Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency,'' (June 11, 2026), *https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-24.html.*

[3] *See* the final rule titled *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency* published elsewhere in this issue of the **Federal Register**.

[4] *See* 91 FR 35795.

[5] 91 FR 45274; FDIC Financial Institution Letter, ''GENIUS Act: Proposed Reporting Forms and Instructions for FDIC-Supervised Permitted Payment Stablecoin Issuerss,'' (July 17, 2026), *https://www.fdic.gov/news/financial-institution-letters/2026/genius-act-proposed-reporting-forms-and-instructions-fdic.* The FDIC published: (1) a weekly confidential reporting form (''FDIC PS–01''); and (2) a quarterly reporting form (''FDIC PS–02''). The FDIC also proposed a ''short-form'' weekly report for eligible FDIC-supervised permitted payment stablecoin issuers (''FDIC PS–01a'').

The OCC has, and continues to, coordinate closely with the other primary Federal payment stablecoin regulators. Further, the OCC has taken seriously its obligation to coordinate with other agencies, as appropriate, and does not believe that it is necessary to do so through joint reporting forms. The GENIUS Act vests the primary Federal payment stablecoin regulators with varying regulatory and supervisory mandates and each primary Federal payment stablecoin regulator must develop reporting that best serves those mandates. The OCC will continue to coordinate with the other primary Federal payment stablecoin regulators to develop consistent terminology, minimize duplication, and reduce burden, as appropriate.

The OCC also received several comments recommending the delay or re-proposal of the reporting forms until after the final rule is published. Specifically, several commenters stated that the OCC should repropose the reporting forms to reflect the regulatory requirements after the substantive requirements for permitted payment stablecoin issuers have been adopted. One commenter noted that because the proposed substantive rule is still outstanding and not yet final, the proposed reporting forms include flexibility and may be subject to change. Another commenter stated that at a minimum, the OCC should delay finalization and issue revised forms for additional comment after its own and the related frameworks to be developed by the other primary Federal payment stablecoin regulators are finalized. The commenters added that this approach would help ensure that commenters can evaluate the reporting forms within a sufficiently complete regulatory framework. Another commenter encouraged the OCC to ensure permitted payment stablecoin issuers are provided a reasonable implementation period to establish systems to comply with the OCC's finalized reporting regime.

The OCC issued the final rule published elsewhere in this issue of the **Federal Register**, and the final rule will be effective as of January 18, 2027, and the first weekly report will be due on January 27, 2027, and the first quarterly report for the quarter ending on March 31, 2027, will be due no later than April 30, 2027.[6] The OCC is publishing the revised reporting forms following the issuance of the final rule to allow the public an opportunity to provide comment on the revised reporting forms. Further, by publishing the revised forms for comment in October 2026, permitted payment stablecoin issuers should have sufficient time to implement the necessary systems to comply with the weekly and quarterly reporting requirements before the reporting forms' effective dates.

The OCC also received several comments expressing support for machine-readable reporting and providing recommendations regarding format. One commenter expressed support for the use of XML or another format for permitted payment stablecoin issuers to submit reported data to enhance usability. The commenter further stated that the OCC should describe and propose the reporting architecture, data-governance framework, validation processes, analytical capabilities, public-dissemination approach, interagency data sharing mechanisms, and supervisory workflows that will support the forms. Another commenter recommended the OCC require weekly and quarterly reporting to be prepared in the open eXtensible Business Reporting Language (commonly known as ''XBRL'') semantic data model. Another commenter recommended that the OCC specify a structured, machine-readable filing format for both reporting forms, using the XBRL standard already in production across the federal banking agencies for Consolidated Reports of Condition and Income filings, commonly referred to as ''Call Reports,'' collection since 2005. Finally, another commenter recommended the use of a full XBRL taxonomy.

Several commenters also provided additional feedback on supplemental information that the OCC should make available to support the implementation of the chosen machine-readable format. Specifically, the commenters recommended that the OCC supplement any XML or other machine-readable submission format with a common data dictionary, machine-readable schemas, automated edit checks, standardized identifiers, inter-schedule consistency checks, data-quality reviews, exception reporting, and clear rules governing the treatment of null, zero, unavailable, amended, and restated data.

As discussed in the final rule, on June 25, 2026, pursuant to the Financial Data Transparency Act (FDTA),[7] the OCC and other Federal agencies issued a joint final rule establishing joint data standards.[8] In addition to the joint rule, the FDTA also directs each agency to issue individual rules adopting applicable joint standards for certain collections of information under their respective purview. The OCC has not issued its agency-specific rulemaking adopting applicable joint standards. In developing and finalizing the weekly and quarterly reporting forms, the OCC will ensure that the reporting forms are consistent with the FDTA and the agencies' joint rule. Of note, the OCC will be able to accept some ISO 20022 structures, such as XML.

One commenter observed that the reporting forms do not contain a validation artifact, no taxonomy, no schema, and no edit-check specification accompany the forms. The commenter also observed that neither set of instruction documents contains a validation or data-quality section and the general instructions affirmatively permit signed entries. Another commenter recommended that the forms and instructions permit, without requiring, reported figures to carry independently verifiable evidence.

The OCC believes it is unnecessary for permitted payment stablecoin issuers to provide accompanying data with their weekly and quarterly reporting filings. Permitted payment stablecoin issuers are required to have internal controls and information systems that ensure ''[t]imely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this part.'' [9] Further, where a permitted payment stablecoin issuer supplies inaccurate data, the forms' instructions require permitted payment stablecoin issuers to correct those inaccuracies by filing amended reports. With respect to quarterly filings, a permitted payment stablecoin issuer's senior management and board of directors are required to attest to the accuracy of the data being reported to the OCC.[10] Finally, if the OCC believes a permitted payment stablecoin issuer is providing inaccurate data, the OCC has both the ability to require the permitted payment stablecoin issuer to provide additional reports and to examine a permitted payment stablecoin issuer's books and records.[11] For these reasons, the OCC does not believe it is necessary

[6] *See* the final rule titled *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency* published elsewhere in this issue of the **Federal Register**.

[7] *See The Financial Data Transparency Act of 2022,* Public Law 117–263, title LVIII, 136 Stat. 3421.

[8] *See Financial Data Transparency Act Joint Data Standards,* 91 FR 38246 (June 25, 2026).

[9] *See* 12 CFR 15.13(a)(iii).

[10] *See* 12 CFR 15.14(i).

[11] *See* 12 CFR 15.14(b), (e), and (j).

to allow permitted payment stablecoin issuers to provide additional documentation with their weekly or quarterly submissions.

In addition, prior to implementation of the final rule, the OCC will publish an accompanying document detailing the technical specifications for Forms PS–01 and PS–02. This documentation will provide technical information such as the data dictionary and edit-checks, the XML schemas, sample XML files, along with filing instructions.

The OCC received several comments recommending the use of legal entity identifiers (commonly referred to as ''LEIs'') in the reporting forms. The commenters stated that the use of LEIs would provide certainty to the public, provide standardization, and promote efficiency and transparency. The OCC notes that the instructions for proposed Forms PS–01 and PS–02 provide for the use of LEIs. However, the instructions do not require a permitted payment stablecoin issuer to obtain an LEI for purposes of filing either Form PS–01 or Form PS–02. The instructions for the revised forms continue to allow for the use of LEIs but maintain that this is not a requirement. As part of its agency-specific rulemaking implementing the FDTA, the OCC will assess how to incorporate the data standards, including LEI, established by joint rulemaking into its collections of information.

One commenter recommended that the OCC consider adding a supplemental Payment Stablecoin Infrastructure schedule to Forms PS–01 and PS–02. The commenter explained that the schedule could provide a standardized operational record addressing six principal categories: Capacity and Performance; Transaction Reliability; Settlement and Finality; Ordering and Economic Detriment; Operational Resilience and Dependencies; and Data Provenance and Verification.

The OCC declines to add the proposed schedule to Forms PS–01 or PS–02 because the information is too granular. To the extent necessary, the OCC could obtain similar information through the supervisory process or through the request of additional reporting.[12] Following implementation, the OCC will continue to assess the reporting forms and consider implementing elements of the proposed schedule in the future if appropriate.

The OCC also received comments concerning the aspects of the proposal related to the reporting requirements for foreign payment stablecoin issuers. One commenter expressed the view that the OCC should not default to a ''one-size-fits-all'' reporting regime for both permitted payment stablecoin issuers and foreign payment stablecoin issuers and urged the OCC to tailor the information required of a foreign payment stablecoin issuers to what is reasonably necessary for the OCC to assess a foreign payment stablecoin issuer's U.S. payment stablecoin activities and its compliance with the GENIUS Act. The commenter explained that an appropriately tailored and flexible reporting regime for foreign payment stablecoin issuers will further cross-border collaboration in digital financial innovation using payment stablecoins. The same commenter further stated that the OCC should consider which data items in Forms PS–01 and PS–02 are truly necessary to supervise a foreign payment stablecoin issuer's U.S. operations and should exempt foreign payment stablecoin issuers from unnecessary data items. As an example, the commenter stated in Form PS–01, instead of asking for a foreign payment stablecoin issuer's top five counterparties and top 100 exchanges worldwide, those items could be limited to the top five U.S. counterparties and the top 100 exchanges that make the foreign payment stablecoin issuer's payment stablecoins available in the U.S.

With regard to quarterly reporting for foreign payment stablecoin issuers, the commenter expressed the view that foreign payment stablecoin issuers could provide a simplified version of Form PS–02's income statement that does not require a detailed breakdown of income streams and expenses for different types of reserve assets in proposed Schedule A, Items 1 and 2 and for other income sources and other expenses in proposed Schedule A, Items 4 and 5. The commenter explained that a simplified approach to ''other'' income and expenses in Items 4 and 5 would appropriately reflect the fact that foreign payment stablecoin issuers may have somewhat different activities, income sources, and expenses than domestic permitted payment stablecoin issuers, while still providing the OCC and the public with sufficient information on the foreign payment stablecoin issuer's financial performance. The same commenter also recommended that the OCC permit foreign payment stablecoin issuers to elect to satisfy their reporting obligations with reasonably equivalent reports prepared for their home country regulators.

The commenter also recommended that the OCC permit foreign payment stablecoin issuers to submit their weekly and quarterly reporting forms in accordance with the International Financial Reporting Standards (''IFRS'') to avoid imposing unnecessary compliance burdens on foreign payment stablecoin issuers. The commenter explained that because foreign payment stablecoin issuers are organized or domiciled outside the United States, many foreign payment stablecoin issuers will prepare their home country reports and audited financial statements according to IFRS.

The OCC declines to tailor the reporting forms for foreign payment stablecoin issuers or allow foreign payment stablecoin issuers to satisfy their reporting obligations through the submission of reports generated for compliance in their home jurisdiction. Under the final rule, foreign payment stablecoin issuers are required to file the same reports as permitted payment stablecoin issuers.[13] Following implementation of the final rule, the OCC will assess the reporting forms and consider whether the reporting forms, or some aspect of the forms, should be tailored for foreign payment stablecoin issuers. Issuer-specific and jurisdiction specific-issues related to the reporting forms may also be addressed as a condition of licensing or under comparability determinations or reciprocity agreements created by the Secretary of the Treasury, under section 18 of the GENIUS Act (12 U.S.C. 5916). The OCC notes that a foreign payment stablecoin issuer may request, and the OCC may provide, an exemption from a reporting requirement.[14] Thus, the final rule provides an avenue for reducing burden on a case-by-case basis.

The OCC also declines to allow foreign payment stablecoin issuers to report in IFRS because several requirements in the final rule are tied to U.S. Generally Accepted Accounting Principles (''GAAP'') reporting—*e.g.,* fair value and capital instruments.[15] Further, allowing foreign payment stablecoin issuers to report in IFRS would limit comparability across payment stablecoin issuers. For these reasons, the OCC is maintaining the requirement that foreign payment stablecoin issuers report in GAAP.

The commenter also stated that foreign payment stablecoin issuers

[12] *See* 12 CFR 15.14(a) and (e), which concern the OCC's authority to examine permitted payment stablecoin issuers; *see also* 12 CFR 15.14(j)(2), which requires permitted payment stablecoin issuers, upon request, to submit reports concerning the ''systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operational risks.''

[13] *See* 12 CFR 15.31(b).

[14] *See id.* at (b)(2).

[15] *See* 12 CFR 15.2; and 15.40(a), (b)(1).

should be provided with a clear process to request confidential treatment for data items that are subject to non-disclosure requirements or protected under applicable home country law or constitute trade secrets. The OCC notes that the instructions for proposed Form PS–02 details the process for requesting confidential treatment of certain information. Both foreign payment stablecoin issuers and permitted payment stablecoin issuers may request confidential treatment of information contained in Form PS–02. The OCC further notes that this concern does not apply to Form PS–01 because the data reported through Form PS–01 is strictly for supervisory purposes and will remain confidential.

The OCC also received feedback related to the filing of amended forms. Specifically, a commenter stated that the OCC should replace the proposed five calendar-day deadline by which payment stablecoin issuers would be required to produce amended filings with a more flexible deadline. The commenter stated that in many cases, five days is unlikely to be enough time to identify, reconcile, verify, and report an error. The commenter added that historical revisions may require significant resources to identify affected periods, reconstruct and reconcile data, and to prepare and file an accurate restatement.

In response to this comment, the OCC has amended the proposed instructions for Forms PS–01 and PS–02 to remove the requirement that amended filings be made within five calendar days of discovery. The OCC made this revision to the instructions to provide permitted payment stablecoin issuers with increased flexibility to address omissions or significant errors. However, the removal of the five-calendar-day deadline for filing amended reports is not intended to suggest that permitted payment stablecoin issuers are relieved of their obligation to correct forms containing omissions or significant errors in a timely manner. A permitted payment stablecoin issuer should contact their supervisory team if it is unclear about its obligations to address omissions or significant errors in its reporting forms in an appropriate timeframe.

The OCC also received comments and feedback concerning technical elements of the reporting forms. The comments largely recommended that the OCC clarify certain aspects of the reporting forms and instructions. One commenter requested that the OCC confirm how bridged and wrapped representations should be treated.[16] The commenter recommended that representations the permitted payment stablecoin issuer did not create should not count toward their outstanding issuance value and should be disclosed separately. The same commenter also suggested the OCC confirm how restricted balances interact with reported outstanding supply, so that the reported figure can be compared with observable network supply.

The OCC does not believe any clarification concerning the treatment of bridged or wrapped stablecoins is required. First, the definition of payment stablecoin, in part, states that a permitted payment stablecoin issuer has an obligation to redeem the payment stablecoin for a fixed amount of monetary value.[17] A permitted payment stablecoin issuer would not have an obligation to redeem bridged or wrapped stablecoins. With respect to restricted stablecoins, the OCC, again, does not believe any additional clarity is necessary. Whether a restricted stablecoin meets the definitions of a payment stablecoin may depend on the facts and circumstances of that payment stablecoin. Permitted payment stablecoin issuers will determine whether payment stablecoins that have been minted meet the definition of a payment stablecoin and whether they are issued to be considered part of outstanding issuance value. If a restricted payment stablecoin remains a liability of the permitted payment stablecoin issuer because the payment stablecoin may be redeemed in the future, then the payment stablecoin is part of the permitted payment stablecoin issuer's outstanding issuance value and a permitted payment stablecoin issuer must maintain reserves backing the outstanding stablecoin and the associated liability.

Another commenter stated that the OCC should consider collecting instrument-level detail for tokenized reserve assets. The commenter explained that a tokenized claim can trade away from the value of the asset it references, which bears on fair-value reserve coverage.

The OCC concurs with this recommendation and has updated the reporting forms, as discussed below, to require a permitted payment stablecoin issuer to indicate if a reserve asset is tokenized. The OCC believes collecting this information is necessary to understand a permitted payment stablecoin issuer's reserve asset composition, risk profile, and concentration risk.

Another commenter stated that the OCC should explain how weekly stablecoin-level information reported on Form PS–01 will reconcile with quarterly entity-level information reported on Form PS–02, including issuance, redemption, outstanding stablecoin liabilities, reserve assets, reserve income, reserve monetization, blockchain-level activity, custody and safekeeping, off-balance-sheet exposures, and financial condition.

The OCC does not believe further clarification is warranted at this time. The instructions for each form indicate the cut-off dates and times and expectations for reported information. Upon implementation, the OCC will monitor Forms PS–01 and PS–02 for reconciliation challenges. If any challenges or concerns arise, the OCC will revise the instructions to address these issues.

Another commenter observed that the OCC uses the term ''customer'' and the FDIC uses the term ''holder'' for the same purpose, although these terms are not interchangeable. According to the commenter, under the GENIUS Act, a customer has a direct commercial or account relationship with a permitted payment stablecoin issuer, whereas a holder may own or possess a stablecoin (via secondary markets or peer-to-peer transfers) without any direct legal or operational relationship with the issuer.

In response to this comment, the OCC has reviewed the instructions for both Form PS–01 and Form PS–02 and made

[16] ''Wrapping'' is a process where a crypto-asset is provided to a wrapped token provider, the provider controls or programmatically locks up the crypto-asset in a way that it cannot be transferred, lent, pledged, rehypothecated, or otherwise used for any reason, then mints a new crypto-asset in the form of a redeemable wrapped token. The redeemable wrapped token confers to the holder the right to ''un-lock'' the original crypto-asset from the wrapped token provider and is designed so that the number of redeemable wrapped tokens outstanding equals the underlying crypto-assets wrapped. Wrapped tokens are primarily used to enhance interoperability between blockchains by creating a redeemable wrapped token that is issued on a different blockchain than the original crypto-asset, effectively allowing holders to transact crypto-assets on blockchains they are not natively minted on.

''Bridging'' is the process of moving a crypto-asset from one blockchain to another or creating a redeemable wrapped token on a different blockchain than the underlying crypto-assets. Crypto-asset issuers that can mint and burn their crypto-asset on multiple blockchains may offer the ability to natively ''bridge'' crypto-assets. They do this by accepting their crypto-asset issued on one blockchain, burning, or permanently removing it from circulation, and simultaneously minting it on another blockchain. The new crypto-asset has been permanently transferred to the second blockchain while the overall supply of crypto-assets issued by the provider remains the same. In contrast, a wrapped token provider may provide ''bridging'' services. However, as described above, the resulting crypto-asset is a redeemable wrapped token. It does not burn or alter the original crypto-asset in any way.

[17] *See* 12 CFR 15.2.

revisions, as appropriate, to the instructions to ensure that the terms ''customer'' and ''holder'' are used consistent with the definitions of those terms in the final rule.[18]

Another commenter observed that the OCC's uses the term ''Gross total reserve assets'' while the FDIC uses the term ''Net of repo liabilities.'' The commenter claimed that this is a material reporting difference that could cause confusion and misinterpretation among both issuers and data users.

In response to this comment, the OCC, as discussed below, has revised Forms PS–01 and PS–02 to utilize the term ''Total reserve assets net of outstanding repurchase agreement liabilities'' to minimize any potential for confusion.

The OCC also received recommendations for additional reporting to supplement the weekly and quarterly reporting. One commenter recommended that the OCC establish accelerated reporting triggers for material peg deviations, significant redemption activity, redemption delays, exchange liquidity disruptions, large reserve-asset liquidations, operational outages, interruptions in access to bank deposits or custodians, or material sanctions-related freeze or blocking events. The commenter explained that stablecoin stress can develop rapidly, and supervisors may benefit from more timely information during periods of acute market stress.

The OCC declines to impose additional reporting burden on permitted payment stablecoin issuers. If the OCC identifies concerns with a permitted payment stablecoin issuer, the OCC has the ability to request additional reporting from a permitted payment stablecoin issuer.[19] Upon implementation, the OCC will assess the reporting forms to ensure that the data being reported both serves a justifiable supervisory purpose and provides the OCC with information relevant to the supervision of permitted payment stablecoin issuers.

Proposed Weekly Reporting Form PS–01

The proposed weekly reporting forms would, among other things, help ensure compliance with the reserve asset requirements in proposed sections 15.11 and 15.31(a)(3). Proposed Schedule A would collect information on top stablecoin holders and transactors and counterparty concentration information. Proposed Schedule B would collect information on day-over-day changes in outstanding payment stablecoins and information redemptions. Proposed Schedule C would collect information about a permitted payment stablecoin issuer's aggregate composition of reserve assets for each payment stablecoin it issues. Proposed Schedules D, E, F, G, and H would collect disaggregated information about specific classes of reserve assets (*e.g.,* U.S. Treasury securities on proposed Schedule E). Permitted payment stablecoin issuers and foreign payment stablecoin issuers would only be required to report information regarding reserve assets held pursuant to the GENIUS Act on Proposed Schedules C, D, E, F, G, and H. Permitted payment stablecoin issuers and foreign payment stablecoin issuers are not required to report information on these schedules regarding assets they own that are not held as reserve assets or transactions in which they have engaged unrelated to the maintenance of reserve assets. For example, permitted payment stablecoin issuers and foreign payment stablecoin issuers should not report U.S. Treasury securities they own on Schedule E if those U.S. Treasury securities do not comprise the reserve assets used to back outstanding stablecoin issuance pursuant to the GENIUS Act.

As a part of the notice, the OCC invited comments on what items should be modified or removed and whether any items should be added. The OCC received feedback on numerous aspects of proposed Form PS–01.

One commenter expressed support for the collection and stated that the weekly reporting asks for the right information at the right cadence, and the schedule structure introduced in the proposed rulemaking is sensible. Another commenter stated that the proposed schedules collect information that is both available to permitted payment stablecoin issuers and is relevant to the oversight of permitted payment stablecoin issuers. In contrast, another commenter stated that the proposed weekly reporting cadence has no identified analogue in the ordinary prudential reporting the OCC requires of a national bank in sound condition. The commenter also questioned why the Call Report and the monthly, independently examined reserve report leave a supervisory gap requiring a universal weekly filing. The commenter also expressed support for adopting monthly reporting instead of a weekly reporting cadence.

The OCC believes that requiring a permitted payment stablecoin issuer to provide a weekly confidential set of data for each payment stablecoin it issues will allow the agency to understand the permitted payment stablecoin issuer's operations and the risks unique to its business model. Monthly and quarterly reports do not provide a frequent enough reporting cadence to oversee risks and changes, given the short maturity of permitted payment stablecoin issuers' reserve assets. This regular data reporting will also allow the OCC to tailor its examinations to be risk-based, which will reduce the burden of examinations. Further, weekly reporting will allow the agency to identify and respond more quickly to emerging novel and financial stability risks. The weekly reporting will remain confidential because its primary purpose is to inform the OCC's supervision of permitted payment stablecoin issuers and the stablecoin market.

Several commenters provided feedback about the challenges associated with providing reliable and accurate data on a weekly basis on the proposed timelines. One commenter claimed that Form PS–01 effectively establishes a daily reporting obligation across all eight schedules that largely duplicates the GENIUS Act's monthly attestation requirement. The commenter further claimed that collecting and furnishing this data on a daily basis for consolidation into a weekly report creates significant operational demands that, in some cases, may not be possible or may need additional time to verify. The commenter highlighted three categories as particularly problematic to comply with: (i) third-party data; (ii) instrument-level reserve detail; and (iii) operational timing. The commenter further claimed that providing this data in near-real time also minimizes the ability to conduct data validation and reconciliation. The commenter further added that reporting should allow sufficient time to reconcile and evidence reserve balances and payment stablecoins in circulation, rather than require publication of unsupported figures. The commenter also proposed for permitted payment stablecoin issuers in full compliance with the attestation requirements, that the OCC substitute the weekly forms by supplementing the attestation with a randomly selected monthly surprise observation date. The commenter stated that this is a standard that has been successfully used by the New York Department of Financial Services to ensure payment stablecoin issuers maintain identifiable reserves at all times.

Another commenter stated that requiring permitted payment stablecoin issuers to become a routine reporting agent for third-party trading activity is a distinct market surveillance function.

[18] *See* 12 CFR 15.2.

[19] *See* 12 CFR 15.14(j).

The commenter added that if the OCC concludes that issuer-based market surveillance is both necessary and authorized, the requirement should be proposed in regulatory text through coordinated notice-and-comment rulemaking. The commenter added that the process should identify the risk each item addresses, the decisions it will inform, the party best positioned to supply it, and a common methodology and accuracy standard. The commenter further added that the Tuesday-to-Wednesday cycle leaves approximately seventeen hours to collect final data from multiple providers, reconcile it, approve it, and submit it. The commenter claimed that preliminary files frequently change after settlement or valuation adjustments, which results in a forced choice between provisional reporting and routine amendments. Two other commenters added that requiring permitted payment stablecoin issuers to file Form PS–01 within less than 24 hours creates a significant recurring operational demand, while also reducing a permitted payment stablecoin issuer's ability to validate data. Another commenter recommended that the OCC eliminate the secondary market pricing line items in Form PS–01 and the OCC obtain real-time pricing data instead of requiring permitted payment stablecoin issuers to report this information.

As discussed in greater detail below, the OCC is revising Form PS–01 and its accompanying schedules to reduce the amount of market data permitted payment stablecoin issuers are required to report. For example, the OCC has removed Items 3 and 4 from proposed Schedule A, which sought data related to trading volume of exchanges. The OCC is eliminating these reporting categories in response to feedback received concerning the operational and validation challenges associated with the collection of third-party data.

In response to these comments concerning the limited amount of time between the close of the reporting period and the reporting deadline, the OCC has elected to maintain the Wednesday, 5:00 p.m. (Eastern) filing deadline for Form PS–01, but revise the reporting period in the proposed instructions for Form PS–01 from ''12:00:00 a.m. (Eastern) each Wednesday to 11:59:59 p.m. (Eastern) the following Tuesday'' to ''12:00:00 a.m. (Eastern) each Tuesday to 11:59:59 p.m. (Eastern) the following Monday.'' This change is being implemented to provide permitted payment stablecoin issuers with an additional 24 hours to prepare and submit Form PS–01.

A commenter recommended that the OCC align Form PS–01 reporting with information maintained in a permitted payment stablecoin issuer's books and records as of its ordinary close of business. The commenter observed that the instructions require daily balance items as of 11:59:59 p.m. (Eastern) and daily activity based on transactions occurring from 12:00:00 a.m. through 11:59:59 p.m. (Eastern), including weekends and holidays. The commenter explained that those times may not align with a permitted payment stablecoin issuer's ordinary accounting and posting processes and could require reconstruction of activity beyond its existing books and records. Another commenter added that most blockchain systems currently use a Coordinated Universal Time (or ''UTC'') -based reference and shifting to Eastern time zone business hours would add operational complexity without any commensurate supervisory benefit.

The OCC declines to modify the instructions for Form PS–01 to allow permitted payment stablecoin issuers to utilize their preferred close of business. The OCC believes maintaining the 12:00:00 a.m. to 11:59:59 p.m. (Eastern) reporting period promotes consistency and comparability across the reported data. For these reasons, the OCC is maintaining the proposed reporting period. Following implementation of the final rule, the OCC will monitor the reporting process to determine if changes to the reporting instructions are warranted.

The OCC also received a range of recommendations and feedback on the instructions for Form PS–01. Several commenters stated that reporting with reference only to name and ticker cannot reliably identify which specific token implementation a filing relates to. One commenter recommended that the OCC add a standardized digital token identifier (''DTI'') field, consistent with ISO 24165. Several commenters also recommended that the OCC require reporting entities to identify the blockchain using the ISO 24165 digital ledger identifier (''DLI'') in place of or in addition to the free-text blockchain name.

In response to these comments, the OCC has amended the proposed instructions for Form PS–01 to request a permitted payment stablecoin issuer include the DTI for the payment stablecoin within the scope of the form and a DLI for the blockchain network. The instructions clarify that if a permitted payment stablecoin issuer has not obtained a DTI for the payment stablecoin, a permitted payment stablecoin issuer is not required to obtain a DTI for purposes of reporting Form PS–01. Similarly, if a blockchain does not have an assigned DLI, a permitted payment stablecoin issuer should leave the field blank.

Another commenter recommended that the OCC revise the instructions for Form PS–01 to allow for submission of the form on the next business day if the Wednesday deadline falls on a federal holiday. The commenter noted that the proposed instructions for Form PS–02 state, ''If the reporting deadline falls on a weekend or federal holiday, the form may be submitted on the first business day following the weekend or federal holiday.'' However, the instructions for Form PS–01, which is due every Wednesday, do not contain a similar provision.

In response to this comment, the OCC has amended the proposed instructions for Form PS–01 by adding language clarifying that if the Wednesday reporting deadline falls on a federal holiday, the form may be submitted on the first business day following the federal holiday.

The OCC also received several comments proposing reduced reporting for smaller permitted payment stablecoin issuers. Specifically, several commenters observed that the FDIC proposed collecting substantially less information on a weekly basis from certain permitted payment stablecoin issuers and encouraged the OCC to adopt a similar short form for OCC-supervised permitted payment stablecoin issuers.

In response to these comments, the OCC considered the potential reporting burden for smaller permitted payment stablecoin issuers and considered proposing a truncated weekly reporting form for those permitted payment stablecoin issuers similar to the FDIC PS–01a but ultimately declined to propose such an approach because the OCC believes that the proposed weekly information collection is critical to the supervision of permitted payment stablecoin issuers, regardless of size. Nevertheless, the OCC is amending the instructions for Form PS–01 to reduce the weekly reporting burden on smaller issuers to allow those issuers that have an outstanding issuance value, together with any affiliated permitted payment stablecoin issuers, of less than $1 billion, are not currently subject to a formal enforcement proceeding or order; and are in compliance with all of the reserve and report requirements set forth in sections 15.11 and 15.14, respectively, to satisfy their obligations for revised Schedules D–G by only submitting the required data for the last day of the reporting period (*i.e.,* each

Monday). These qualifying criteria for reduced reporting are consistent with the qualifying criteria for extended examination cycles under section 15.14(d). The OCC believes this approach serves the goals of reducing the reporting burden for smaller permitted payment stablecoin issuers while also ensuring that the OCC receives the information necessary to supervise permitted payment stablecoin issuers. The instructions for revised Schedules D, E, F, and G now include instructions noting that a permitted payment stablecoin issuer that is eligible for reduced reporting need only to report the requested information for the last calendar day of the reporting period.[20] The instructions also preserve the OCC's discretion under section 15.14(j) to require any entity that otherwise meets the criteria to report all schedules of Form PS–01 based on risk or supervisory needs.

Another commenter stated that the weekly reporting instructions require eight schedules containing daily data to be submitted weekly through OCC's BankNet, but do not specify the Excel file structure. The commenter stated that the OCC should clarify whether a filing should include separate daily workbooks for each schedule, submitted together as one weekly filing, or a single workbook that repeats each schedule for every reporting day. The commenter further stated that the OCC also should specify the required workbook and worksheet structure, file-naming convention, and submission packaging.

Following the publication of Forms PS–01 and PS–02, and in advance of the effective date of the final rule, the OCC will publish filing instructions so that permitted payment stablecoin issuers have notice of the filing format and procedures. This documentation will include technical information such as the data dictionary and edit-checks, the XML schemas, and sample XML files.

Proposed Form PS–01—Schedules A Through G

Proposed Form PS–01 contained eight schedules—Schedules A through H. As discussed below, the OCC has consolidated proposed Schedule A and Schedule B from revised Form PS–01. As a result, revised Form PS–01 now contains seven schedules—Schedule A through G. Below is a discussion of the proposed schedules, comments the OCC received related to the proposed schedules, and the changes the OCC is incorporating into revised Schedules A through G.

Schedule A—General

Proposed Schedule A would collect information on the largest holders of a stablecoin issued by a permitted payment stablecoin issuer or foreign payment stablecoin issuer (listed by wallet address), exchanges facilitating trading of that stablecoin, the trading volume of the stablecoin, and the top counterparties of a permitted payment stablecoin issuer or foreign payment stablecoin issuer.

The agency sought feedback on the collection of information in proposed Schedule A. Specifically, the OCC asked if this is the right type of information for the agency to collect to monitor primary and secondary market dynamics, including during times of stress. The OCC also asked if there are adjustments that should be made to make this information more valuable or less burdensome. For example, should the agency collect a fewer number of wallet addresses or exchanges and what would be the potential advantages or disadvantages of doing so. Finally, the agency asked if there is other information the agency does not propose to collect that would give better insight into primary and secondary market dynamics. In response to these prompts, the OCC received numerous comments related to proposed Schedule A and the information the OCC proposed to be collected.

One commenter explained that because exchange and venue addresses will constitute a substantial share of the addresses holding the largest balances, Item 1 will to a significant extent restate, in an anonymous alphanumeric unit, information that Item 3 collects in a named and directly usable one. The commenter also claimed that Items 1 and 2 of Schedule A together produce as many as 1,400 address-level observations in each weekly filing. The commenter also observed that FDIC PS–01a collects only the ten largest wallet addresses and blockchains that exceed 2 percent of total outstanding issuance. The commenter explained that the supervisory content of a concentration item lies in the positions large enough to bear on concentration; a position below a stated threshold does not inform that assessment, and its collection is burden without corresponding utility. The commenter further added that a threshold also makes the size of the collection a function of the market rather than of an arbitrary row count: where holdings are genuinely dispersed, few rows are reported, which is itself the supervisory answer.

Several commenters also provided feedback on proposed Schedule A's collection of the ''Top 100 payment stablecoin wallet addresses by trading volume.'' One commenter stated that the instructions should specify whether the table is intended to capture activity involving centralized exchanges, decentralized exchanges, or both, and that the OCC should explain how an issuer should report activity attributable to a centralized exchange, where customer trading generally occurs off-chain on the exchange's internal ledger and therefore may not be visible at the individual wallet-address level on the relevant blockchain. Another commenter noted that footnote 1 to the instructions states that the OCC proposes to define ''trading volume'' as the aggregate number of payment stablecoins issued by a permitted payment stablecoin issuer or foreign payment stablecoin issuer that were purchased or sold on exchanges during a specified period of time. The commenter stated that this item requests information that a reporting issuer does not generate and has no means of obtaining from any source within its control. Schedule A, Items 3 and 4 already collect trading volume at the exchange level, from the entities that hold the execution data and that can be identified by legal name, and item 3 supplies the venue population used by the Schedule B pricing items. The commenter requested that the OCC remove Schedule A, Item 2 and retain Items 3 and 4. Another commenter encouraged the OCC to remove the reporting of third-party data and not expect issuers to certify secondary-market data beyond what they can reasonably obtain and validate. Similarly, another commenter stated that the OCC should remove requirements for a permitted payment stablecoin issuer to report information that is derived from information held by exchanges, such as items 3 and 4 from Form PS–01, Schedule A regarding exchange trading volume or item 2 from Form PS–01, Schedule B regarding secondary market pricing. Another commenter observed that proposed Schedule A would require reporting on the daily trading volume across top exchanges and other daily volume figures. However, according to the commenter, it is unclear whether permitted payment stablecoin issuers would be required to report the daily average for the week or the daily average for each day of the reporting week. If the former, the commenter recommended

[20] As discussed below, the OCC is consolidating proposed Schedule A and Schedule B, so revised Form PS–01 no longer includes Schedule H.

that the instructions clarify this approach. If the latter, the commenter recommended updating the reporting template to present how daily volumes should be reported for each day of the reporting week.

One commenter stated that Form PS–01 should supplement wallet-address reporting with information regarding major direct redemption counterparties, custodians, exchanges, omnibus accounts, affiliates, and beneficial ownership concentrations where known. The commenter explained that wallet-address concentrations may not necessarily correspond to economic concentrations. The commenter added that a single wallet address may represent an exchange, custodian, omnibus account, liquidity pool, affiliate, bridge, or other intermediary relationship serving numerous customers, while economically significant holders may maintain positions across multiple wallet addresses and blockchains. As a result, wallet-level data may not fully identify the entities capable of generating significant redemption activity or transmitting stress through primary and secondary markets. Another commenter recommended retaining a shorter address list for investigative purposes and adding an aggregated distribution view for each stablecoin on each network. The commenter claimed that this would be both more informative and less burdensome.

Another commenter stated that the OCC should ensure that any collection of large-holder information by wallet address is subject to the highest levels of confidentiality. The commenter stated that robust privacy protections are essential given the unique transparency of public blockchains, where wallet addresses can be linked, directly or indirectly, to identifiable persons through blockchain analytics or off-chain data sources. Another commenter stated that the OCC should modify its requirement to report the top 100 stablecoin wallet addresses in Form PS–01 to instead require reporting of wallets holding the greater of $10 million or 1% of outstanding supply for any given stablecoin. According to the commenter, absent supply-based tailoring, the current top 100 wallet reporting requirement could produce unhelpful results for payment stablecoins with small issuance volumes. Another commenter stated that the address and the holder are distinct units, and that the difference bears directly on whether the item delivers the information the notice describes. The commenter explained that a single person may control any number of addresses, and nothing in the collection would disclose that those addresses are commonly controlled. Conversely, a single address may hold payment stablecoins on behalf of a large number of unrelated persons. The commenter claimed that for a payment stablecoin in general circulation, the addresses holding the largest balances are predominantly infrastructure addresses: omnibus accounts operated by centralized exchanges, bridge contracts, and liquidity pool addresses associated with automated market makers. Another commenter stated that the OCC should replace the proposed ''largest holders by wallet address'' field with reporting on the permitted payment stablecoin issuer's largest direct customers, minters, redeemers, and other direct counterparties within the permitted payment stablecoin issuer's own perimeter. The commenter added that a wallet address does not necessarily correspond to a single holder, customer, beneficial owner, or risk exposure, and issuers often will not have reliable visibility into beneficial ownership across wallets at exchanges, custodians, intermediaries, decentralized venues, or in secondary-market transfers.

Another commenter stated that the OCC should consider whether additional venue-level information is necessary to identify concentrated pricing dislocations, liquidity migration, market fragmentation, or emerging stress at particular trading venues. The commenter explained that trading volume alone is not a sufficient measure of market quality because elevated volume may reflect healthy liquidity, arbitrage activity, liquidity migration, market stress, or forced selling. The commenter noted that the OCC recognized that exchange-specific activity is relevant by requiring reporting on the top 100 exchanges by trading volume and by calculating key pricing metrics, including minimum price, maximum price, estimated secondary-market price, peg deviation, and bid/ask spread, using data from the top 15 exchanges. However, according to the commenter, many of these secondary-market indicators are reported only as aggregated measures across those exchanges. The commenter added that venue-level information may provide greater visibility into whether adverse market conditions are isolated to a specific exchange or reflect broader deterioration in stablecoin market liquidity and resilience.

Consolidation of Proposed Schedule A and Schedule B

In response to the above comments concerning proposed Schedule A, the OCC has eliminated certain items in Schedule A from revised Form PS–01. The OCC believes the removal of these items in proposed Schedule A serves the dual purpose of reducing the burden associated with reporting Form PS–01 and ensuring that the information obtained from permitted payment stablecoin issuers is relevant to the supervision of those entities. As discussed further below, Item 1 (Top 100 payment stablecoin wallet addresses by number of payment stablecoins) and Item 2 (Top 100 payment stablecoin wallet addresses by trading volume) from proposed Schedule A have been moved to revised Schedule A, with modifications, and Item 5 (Top five counterparties by exposure) from proposed Schedule A has been moved to revised Schedule B. Item 3 (Top 100 exchanges by trading volume) and Item 4 (Daily total trading volume of all exchanges) from proposed Schedule A have been removed from Form PS–01 entirely. These categories of information were eliminated because they overlap with other categories of information that the OCC is proposing to collect, have limited supervisory utility, and would be unnecessarily burdensome to collect.

Proposed Schedule B—Issuance and Redemption

Proposed Schedule B would collect information on the issuance and redemption of stablecoins over the reporting period, as well as information on secondary market price and trading activity.

The OCC received numerous comments concerning proposed Schedule B and the information the OCC proposed to be collected. One commenter strongly urged the OCC to revisit Schedule B's secondary market price and trading activity requirements to ensure issuers are not required to report data they cannot reasonably generate or verify themselves. Another commenter expressed support for anchoring Schedule B to primary-market issuance and redemption data, which is information a permitted payment stablecoin issuer controls and can reliably report. The commenter also claimed that this information is the most probative measure of reserve, liquidity, and redemption risk. The commenter further stated that permitted payment stablecoin issuers should not be required to certify secondary-market activity beyond information they can

reasonably obtain, standardize, and validate. The commenter also expressed support for treating every transaction in which a customer provides fiat and receives stablecoins as issuance, and every transaction in which a customer provides stablecoins and receives fiat as redemption, regardless of whether the transaction involves the technical minting or burning of tokens. The commenter also expressed support for separate treasury-stablecoin line items as a market-integrity control but stated that those fields should be reported quarterly rather than weekly.

One commenter recommended incorporating additional distributional and stress-sensitive measures, including pending, rejected, and partially fulfilled redemption requests; major redemption counterparties; median and tail redemption times; redemptions exceeding contractual timelines; and redemption activity by direct customers, intermediaries, affiliates, and unaffiliated parties. The commenter explained that these metrics would help the OCC determine whether redemption stress is concentrated among particular counterparties, channels, or market structures.

Another commenter stated that the concentration of the reporting permitted payment stablecoins issuer's issuance and redemption traffic among the counterparties through which it passes, a measure closely connected to redemption pressure, is absent from Schedule B. The commenter claimed that every permitted payment stablecoin issuer knows this with precision from its own transaction records. Another commenter stated that Form PS–01 should distinguish direct redemptions from redemptions submitted through intermediaries, as well as redemptions by affiliates, market makers, and other significant counterparties. The commenter claimed that this disaggregation would help the OCC better understand how redemption pressure reaches the issuer and whether reliance on intermediaries, exchanges, or arbitrageurs could affect redemption activity during periods of market stress.

Several commenters requested clarification of certain aspects of Schedule B. One commenter stated that columns under Item 1.a (Blockchain name) include several reporting fields with ambiguous descriptions that would benefit from clarification. Specifically, the commenter explained that the distinction between Column C (Payment stablecoins redeemed) and Column D (Payment stablecoins removed from circulation) is not clear. The commenter also stated that the definition of time-locked stablecoins in Column F (Time-locked) also has room for various interpretations.

Another commenter requested that the OCC: (i) specify that Item 2.e (Secondary-market bid/ask spread) is computed across centralized venues only, or in the alternative specify a defined proxy methodology for automated market maker venues; (ii) specify the computation methodology for items 2.c (Estimated secondary-market price) and 2.d (Estimated secondary-market peg deviation) across mixed venue populations; and (iii) confirm that a reporting issuer may report Items 2.a through 2.e from a named third-party market data source.

Another commenter stated that the OCC should also clarify how nonrepresentative trades are treated when calculating minimum price, maximum price, Volume-Weighted Average Price (''VWAP''), peg deviation, and bid/ask spread metrics. The commenter explained that small, stale, infrequent, outlier, wash, or affiliated trades may distort reported secondary-market conditions if not treated consistently. The commenter added that without clear standards governing the treatment of such transactions, reported pricing metrics may not accurately reflect prevailing market conditions or issuer-specific stress.

Another commenter observed that proposed Schedule B would require reporting on ''Outstanding issuance value at beginning of day'' and ''Outstanding issuance value at end of day'' and recommended that the reporting template be updated to show how the beginning of day and end of day balances would be reported for each day of the reporting week.

Another commenter encouraged the OCC to adopt limitations on trade reporting to ensure permitted payment stablecoin issuers and foreign payment stablecoin issuers report only information that provides meaningful supervisory value. The commenter suggested excluding small transactions and those that do not reflect prevailing market terms, such as trades lacking sufficient volume, frequency, or recency. The commenter claimed that this approach would better focus Schedule B reporting on the information most relevant to monitoring issuer liquidity, potential redemption stress, and secondary-market price stability.

Revised Schedule A

As discussed above, the OCC has consolidated certain items from proposed Schedule A with proposed Schedule B. As a result, the consolidated Schedule A and Schedule B has been re-classified as revised Schedule A. The OCC has also implemented numerous changes to revised Schedule A to reduce the reporting burden, address comments, clarify categories of information and their corresponding instructions, and improve the presentation and technical accuracy of certain calculations.

Item 1.a (Digital Ledger Identifier (DLI)) has been amended to allow a permitted payment stablecoin issuer to report, if available, the DLI for the blockchain network.

Revisions were made to proposed Columns A through I to clarify the calculation of daily changes in outstanding issuance value. Calculations on daily changes in outstanding issuance value are preserved, and simplified, in revised Columns A through F, while also preserving supporting information in revised Columns K and L that were reported in proposed Columns E through H.

Item 1.a of revised Schedule A has been amended to reflect the addition of Columns H (Payment stablecoins redeemed through non-reserve assets), I (Other payment stablecoin redemption), J (Payment stablecoins held in issuer-controlled wallets), and K (Temporarily nonredeemable payment stablecoins).

Column A now requests the blockchain's name instead of the outstanding issuance value at the beginning of the day, which has been moved to Column B.

Revised Column B has been further amended to clarify that ''outstanding issuance value'' is meant as that term is defined in section 15.2.

Revised Column C now requests information on the number of payment stablecoins issued during a calendar day. The instructions now clarify that ''payment stablecoins'' is meant as that term is defined in section 15.2. The amended instructions for Column C also remove the reference to ''on each specific blockchain'' from the first sentence because it is redundant based on the reporting structure of revised Schedule A. The instructions for Column C also remove the direction to omit Treasury stablecoins because the instructions now clarify that payment stablecoins reported in this column must meet the definition of a payment stablecoin in section 15.2.

Revised Column D now requires permitted payment stablecoin issuers to include information about the payment stablecoins redeemed during a calendar day. The instructions have been amended to further clarify that ''redemption'' is meant as that term is defined in section 15.12(a)(2). Specifically, redemption is deemed to

occur when a permitted payment stablecoin issuer has fully processed and initiated the outgoing transfer of funds to the customer or the customer's financial institution as directed by the customer, or, if requested by the customer, credited funds to the customer's account with the permitted payment stablecoin issuer. Revised Column D includes information that would have been reported in proposed Columns C and D of proposed Schedule B.

Revised Column E has been amended by replacing the requirement to report payment stablecoins removed from circulation with a requirement to report other changes to the outstanding issuance value. The instructions have been clarified to explain that permitted payment stablecoin issuers should use this column to report the total par value of payment stablecoins added to or removed from the outstanding issuance value balance unrelated to payment stablecoin issuance or redemption. Revised column E is necessary to accurately calculate daily changes in outstanding issuance value that would not be captured in revised Columns B and C.

Revised Column F now collects the total outstanding issuance value at the end of each calendar day (*i.e.,* as of 11:59:59 p.m. (Eastern)). As the instructions explain, this field will automatically be populated based on the inputs in Columns B, C, D, and E.

Columns G through I were added to report similar information to proposed Columns C and D, with additional clarity in instructions and a new data item in Column I needed to reconcile the detail information on daily redemptions to total daily redemptions.

Revised Column G requires permitted payment stablecoin issuers to report the daily total of payment stablecoins redeemed where the source of funds is directly from reserve assets and the payment stablecoin is simultaneously burned.

Revised Column H now requires permitted payment stablecoin issuers to report the daily total value of all payment stablecoins redeemed where the source of funds are not reserve assets and the payment stablecoin remains outstanding and is not burned.

Revised Column I requires permitted payment stablecoin issuers to report the total payment stablecoins that were redeemed, but not reported in either Column G (Payment stablecoins redeemed through reserve assets) or Column H (Payment stablecoins redeemed through non-reserve assets).

Column J requires permitted payment stablecoin issuers to report all payment stablecoins held in issuer-controlled wallets, commonly known as ''Treasury,'' ''corporate held,'' or ''minted but not issued'' stablecoins.

Column K requires permitted payment stablecoin issuers to report all temporarily nonredeemable payment stablecoins, including, but not limited to temporary access restricted and time-locked stablecoins. The instructions define ''temporary access-restricted payment stablecoins'' to mean those payment stablecoins that are currently held in wallets or smart contracts subject to temporary freezes or administrative blocks (*e.g.,* blacklist functions). The instructions further define ''time-locked payment stablecoins'' to mean payment stablecoin on each specified blockchain that are held in issuer-imposed smart contracts or vesting schedules that are solely controlled by the issuer, and that prevent transfer or liquidation until a specific future timestamp or block height. The instructions also explain that a permitted payment stablecoin issuer should also report here any other payment stablecoin that is temporarily nonredeemable where the payment stablecoin was fully funded by a customer when issued and has not been redeemed. Column K now combines Columns E (Temporary access-restricted) and Column F (Time-locked) from proposed Schedule B.

Column L requires permitted payment stablecoin issuers to report the end-of-day total of payment stablecoins that have been issued but not redeemed and are irretrievably lost or inaccessible and not subject to redemption by contractual or other means.

Item 1.b (Total payment stablecoins) of revised Schedule A has been amended to replace ''Blockchain name'' with ''Digital Ledger Identifier.'' As discussed above, this change was implemented to improve the accuracy of the information the OCC collects about the blockchain a payment stablecoin operates on.

Item 2 (Secondary market pricing) of revised Schedule A covers secondary market pricing data. Items 2.a through 2.e replace the phrase ''listed on Schedule A.3'' with ''on which the payment stablecoin is traded.'' This change was implemented to reflect that the OCC is eliminating proposed Item 3 from proposed Schedule A (Top 100 exchanges by trading volume) from Form PS–01.

The instructions for Item 2.e (Secondary-market bid/ask spread) also now clarifies that a permitted payment stablecoin issuer should exclude from the bid-ask spread calculation, any exchange for which end-of-day bid or ask prices are unavailable or for which a bid-ask spread is not applicable or cannot be reasonably calculated based on the exchange's market structure.

Item 3 (Liquidity measures) of revised Schedule A requires permitted payment stablecoin issuers to report information related to liquidity measures. Item 3.a has been changed to ''Total payment stablecoins purchased not yet issued'' from ''Total payment stablecoins purchased not yet minted.'' The instructions further clarify that the OCC is seeking information about the aggregate count of payment stablecoins for which valid purchase orders have been received and funds cleared, but for which the corresponding on-chain issuance—not minting—transaction has not been finalized. These changes were implemented to clarify that the OCC is seeking information about payment stablecoins that have been purchased—minted or not—but not issued.

Item 3.c (Average redemption time) has been amended to clarify that permitted payment stablecoin issuers should comply with section 15.12(a) and (b) for purposes of determining confirmation of a redemption request and when a transfer to a payment stablecoin holder is initiated.

Item 3.d has been changed to ''Total redemption dollar amount exceeding two business days'' from ''Total redemption dollar amount exceeding 48 hours.'' This change was implemented to align with section 15.12(c)(1), which requires a permitted payment stablecoin issuer's redemption policy to state that timely redemption may not exceed two business days following the date of the requested redemption.

Item 5 (Top 20 redemptions) was added to revised Schedule A and requires permitted payment stablecoin issuers to report additional information related to redemptions in addition to Items 4.a through 4.c. Specifically, Item 5 requires permitted payment stablecoin issuers to report the 20 wallet addresses with the largest cumulative amount of redemption transactions successfully processed each reporting day. The addresses and the accompanying transaction amounts will be reported under Item 5.a. This information is a modification of the data requested in proposed Schedule A, Item 2 (Top 100 payment stablecoin wallet addresses by trading volume). The OCC is requesting this information in response to comments concerning burden, whether the issuer has access to or control over third parties and to better align with supervisory needs. Permitted payment stablecoin issuers will have ready access to verifiable information on redemptions, compared to transaction

activity by wallet addresses that may have no relationship to the issuer. The number of addresses was reduced from 100 to 20 to reduce the reporting burden. The OCC believes it is important to collect this information because redemptions are directly related to a permitted payment stablecoin issuer's liquidity risk and will allow the OCC to monitor and assess trends and concentration in redemption activity in normal and stress environments.

Finally, the OCC has incorporated Item 1 (Top 100 payment stablecoin wallet addresses by number of payment stablecoins) from proposed Schedule A into revised Schedule A as Item 6. However, instead of seeking the top 100 payment stablecoin wallets by number of payment stablecoins, Item 6 asks permitted payment stablecoin issuers to report all wallets that hold more than two percent of the total outstanding payment stablecoins as of the end of each day. Item 6.a now requires permitted payment stablecoin issuers to report the addresses and corresponding payment stablecoin holdings as of the end of each day. The OCC is implementing this change to ensure that the information concerning concentration risk being collected is relevant to the supervision of permitted payment stablecoin issuers. A few commenters recommended implementing a size threshold to avoid forcing permitted payment stablecoin issuers to report wallet addresses with payment stablecoin holdings that are inconsequential and thus lack relevance to the supervision of a permitted payment stablecoin issuer. The OCC is also implementing this change to indirectly cap the total number of wallets that a permitted payment stablecoin issuer would need to report at 50.

Description of Revised Schedule A

In summary, revised Schedule A collects similar information on the issuance and redemption of stablecoins over the reporting period, information on secondary market price and trading activity, liquidity measures, and concentration metrics as proposed Schedule B.

Schedule C—Reserve Assets

Proposed Schedule C would collect information on the reserve assets used to back the outstanding issuance of a stablecoin issued by a permitted payment stablecoin issuer. This information would include a list of all reserve assets by type, as well as information on each class of reserve assets, including fair value and amortized cost. Schedule C would collect, among other information, the balance of assets within each asset category that are in tokenized form.

The OCC received numerous comments concerning proposed Schedule C and the information proposed to be collected. One commenter stated that reserve reporting should improve supervisory visibility without narrowing the statutory reserve criteria. The commenter added that fair value is the appropriate uniform measure for reserve sufficiency because it best reflects whether reserve assets support the at-all-times 1:1 backing requirement.[21] The commenter further added that reporting fields should not impose a de facto weighted-average-maturity cap or create special limits for off-the-run Treasury securities.

Another commenter observed that FDIC PS–01a would collect a weekly minimum, maximum and average reserve asset coverage ratio (*i.e.,* reserve assets against outstanding issuance), but this ratio does not appear on Form PS–01, although it is derivable from data both full forms already collect. The commenter claimed that collecting this information would enhance the utility of the information collected at negligible additional burden and would place the most direct indicator of reserve adequacy on the face of the form.

In the notice, the OCC invited comments on whether additional information about tokenized assets should be included elsewhere in the reporting form, for example, specific items on tokenized deposits or tokenized money market funds. One commenter stated that the reporting fields should not treat tokenized forms of otherwise eligible reserve assets as separate asset classes and the final instructions should make clear that tokenized forms of otherwise eligible reserve assets are reportable within the corresponding underlying category. Another commenter stated that the OCC should adopt a technology-neutral approach with respect to reporting reserve assets. The commenter claimed that reporting reserve assets should not depend upon the technology or recordkeeping used to record those assets; if a tokenized U.S. Treasury security and a non-tokenized U.S. Treasury security are both held as reserve assets and represent the same claim on the U.S. government, their distinction for reserve adequacy purposes appears immaterial.

Revised Schedule B

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule C has been re-classified as the revised Schedule B.

Items 1 and 1.a through 1.f remain unchanged from proposed Schedule B. The OCC has revised Item 1.g (Total reserve assets) by adding ''before considering liabilities on repurchase agreements'' to the end of the last sentence. The OCC added this language to clarify that the reported figure in 1.g is meant to identify the total reserve assets available to support the outstanding payment stablecoins net of repurchase agreement liabilities.

Item 1.h (Outstanding repurchase agreement liabilities) adds a new information collection for outstanding repurchase agreement liabilities. This item was moved from proposed Schedule D, Item 1.c, Column E (Repurchase Agreement Liabilities) to ensure accurate calculation of Column B and provide additional clarity on Reserve asset value. As proposed, Column B would not have resulted in accurate calculations because the underlying formula relied upon gross reserve assets, not reserve assets net of repurchase agreement liabilities. Reserve assets net of repurchase agreement liabilities also aligns with the regulatory definition of Reserve asset value in section 15.2.[22] Moving this item from proposed Schedule D improves clarity by consolidating all components of Reserve asset value on the same schedule. Permitted payment stablecoin issuers must report the dollar amount of repurchase agreement liabilities related to money received from repurchase agreements that are held as reserve assets.

Item 2 adds a new information collection for total reserve assets net of outstanding repurchase agreement liabilities. This reported figure is derived from Item 1.g (Total reserve assets) less Item 1.h (Outstanding repurchase agreement liabilities). This figure represents the total Reserve asset value held to support outstanding issuance value. Also, under Item h, the OCC has amended the instructions for Column B by changing ''1.g'' to ''2'' to reflect that the denominator in the calculation is now the total reserve assets net of outstanding repurchase agreement liabilities and not total reserve assets.

Items 5 (Top five counterparties by exposure) and 5.a (Non-Federal Reserve

[21] *See* 12 U.S.C. 5903(a)(1)(A).

[22] *See* 12 CFR 15.2, which states that the ''*Reserve asset value* of a payment stablecoin means the sum of: (1) The total fair value of reserve assets, net of any associated liabilities, other than United States coins and currency; and (2) The total face value of reserve assets comprising United States coins and currency.''

Bank counterparty names) were removed from proposed Schedule A and relocated in revised Schedule B as Items 3 and 3.a. These categories of information remain unchanged from proposed Schedule A. The OCC is also adding a new category of information, Reserve Asset Withdrawals, as Item 4 in revised Schedule B. The OCC proposed collecting information about reserve asset withdrawals through proposed Schedule E of proposed Form PS–02 but did not propose collecting this information in proposed Form PS–01. Upon additional review, the OCC believes collecting information weekly about withdrawals from reserve assets serves a valuable supervisory purpose. Any reduction in reserve assets without a corresponding change in outstanding issuance value reduces reserve asset coverage for payment stablecoin holders. Reporting this information allows the OCC to monitor and assess changes to reserve asset coverage, including potentially changes to a permitted payment stablecoin issuer's risk tolerance (*i.e.,* reducing reserve asset coverage). This information also helps reconcile daily changes in reserve assets. Thus, the OCC has included this category of information in revised Schedule B.

Description of Revised Schedule B

In summary, revised Schedule B would now collect information on the reserve assets used to back the outstanding issuance of a stablecoin issued by a permitted payment stablecoin issuer. This information would include a list of all reserve assets by type, as well as information on each class of reserve assets, including fair value and amortized cost. Revised Schedule B would also collect information about counterparty exposure and reserve asset withdrawals.

Schedule D—Cash Balances Schedule D

Proposed Schedule D would collect information on cash balances held as reserve assets. This information would include items on the location and size of insured and uninsured deposits maintained at depository institutions, as well as any balances maintained at a Federal Reserve Bank. Proposed Schedule D would also collect aggregate information on repurchase agreement transactions and associated liabilities. Proposed Schedule D includes line items for cash balances held at U.S. depository institutions and foreign depository institutions.

In the notice, the OCC invited comment on the proper handling of U.S. and foreign cash balances, as well as whether there should be other distinctions among cash balances serving as payment stablecoin reserves. One commenter expressed support for reporting cash reserves by location and size, including balances maintained at Federal Reserve Banks and at U.S. and foreign depository institutions, provided that this information remains confidential and supervisory-only. The commenter added that the reporting instructions should reflect the GENIUS Act's express recognition that reserve assets may include demand deposits at foreign branches, agents, and correspondent banks of U.S. insured depository institutions under § 4(a)(1)(A)(ii).[23] The commenter added that the reporting form should capture lawful reserve activity; it should not be designed in a way that presupposes or effectively imposes a U.S.-only reserve-location requirement that is left explicitly open in the GENIUS Act.

The OCC disagrees that the instructions for proposed Schedule D require revisions to explicitly state which cash balances are permissible reserve assets. The GENIUS Act and the final rule identify the suite of reserve assets, including cash balances, that a permitted payment stablecoin issuer may hold.

Another commenter stated that proposed Schedule D only requests aggregate deposits in U.S. and foreign depository institutions. The commenter further claimed that uninsured deposits represent the highest credit risk in reserve assets.

In response to this comment, as discussed below, the OCC has incorporated institution-level reporting into the revised schedule.

Revised Schedule C

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule D has been re-classified as the revised Schedule C.

Item 1 of proposed Schedule D required permitted payment stablecoin issuers to, ''Report cash balances disaggregated by the following categories.'' The OCC has removed this item from revised Schedule C. Item 1 in revised Schedule C now states, ''U.S. depository institutions.'' Under this item, permitted payment issuers must provide reporting on the cash balances held in U.S. depository institutions. Item 1.a of revised Schedule C also includes a new column requesting that permitted payment stablecoin issuers provide the RSSD ID for each financial institution. This change is being incorporated in response to a comment concerning the risk associated with uninsured cash deposits. This reporting will provide the OCC with relevant detail about the institutions holding reserve assets as cash deposits as well as institution-level detail about uninsured deposits.

Column A (Total cash balances), Column B (Insured balances), and Column C (Uninsured balances) of Item 1.a mirror the categories of information in proposed Scheduled D. However, the instructions for Columns B and C of revised Schedule C have been modified to clarify that insured and uninsured cash balances should be reported for each institution. Column D (Money received under repurchase agreements) was also removed from revised Form PS–01. As discussed above, Column E (Repurchase agreement liabilities) and Column F (Money received under repurchase agreements net of repurchase agreement liabilities) were moved to revised Schedule B for organizational purposes and to enhance reporting related to reserve assets and repurchase agreement liabilities associated with reserve assets. Revised Schedule C now also includes a new Column D which requires a permitted payment stablecoin issuer to indicate whether any of its cash balances held at U.S. or foreign depository institutions are held as tokenized deposits. The OCC believes that understanding whether cash balances are held as traditional fiat deposits or as tokenized deposits is important because there may be operational or liquidity differences in tokenized and non-tokenized reserve assets.

Items 2 and 2.a of revised Schedule C replicate the information collection under Items 1 and 1.a, except that the information requested relates to cash balances held in foreign depository institutions. Item 1.c (Federal Reserve Bank deposits) in proposed Schedule D has been moved and re-classified as Item 3 in revised Schedule C. In addition, the OCC has included instructions for Item 3 explaining that a permitted payment stablecoin issuer should report the dollar amount of money standing to the credit of an account with a Federal Reserve Bank.

Description of Revised Schedule C

In summary, revised Schedule C would now collect information on cash balances held as reserve assets. This information would include items on the location and size of insured and uninsured deposits maintained at depository institutions, as well as any balances maintained at a Federal Reserve Bank.

[23] *See* 12 U.S.C. 5903(a)(1)(A)(ii).

Schedule E—U.S. Treasury Securities

Proposed Schedule E would collect information on U.S. Treasury securities held as reserve assets. This information would include the Committee on Uniform Securities Identification Procedures (''CUSIP'') numbers for U.S. Treasury securities, their fair value, remaining maturity, coupon rate, effective interest rate, and information about the custodian holding the securities, as well as information, such as counterparty and collateral haircut, on any U.S. Treasury securities encumbered by outstanding repurchase agreements.

The OCC received several comments related to proposed Schedule E. One commenter expressed support for confidential supervisory reporting of issuer-maintained Treasury-security data. However, the commenter claimed that the proposed sub-24-hour reporting turnaround, combined with a requirement to produce daily individual security positions, counterparty names, and collateral breakdowns, presents a significant operational challenge. The commenter further claimed that standard treasury and custody platforms are built to record aggregate holdings, fund-level balances, and total counterparty exposures and not the instrument-level and counterparty-level detail proposed Form PS–01 seeks on a continuous daily basis. The commenter added that meeting this requirement would necessitate purpose-built data extraction and reconciliation workflows that go well beyond the capabilities of existing back-office infrastructure. The commenter also stated that the OCC should define maturity fields on a remaining-maturity basis consistent with the GENIUS Act's 93-days-or-less standard for Treasury bills, notes, and bonds. The commenter added that the reporting form should not impose, or imply, a separate weighted-average-maturity cap or other maturity constraint that narrows the statutory reserve asset basket.

Another commenter observed that proposed Schedule E would collect information on U.S. Treasury securities held as reserve assets, including the CUSIP numbers for individual U.S. Treasury securities. The commenter stated that CUSIP information for U.S. Treasury securities is more granular than it is for money market mutual funds and would impose substantial burden on permitted payment stablecoin issuers. The commenter further recommended that the OCC consider collecting aggregated U.S. Treasury security information (*e.g.,* bucketed by maturity) that would provide the necessary supervisory information without the associated burden of CUSIP-level reporting.

First, as discussed above, the OCC has modified the reporting instructions for Form PS–01 to provide for an additional 24 hours to prepare and file Form PS–01. Second, due to permitted payment stablecoin issuers' sensitivity to interest rate risk, it is essential that the OCC have timely and accurate data concerning a permitted payment stablecoin issuer's interest rate risk profile. The information proposed to be collected will provide the OCC with the necessary data to ascertain a permitted payment stablecoin issuer's interest rate risk. Finally, the OCC is retaining CUSIP-level reporting because Treasuries likely represent the largest source of interest rate risk for permitted payment stablecoin issuers. Given this, the OCC believes CUSIP-level reporting is necessary to accurately account for a permitted payment stablecoin issuer's interest rate risk.

Revised Schedule D

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule E has been re-classified as the revised Schedule D.

The OCC is making minimal revisions to information collection in proposed Schedule E. However, for Items 1.a (CUSIP) and 3.a (Repurchase agreement collateral CUSIP), the OCC has added Columns L and I, respectively, to collect information related to whether the listed security is tokenized. The OCC believes that understanding whether reserve assets are held in tokenized or non-tokenized form is important because there may be operational, market, or liquidity differences in tokenized and non-tokenized reserve assets. Otherwise, the OCC has not proposed any additional revisions to revised Schedule D.

Description of Revised Schedule D

Revised Schedule D would collect information on U.S. Treasury securities held as reserve assets. This information would include the CUSIP numbers for individual U.S. Treasury securities, their fair value, remaining maturity, coupon rate, effective interest rate, tokenization, and information about the custodian holding the securities, as well as information, such as counterparty and collateral haircut, on any U.S. Treasury securities encumbered by outstanding repurchase agreements.

Schedule F—Reverse Repurchase Agreements

Proposed Schedule F would collect information on reverse repurchase agreement transactions held as reserve assets. This would include information on the repurchase agreements including counterparty, cash lent, agreement type and name of agent. Proposed Schedule F would also collect information on securities collateralizing the reverse repurchase transaction, such as collateral values, collateral maturity, collateral haircuts, days until maturity or interest rate reset, and whether rehypothecation is allowed.

The OCC did not reserve any comments concerning proposed Schedule F.

Revised Schedule E

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule F has been re-classified as the revised Schedule E.

The OCC is making minimal revisions to the information collection in proposed Schedule F. However, for Item 2.a (Reverse repurchase agreement collateral CUSIP), the OCC has added Column I to collect information related to whether the listed security is tokenized.

Description of Revised Schedule E

Revised Schedule E would collect information on reverse repurchase agreement transactions held as reserve assets. This would include information on the repurchase agreements including counterparty, cash lent, agreement type and name of agent. Revised Schedule E would also collect information on securities collateralizing the reverse repurchase transaction, such as collateral values, collateral maturity, collateral haircuts, days until maturity or interest rate reset, and whether rehypothecation is allowed.

Schedule G—Money Market Mutual Funds

Proposed Schedule G would collect information on money market mutual funds held as reserve assets, including fund name and sponsor, CUSIP, net asset value (''NAV''), and effective interest rate, WAM, WAL as well as information on custodians.

The OCC received several comments related to proposed Schedule G. One commenter expressed support for confidential supervisory reporting of issuer-maintained money market fund data—including fund name, sponsor, CUSIP, NAV, and custodian. However, the commenter added that requiring a daily effective interest rate is not

feasible because interest on money market fund holdings accrues and is reported on a monthly cycle, making daily rate calculation operationally inconsistent with how these instruments are administered and recorded. The commenter stated that the instructions should clarify that eligible reserve assets in this category are limited to Government money market funds that maintain a stable $1.00 NAV and whose underlying assets remain within the GENIUS Act's reserve-asset perimeter and prime and municipal money market funds should not be treated as eligible reserve assets. The commenter also recommended that the OCC require a single, clearly defined maturity measure rather than both WAM and WAL. The commenter stated that given the short-duration, high-liquidity nature of eligible Government money market funds, requiring both measures would add a duplicative reporting burden without materially improving supervisory insight.

The OCC declines to make changes to WAL and WAM reporting, as both measures are required to be calculated and reported by money market mutual funds.[24]

Another commenter stated that the percentage ownership field for money market mutual funds in proposed Schedule G should be replaced with a field measuring either the fair value or NAV-based value of the permitted payment stablecoin issuer's holdings in the fund. The commenter added that calculating the permitted payment stablecoin issuer's percentage ownership of the fund will require external data that may not be available to a permitted payment stablecoin issuer on the required reporting cadence, and so completing the form may require a permitted payment stablecoin issuer to engage with external vendors to source necessary information.

As discussed below, the OCC is revising the schedule to only require a permitted payment stablecoin issuer to indicate if the permitted payment stablecoin issuer holds more than 50% of a money market mutual fund.

Revised Schedule F

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule G has been re-classified as the revised Schedule F.

The OCC has added a new Item 1, Money Market Mutual Funds, with accompanying instructions that a permitted payment stablecoin issuer is required to report information related to money market mutual funds held as reserve assets. As result of this addition, Item 1 in proposed Schedule G (Fund name) has been reclassified as Item 1.a in revised Schedule F. Under Item 1.a., the OCC has made several amendments to the instructions for Columns A, C, D, and E and added a new Column J. Under proposed Schedule G, Column A would require a permitted payment stablecoin issuer to report the percentage ownership of a money market mutual fund. A commenter explained that it could be operationally challenging to determine the ownership percentage of a fund due to certain informational challenges, including the mismatch between the reporting cadence for money market mutual funds and the weekly reporting requirements. In response to this comment, the OCC has modified this information collection to only require a permitted payment stablecoin issuer to indicate if the permitted payment stablecoin issuers owns more than 50% of the money market mutual fund. The OCC believes that these changes to the information collection will alleviate some of the operational concerns commenters raised while also ensuring that the OCC has timely information concerning significant reserve asset concentrations.

The OCC is modifying Column C to collect the LEI of the money market mutual fund instead of its ticker. The OCC is requesting permitted payment stablecoin issuers report the LEI of its money market mutual funds instead of tickers to increase the accuracy of the information reported and minimize the potential for confusion that could arise through the use of ticker symbols.

The OCC is making clarifying modifications to Column D (Weighted average maturity (WAM)). Specifically, the OCC is amending the instructions for Column D to clarify that WAM is defined as the dollar-weighted average time remaining, measured in days, based on the percentage of each security's market value in the money market mutual fund. This change was implemented to clarify that the OCC is seeking the weighted average of the underlying securities and not the money market mutual fund. The instructions further clarify that for floating rate securities in the money market mutual fund, the maturity shall be deemed one day. Finally, the instructions clarify that if the WAM is unavailable as of the reporting date, a permitted payment stablecoin issuer should report the most recent WAM available. Similarly, the OCC is modifying the instructions for Column E (Weighted average life (WAL)) to clarify that, if the WAL is unavailable as of the reporting date, a permitted payment stablecoin issuer should report the most recent WAL available.

Finally, the OCC is adding Column J to revised Schedule F to collect information related to whether the reported money market fund is tokenized.

Description of Revised Schedule F

Revised Schedule G would collect information on money market mutual funds held as reserve assets, including fund name and sponsor, CUSIP, NAV, and effective interest rate, WAM, WAL as well as information on custodians.

Schedule H—Other Instruments

Proposed Schedule H would collect information on any other instruments held as reserve assets. While the information collected by the other schedules would likely cover all reserve assets, Schedule H would act as a catch-all collection information on any reserve assets otherwise not covered by the other schedules, for example for any physical currency held by a permitted payment stablecoin issuer.

The OCC received one comment related to proposed Schedule H. Specifically, one commenter stated that the instructions should treat Schedule H as an exception-based reporting field, and not an invitation to create new reserve categories or commingle alternative crypto-assets or other non-GENIUS Act assets with the payment stablecoin reserve.

As stated above, the intent of proposed Schedule H is to act as a catch-all collection of information to ensure that all reserve assets are reported. The inclusion of the schedule is not an invitation to permitted payment stablecoin issuers to use impermissible assets as reserve assets. The GENIUS Act and the final rule are clear about the universe of permissible reserve assets.[25]

Revised Schedule G

As discussed above, the OCC has consolidated proposed Schedule A and Schedule B in Form PS–01. As a result, proposed Schedule H has been re-classified as the revised Schedule G.

The OCC is making minimal revisions to the information collection in proposed Schedule H. However, the OCC has added a new Item 1, Other Instruments, with accompanying instructions that a permitted payment stablecoin issuer is required to report information related to other instruments held as reserve assets. As result of this addition, Item 1 in proposed Schedule

[24] *See* 17 CFR 270.2a–7(d).

[25] *See* 12 U.S.C. 5903(a)(1)(A) and 12 CFR 15.11.

H (Instrument name) has been reclassified as Item 1.a in revised Schedule G. Under Item 1.a, the OCC has also added a new Column F to collect information related to whether any other instruments reported are tokenized.

Description of Revised Schedule G

Revised Schedule G would collect information on any other instruments held as reserve assets. While the information collected by the other schedules would likely cover all reserve assets, revised Schedule G would act as a catch-all collection information on any reserve assets otherwise not covered by the other schedules (*e.g.,* any physical currency held by a permitted payment stablecoin issuer).

Quarterly Reporting Form PS–02

The proposed quarterly reports of financial condition for permitted payment stablecoin issuers and foreign payment stablecoin issuers required by sections 15.14(i) and 15.31(b)(2) mirrors the quarterly statements of financial condition that national banks and Federal savings associations provide to the Federal banking agencies through their quarterly Call Reports.[26] The information required to be reported quarterly will be streamlined substantially relative to the Call Reports, in light of the comparatively simple business model of a permitted payment stablecoin issuer. Standardizing these reporting requirements will enhance the OCC's ability to supervise permitted payment stablecoin issuers and foreign payment stablecoin issuers and provide clarity as to the information a permitted payment stablecoin issuer or foreign payment stablecoin issuer must report. Some OCC-regulated institutions may already be subject to other reporting obligations, notably the Call Report.

Proposed Schedule A would collect an income statement from the permitted payment stablecoin issuer or foreign payment stablecoin issuer. Proposed Schedule B would collect a balance sheet from the permitted payment stablecoin issuer or foreign payment stablecoin issuer. Proposed Schedule C would collect information about off-balance sheet items from the permitted payment stablecoin issuer or foreign payment stablecoin issuer. Proposed Schedule D would collect additional information about capital elements and operational backstop from the permitted payment stablecoin issuer based on the capital requirements in the proposed rule.[27] Proposed Schedule E would collect additional information about a permitted payment stablecoin issuer's or foreign payment stablecoin issuer's operations including information about reserve assets, other assets and liabilities, number of branded stablecoins issued, stablecoin issuances, redemption, burn data, blockchains, redemption metrics, and custody activities. The OCC intends to publish the information provided in the quarterly report to ensure transparency and that the public understands a permitted payment stablecoin issuer's or a foreign payment stablecoin issuer's financial condition on an ongoing basis.

As a part of the notice, the OCC invited comments on what items should be modified or removed, as well as whether any items should be added. A few commenters expressed their views on a range of issues related to proposed Form PS–02, its instructions, the overall reporting structure, and reporting requirements.

Several commenters provided feedback on the requirement to file Form PS–02 and others proposed alternative reporting structures. One commenter stated that the OCC should allow permitted payment stablecoin issuers to satisfy their quarterly reporting obligations through a single report. The commenter stated that OCC-regulated institutions that file a Call Report should be exempt from Form PS–02 reporting. The commenter further stated that a permitted payment stablecoin issuer should be allowed to submit only the Call Report and Form PS–01 to satisfy its OCC reporting obligations. According to the commenter, this would avoid redundant reporting while preserving the OCC's supervisory visibility into a permitted payment stablecoin issuer's financial condition. Another commenter stated that the OCC should instead work through the Federal Financial Institutions Examination Council, or FFIEC, to create a standalone payment stablecoin schedule within the Call Report for institutions that already file Call Reports. The commenter added that the Call Report schedules should remain the single source of institution-level information on income, financial condition, off-balance sheet items, and capital. For Federal nonbank permitted payment stablecoin issuers and foreign payment stablecoin issuers, the commenter added that the OCC could require a streamlined quarterly Form PS–02 containing the stablecoin-specific items in the payment stablecoin Call Report schedule.

Other commenters advocated for Form PS–02 submissions to satisfy permitted payment stablecoin issuers quarterly reporting obligations. Several commenters stated that OCC-supervised banks should be exempted from the obligation to submit Call Reports if their business primarily involves issuing payment stablecoins and conducting activities incidental to that issuance and redemption and if they comply with the proposed quarterly reporting obligations via Form PS–02. One commenter explained that the two forms of reporting would be largely duplicative. The commenter further stated that to the extent the OCC or other commenters identify relevant information gaps between Form PS–02 and Call Report fields, the OCC could add additional schedules to Form PS–02 or expand the scope of Schedule E. The commenter added that since the OCC proposes to make information provided via Form PS–02 publicly available, the public would not be disadvantaged if banks reporting via Form PS–02 are exempted from requirements to submit Call Reports.

Several commenters stated that OCC-regulated permitted payment stablecoin issuers and foreign payment stablecoin issuers should not be required to file both the proposed stablecoin reporting forms and duplicative Call Report items covering the same stablecoin data. One commenter stated that best solution is a single, uniform, standardized stablecoin dataset, distinct from the Call Report that provides permitted payment stablecoin issuer-specific detail.

Another commenter stated that the OCC should extract the data points it needs from the existing machine-readable Call Report and only require entities to report data that is not already required to be reported in the Call Report. The commenter claimed that this approach will not only reduce reporting burden, but it will also likely improve the integrity of the data reported because data is required to be prepared once and duplication introduces the chance for errors.

Several commenters recommended that permitted payment stablecoin issuers be required to file both Form PS–02 and the Call Report. One commenter explained that requiring separate reporting would help distinguish reporting related to GENIUS Act-authorized payment stablecoin issuer activities from non-payment stablecoin issuer activities, promoting transparency and allowing market

[26] *See* 12 U.S.C. 161(a) (requiring national banks to make reports of condition to the OCC); and 12 U.S.C. 1464(v) (requiring Federal savings associations to make reports of condition to the OCC).

[27] Foreign payment stablecoin issuers would not be required to complete Schedule D as foreign payment stablecoin issuers would not be subject to the capital requirements in Subpart E of the proposed rule.

participants, regulators, and other stakeholders to consistently compare information across issuers, regardless of charter type or organizational structure. The commenter added that clear linking instructions would further reduce reporting burden and ensure consistency across reporting requirements. Another commenter stated that the OCC should require additional reporting, such as the Call Report, for all issuers that are authorized to engage in digital assets service provider or other trust charter activities. The commenter also stated that the OCC should not limit disclosure by these entities to the information in the streamlined quarterly report and these institutions should be required to submit a full Call Report. Another commenter stated that the quarterly reporting framework should remain permitted payment stablecoin issuer-specific and should not rely on Call Reports or parent-entity reporting as a substitute for stablecoin data. The commenter stated that Call Reports do not capture the reserve, redemption, liquidity, token-supply, custody, technology, affiliate, and operational-backstop information necessary for GENIUS Act supervision. The commenter added that capital and operational-backstop fields should be calibrated to permitted payment stablecoin issuer continuity and orderly wind-down needs, including non-discretionary operating expenses or tailored unwind costs, rather than hard-wiring a 12-month total-expense measure into the reporting form.

The OCC believes that requiring a permitted payment stablecoin issuer to provide a quarterly report of condition will allow the agency and the public to understand a permitted payment stablecoin issuer's financial condition, operations, and the risks unique to its business model. This regular data reporting will also allow the OCC to tailor its examinations to be risk-based, which will reduce the burden of examinations. Further, the OCC acknowledges that there will be some overlap between Form PS–02 and the Call Report. However, these two reports are important and should remain because they serve two different purposes. Call Reports convey information to the public about the financial condition of a bank and Form PS–02 will convey information to the public about the financial condition of a permitted payment stablecoin issuer. Following implementation of the final rule, the OCC will assess the quarterly reporting framework and consider if permitted payment stablecoin issuer should be relieved of some reporting obligations.

Several commenters provided feedback concerning the public disclosure of Form PS–02 as well as the process for designating confidentiality. One commenter expressed support for publishing quarterly financial-condition information at an aggregate, decision-useful level so the public can understand an issuer's financial condition. Another commenter stated that the OCC should establish a strong presumption that Form PS–02 information will be publicly disclosed. The commenter explained that Form PS–02 will collect information that is key to evaluating whether a permitted payment stablecoin issuer can maintain sufficient reserves, meet redemption obligations, manage operational and affiliate risks, and remain financially sound. Another commenter stated that the OCC should narrow the proposed confidential-treatment process. The commenter observed that the instructions allow a reporting entity to seek confidential treatment for ''some or all'' portions of Form PS–02 upon a showing that disclosure would likely cause substantial competitive harm. The commenter claimed that an issuer-by-issuer process could produce inconsistent disclosure outcomes, reduce comparability across permitted payment stablecoin issuers, and create unnecessary administrative burden for both reporting entities and the OCC. The commenter further added that confidential treatment should be limited to narrow, predefined categories where disclosure would present specific cybersecurity, operational, liquidity, counterparty, or market-stability risks. Another commenter stated that the OCC should preserve a clear distinction between confidential supervisory reporting and public disclosures. The commenter stated that weekly reporting should remain confidential and supervisory-only, particularly for counterparty-specific, named-institution, custodian, wallet-level, exchange, and secondary-market information. The commenter added that public disclosure should instead be limited to aggregate, decision-useful quarterly information that helps payment stablecoin holders and market participants understand an issuer's financial condition without revealing information that could enable front-running, destabilize banking or custody relationships, or transmit stress between permitted payment stablecoin issuers and their reserve counterparties.

The OCC's presumption is that each quarterly Form PS–02 for each permitted payment stablecoin issuer will be publicly available. It is vitally important that the public has access to timely and reliable data concerning the financial condition of a permitted payment stablecoin issuer. The availability of Form PS–02 is further consistent with the GENIUS Act's requirement that permitted payment stablecoin issuers publish their reserve composition monthly.[28] However, the OCC is maintaining the ability to grant a request for confidentiality when the facts and circumstances warrant such accommodation. The OCC expects to use this authority sparingly.

One commenter recommended that the OCC prescribe RC–T-like treatment for regulatory reporting. The commenter further recommended that reserve assets and the corresponding redemption obligations should be reported together in a proposed Schedule RC–PS, by stablecoin and reserve category, with the reserve ratio and any deficiency clearly disclosed. The commenter added that they should not be consolidated into the permitted payment stablecoin issuer's ordinary assets and liabilities reported on Schedule RC. The commenter further explained that the issuer's corporate assets, liabilities, income, and capital would remain in the existing Call Report schedules.

The OCC disagrees with this approach. The Form PS–02 will require reporting entities to follow GAAP to ensure consistency in reporting. As stated in the preamble to the final rule, the OCC generally anticipates that reserve assets will be recorded on the permitted payment stablecoin issuer's balance sheet under GAAP as the permitted payment stablecoin issuer maintains ownership and control over the reserve assets.

One commenter stated that for multi-issuance stablecoin brands, public quarterly reporting should support brand-level transparency, including consolidated circulating supply, aggregate reserve position, and allocation of redemption responsibility across regulated affiliates, while permitted payment stablecoin-specific supervisory data should remain available to the OCC. The commenter added that outstanding issuance value and reserve fields should be calibrated to the payment stablecoins the permitted payment stablecoin issuer is obligated to redeem, and the forms should distinguish treasury stablecoins, frozen/blocked tokens, and tokens permanently removed from circulation in a technology-neutral manner.

The OCC disagrees with the recommendation to have brand-level

[28] *See* 12 CFR 15.13(e).

stablecoin reporting transparency in the quarterly reports. Permitted payment stablecoin issuers are required to provide brand-level public reporting through their public monthly attestations. In addition, permitted payment stablecoin issuers will be subject to brand-level reporting through Form PS–01. The OCC believes that incorporating additional brand-level stablecoin information into Form PS–02 would add unnecessary burden, without a corresponding supervisory benefit or benefit to the public.

One commenter recommended that the OCC align permitted payment stablecoin issuers' reporting requirements with the Call Report's reporting requirements and instructions wherever possible. The commenter stated, for example, proposed Form PS–02's instructions should define ''premises and fixed assets'' to also include right-of-use assets in accordance with ASC Topic 842, Leases, consistent with existing Call Report instructions.

As with the OCC's coordination with other primary Federal payment stablecoin regulators, the OCC will make similar efforts to utilize, where appropriate, common terminology drawn from Call Reports.

Several commenters provided feedback on Form PS–02's attestation requirements. One commenter stated that the OCC should provide flexibility for permitted payment stablecoin issuers to have their Chief Executive Officer, or another executive, provide the necessary declaration, rather than requiring the Chief Financial Officer to serve as the declarant for every institution. The commenter stated that a single accountable executive is the appropriate owner of the Form PS–02 reporting process, and the executive responsible for financial reporting is best positioned to oversee the preparation of the reporting, review the relevant controls and reconciliations, and make a meaningful declaration as to its accuracy. The commenter added that some institutions may prefer to vest this responsibility with the chief executive officer or another executive, and the OCC should provide flexibility for filers to make that election. The commenter also suggested that the OCC narrow the attestation requirement such that only three directors are necessary to attest to the accuracy of Form PS–02. Another commenter stated that the OCC should not require each director and member of senior management of a foreign payment stablecoin issuer to sign and attest to the accuracy of Form PS–02. The commenter stated that this requirement would present a significant and unnecessary burden on foreign payment stablecoin issuers, particularly where directors and senior management are located internationally.

The attestation requirements flow from the final rule.[29] As stated in the final rule, the OCC believes that the Chief Financial Officer, or the individual performing the equivalent function, is the correct member of senior management to be accountable for providing an attestation to the accuracy of quarterly reports. A single accountable member of senior management will help ensure that a member of senior management has ownership of a permitted payment stablecoin issuer's financial reporting function. Similarly, the OCC believes that requiring all members of the board of directors and senior management to attest to the correctness of quarterly reports will help ensure that the board of directors and senior management are engaged in the oversight of the permitted payment stablecoin issuers' financial reporting function. Upon implementation, the OCC will continue to assess the rule's requirements along with those of the reporting forms and the associated reporting burden.

Another commenter stated that the OCC should require additional reporting regarding third-party payments and other arrangements that may function as indirect yield, growth incentives, or economic substitutes for interest. The commenter added that Form PS–02 should capture the economic substance of such arrangements, including the parties involved, the activities that trigger payment, whether compensation is tied to balances or transaction volume, and whether the arrangement is designed to increase stablecoin holdings or usage. The commenter also stated that Form PS–02 should also provide sufficient detail regarding material derivatives, digital asset contracts, affiliate exposures, special-purpose vehicles, and off-balance-sheet arrangements to assess whether such exposures could affect redemption capacity, reserve management, capital, operational resources, or risk transmission to community banks and the broader financial system.

The OCC disagrees with this recommendation. The information the commenter proposes to collect is unnecessarily granular, may be challenging to implement in practice, and would yield information of minimal supervisory value. To the extent necessary, the OCC could nevertheless obtain this type of information, through the supervisory process.

[29] *See* 12 CFR 5.14(i)(2) and (3); and 15.31(b)(2).

Schedule A—Income Statement

Proposed Schedule A would collect an income statement including information about reserve asset income and expense, other income and expense, and net income. Proposed Schedule A separates (1) income and expenses associated with a permitted payment stablecoin issuer's or a foreign payment stablecoin issuer's stock of reserve assets from (2) income and expenses associated with other corporate activities. Items 1 and 2 of proposed Schedule A would collect information on income and expenses associated with reserve assets, while Items 4 and 5 of proposed Schedule A would collect information on other income and expenses.

In the notice, the OCC invited comment on modifications to these items or any additions. One commenter stated that the OCC should work with other primary Federal payment stablecoin regulators to standardize the definitions of reserve income, reserve expense, other income, and other expenses across the Federal GENIUS Act framework. The commenter added that a shared data dictionary among the primary Federal payment stablecoin regulators would help ensure that comparable payment stablecoin issuers report the same concepts in the same way and would reduce the risk of divergent reporting practices across federal pathways.

As discussed throughout this notice, the OCC has, and continues to, coordinate closely with the other primary Federal payment stablecoin regulators. The OCC will continue to work with the other primary Federal payment stablecoin regulators to harmonize terminology, where appropriate, across the agencies' respective reporting forms.

Revised Schedule A

The OCC is not proposing to change Schedule A of Form PS–02.

Description of Revised Schedule A

Revised Schedule A would collect an income statement including information about reserve asset income and expense, other income and expense, and net income. Revised Schedule A separates (1) income and expenses associated with a permitted payment stablecoin issuer's or a foreign payment stablecoin issuer's stock of reserve assets from (2) income and expenses associated with other permitted payment stablecoin issuer corporate activities. Items 1 and 2 of revised Schedule A would collect information on income and expenses associated with reserve assets, while

Items 4 and 5 of revised Schedule A would collect information on other income and expenses.

Schedule B—Balance Sheet

Proposed Schedule B would collect a balance sheet including information about reserve assets, other assets, liabilities, and capital. Proposed Schedule B would require reporting each asset's value in accordance with U.S. GAAP.

In the notice, the OCC invited comment on proposed Schedule B. One commenter stated that the balance sheet should align with the reserve values reported in Schedule C of proposed Form PS–01 and Schedule E of proposed Form PS–02 to avoid inconsistent reserve measures across the reporting forms. The commenter recommended that the OCC make clear that reserve sufficiency is measured by fair value even where a particular accounting treatment may permit amortized-cost presentation for financial-statement purposes. The commenter also recommended that the Federal payment stablecoin regulators publish a standardized set of terminology so reserve assets, other assets, liabilities, capital, and related valuation fields map consistently across weekly reporting, quarterly reporting, and any Call Report appendix or integrated filing process. According to the commenter, that approach would improve comparability, reduce reconciliation risk, and support harmonized reporting across Federal payment stablecoin regulatory regimes.

The terminology and requirements of Forms PS–02 are drawn from the final rule and the GENIUS Act. Upon implementation, the OCC will consider adding additional definitions or clarification as warranted.

Revised Schedule B

The OCC is proposing minor revisions to Schedule B of Form PS–02. The OCC is incorporating several revisions to the asset and liabilities reporting categories into a revised Schedule B. First, the OCC is changing the heading of Item 3 from ''Operational backstop'' to ''Operational backstop assets.'' Second, under the assets category, the OCC is adding a new sub-category at Item 8, Goodwill and Intangible Assets. The OCC is also adding Item 8.a, which requires a permitted payment stablecoin issuer to report goodwill on its balance sheet separate from other intangible assets, which will be reported in new Item 8.b. The instructions for Item 8.b, formerly Item 8 under proposed Schedule B, also no longer list ''goodwill'' as an intangible asset that needs to be reported under Item 8.b.

Under the liabilities category of revised Schedule B, the OCC is modifying Items 13 and 14 to include the following sentence at the end of the instructions for each column, ''If applicable, include any Operational backstop debt reported on Schedule D: Capital and Operational Backstop, item 9.'' The OCC is adding this language to the instructions for these items for consistency with the addition of section 15.40(c), Operational Backstop Debt, which was not in the proposed rule.

The OCC is incorporating the remainder of proposed Schedule B into revised Schedule B without any revisions.

Description of Revised Schedule B

Revised Schedule B would collect a balance sheet including information about reserve assets, other assets, liabilities, and capital. Revised Schedule B would require reporting each asset's value in accordance with U.S. GAAP.

Schedule C—Off-Balance Sheet Items

Schedule C would collect information about off-balance sheet items including off-balance sheet assets (excluding derivatives), off-balance sheet liabilities (excluding derivatives), and derivatives (including forward contracts, futures contracts, and exchange-traded and over-the-counter options contracts).

Revised Schedule C

The OCC is proposing technical changes to Schedule C of Form PS–02 to clarify the information collected. Proposed Item 1 (Off-balance sheet assets (excluding derivatives)) required reporting of total off-balance sheet assets required to be disclosed under U.S. GAAP and a subset of off-balance sheet assets that exceed certain thresholds. To improve clarity, the proposed line item will be split into two new line items, revised Item 1 ''Total off-balance sheet assets (excluding derivatives)'' and revised Item 2 ''Off-balance-sheet asset detail (excluding derivatives)'' with substantively identical reporting instructions to the proposed form. Similarly, proposed Item 2 (Off-balance-sheet liabilities (excluding derivatives)) will also be split into revised Item 3 ''Total off-balance-sheet liabilities (excluding derivatives)'' and revised item 4 ''Off-balance-sheet liability detail (excluding derivatives).'' Due to the additional line items, proposed Items 3 and 4 have been renumbered to revised Items 5 and 6, with no changes to the proposed reporting instructions.

Description of Revised Schedule C

Revised Schedule C would collect information about off-balance sheet items including off-balance sheet assets (excluding derivatives), off-balance sheet liabilities (excluding derivatives), and derivatives (including forward contracts, futures contracts, and exchange-traded and over-the-counter options contracts).

Schedule D—Capital and Operational Backstop

Proposed Schedule D would collect additional information about a permitted payment stablecoin issuer's capital elements. Proposed Schedule D would also collect information about a permitted payment stablecoin issuer's operational backstop, including information about the total expense for the previous 12 months and the composition of assets of the operational backstop.

As a part of the notice, the OCC invited comment about proposed Schedule D. One commenter stated that Schedule D directs the reporting entity to report its total expenses for the preceding twelve months, computed from specified income-statement items, and that figure sizes the operational backstop the issuer must hold in liquid assets. However, according to the commenter, the instructions do not address how charges paid to an affiliate are treated. The commenter stated that a services charge priced to a target return is reported gross as an operating expense, but part of it is a distribution of profit rather than a cost of operating: it is payable only after the issuer satisfies its regulatory capital and liquidity requirements and, depending on the governing agreement, abates or is waived on a wind-down. The commenter noted that the OCC asked whether the calculation of total expenses warrants adjustments of this kind and explained that amounts that cannot become a cash outflow in the conditions the backstop exists to fund are a candidate, and they are distinct from the reclassification of ongoing operating expenses as one-time items that the OCC identified as a concern.

Revised Schedule D

The OCC is proposing several substantive revisions to Schedule D of Form PS–02 to conform to changes in Subpart E, Capital and Operational Backstop, of the final rule. The following changes are being incorporated into a revised Schedule D.

First, the OCC is removing Items 1 through 6 from proposed Schedule D and replacing them with seven new

items. Generally, these revisions are being made to conform the reporting form to changes to the capital calculation in the final rule.[30]

Item 1 of revised Schedule D requires permitted payment stablecoin issuers to report the total equity capital reported in revised Schedule B, Item 23.

Item 2 requires a permitted payment stablecoin issuer to report the goodwill figure from revised Schedule B, Item 8.a.

Item 3 requires a permitted payment stablecoin issuer to report the intangible assets less goodwill figure from revised Schedule B, Item 8.b. and digital assets that meet the U.S. GAAP definition of an intangible asset that are reported in revised Schedule B, Item 6.

Item 4 requires a permitted payment stablecoin issuer to report the amount of deferred tax assets that arise from net operating loss and tax credit carryforwards, net of associated valuation allowances.

Item 5 requires a permitted payment stablecoin issuer to report operational backstop assets funded by equity from revised Schedule D, Item 10.

Item 6 is the sum of Items 2 through 5 of revised Schedule D.

Item 7 requires permitted payment stablecoin issuers to report capital elements which is the total of Item 1 (Total equity capital) less Item 6 (Total capital deductions).

Under the Operational Backstop section of revised Schedule D, the OCC is moving Item 7 (12-months total expenses) from proposed Schedule D to Item 11 in revised Schedule D. The new Item 11 contains two clarifying revisions. First, ''months'' and the citation ''12 CFR 15.41(b)'' in the first sentence have been revised to ''months' '' and ''12 CFR 15.41(a)(2),'' respectively. The OCC is also changing the heading of Item 11 from ''12-month total expenses'' to ''Operational backstop requirement'' for clarity. The OCC has also updated the instructions to Schedule D to state that one-time expenses that are wholly unrelated to the continuing operation of the permitted payment stablecoin issuer may be excluded from the calculation of the previous 12 months' total expenses in Schedule D, Item 11 if the permitted payment stablecoin issuer has received prior written approval from the OCC pursuant to 12 CFR 15.41(b)(1)(iii).

The OCC is also changing the heading of Item 8 from ''Composition of operational backstop'' to ''Operational backstop assets'' for clarity. Also, under Item 8, the OCC is also adding Item 8.e, which is simply a total of Items 8.a through 8.d.

The OCC is also adding a new category of information, Operational backstop debt, as Item 9. Item 9 requires permitted payment stablecoin issuers to report the total amount of operational backstop debt that meets the requirements outlined in 12 CFR 15.40(c). The instructions further explain that the reported debt cannot exceed 50 percent of the amount reported in revised Schedule D, Item 11 (Operational backstop requirement).

The OCC is also adding a new Item 10, which requires permitted payment stablecoin issuers to report the operational backstop assets funded by equity. This figure is the total of Schedule D, Item 8.e (Total operational backstop assets) less Schedule D, Item 9 (Operational backstop debt).

Finally, the OCC is adding a new Item 12, which requires permitted payment stablecoin issuers to report the minimum capital amount that the permitted payment stablecoin issuer must hold based on the requirements in 12 CFR 15.41(a), as of the report date.

Description of Revised Schedule D

Revised Schedule D would collect additional information about a permitted payment stablecoin issuer's capital elements. Revised Schedule D would also collect information about a permitted payment stablecoin issuer's operational backstop, including information about the total expense for the previous 12 months and the composition of assets of the operational backstop.

Schedule E—Memorandum

Proposed Schedule E would collect additional information about a permitted payment stablecoin issuer's or a foreign payment stablecoin issuer's operations, including issuer type, other reserve asset income and expenses, other income and expenses, other assets and liabilities, number of branded stablecoins issued, non-U.S. dollar assets and liabilities, average reserve assets, stablecoin issuances, redemption, and burn data, blockchains, redemption metrics, and custody activities.

As a part of the notice, the OCC invited comment on proposed Schedule E. Several commenters recommended that the OCC require the token-level DTI instead of, or in addition to, the blockchain name in Item 14.a of proposed Schedule E, so that per-ledger issuance and redemption figures tie to a specific, externally verifiable token implementation rather than a non-standardized market label.

As previously discussed, the OCC has revised the reporting forms, including revised Schedule E, to collect DTI information where appropriate.

Revised Schedule E

The OCC is proposing a version of Schedule E of Form PS–02 with several substantive revisions. The following changes are being incorporated into a revised Schedule E. First, the OCC is incorporating Items 1 through 8 as proposed in proposed Schedule E. Second, for Item 9, the OCC is including, generally as proposed, the text that corresponds to Option B in proposed Schedule E. As discussed in the final rule, the OCC eliminated the safe harbor option, so the OCC is including the text associated with Option B, which does not relate to the proposed safe harbor. The text of Item 9 in revised Schedule E includes one minor conforming change. The term ''Asset Diversification and Concentration'' is changed to ''Reserve asset diversification and concentration.''

Revised Schedule E also incorporates substantial modifications to Item 13 and Items 13.a through 13.g. Specifically, the OCC has removed Items 13.a through 13.g from proposed Schedule E and replaced those items with the issuance and redemption categories from Form PS–01, revised Schedule A, Item 1 (Daily outstanding payment stablecoins). The only difference being that the reported categories in revised Schedule E relate to issuance and redemption across the entire reporting period instead of a single day. Otherwise, the composition of the information collection is identical. Item 13 has also been modified to reflect that the categories of information being collected now spans Items 13.a through 13.k instead of Items 13.a through 13.g. Item 14 seeks the same information as Items 13.a through 13.k, with the primary difference being that the OCC is requiring permitted payment stablecoin issuers to provide this information broken down by each blockchain upon which a stablecoin is issued. Finally, Items 15, 15.a, 15.b, and 15.e include technical modifications to reflect that the OCC consolidated proposed Schedules A and B into revised Schedule A in Form PS–01.

The OCC is not proposing any changes to the remainder of proposed Schedule E and incorporating it into revised Schedule E.

[30] *See* the final rule titled *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency* published elsewhere in this issue of the **Federal Register**.

Description of Revised Schedule E

Revised Schedule E would collect additional information about a permitted payment stablecoin issuer's or a foreign payment stablecoin issuer's operations, including issuer type, other reserve asset income and expenses, other income and expenses, other assets and liabilities, number of branded stablecoins issued, non-U.S. dollar assets and liabilities, average reserve assets, stablecoin issuances, redemption, and burn data, blockchains, redemption metrics, and custody activities.

Estimated Burden

The OCC estimates the burden of this collection of information as follows:

Estimated Frequency of Response: Weekly and quarterly.

Summary of Estimated Total Annual Burden:

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Initial Set-up				
Reporting Burden:				
Section 15.14(h)	39	1	16	624
Section 15.14(i)	39	1	80	3120
Section 15.31(b)(2)(i)	1	1	80	80
Section 15.31(b)(2)(ii)	1	1	1	1
Total Initial Set-up Reporting Burden				3,825
Ongoing Compliance				
Reporting Burden:				
Section 15.14(h)	39	52	2	4,056
Section 15.14(i)	39	4	16	2,496
Section 15.31(b)(2)(i)	1	1	80	80
Section 15.31(b)(2)(ii)	1	1	1	1
Total Ongoing Compliance Reporting Burden				6,633
Estimated Total Annual Reporting Burden				10,458

Total estimated annual burden hours: 10,458 (3,825 hours for initial setup and 6,633 hours for ongoing compliance). On June 11, 2026, the OCC published the proposed forms and instructions with an estimated total annual reporting burden of 6,308 hours.[31] The above reporting burden estimates represent revised estimates of the total annual reporting burden. The estimated total annual reporting burden has increased primarily for two reasons.[32] First, the OCC increased the total number of permitted payment stablecoin issuer respondents from 30 to 40. This figure has been revised upwards to reflect the OCC's increased expectations for the number of permitted payment stablecoin issuers. Second, the estimated total annual burden has also increased because the OCC has increased the estimated weekly reporting burden from 1 hour to 2 hours. As discussed below, the OCC has increased this estimate to better capture the scope of the information sought through the weekly reporting form. As a result of these two revisions to the underlying assumptions, the total estimated annual reporting burden has increased by 4,150 hours.

The weekly and quarterly reporting information collections and their accompanying burden estimates were published in the *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* final rule published elsewhere in this issue of the FEDERAL REGISTER. This notice is re-publishing those same estimates here for informational purposes.

Discussion of the Comments Received in Response to the Standard PRA Prompts

(a) *Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility.*

In response to the request for feedback on whether the collection is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility, the OCC received several comments expressing support for some or all of the proposed collection and several comments questioning the necessity and justification of the proposed information collection. One commenter expressed support for the proposed collection on the grounds that the data is important to the assessment of the financial health of permitted payment stablecoin issuers. The commenter also added that the collection of information is also important to payment stablecoin holders to appropriately evaluate the issuance. Another commenter expressed support for the weekly reporting on the grounds that the proposed weekly reporting seeks the right information at the right cadence. Another commenter stated that the collection is necessary but commented on the completeness and enforceability of the proposed reporting.

In contrast, another commenter stated that the cadence of the weekly reporting has no analogue in the ordinary prudential reporting the OCC requires of a national bank in sound condition. The commenter further added that the notice does not explain why the Call Report and the GENIUS Act's monthly, independently examined reserve report leave a supervisory gap requiring weekly reporting.

As discussed in the final rule, the OCC is adopting a weekly and quarterly reporting cadence.[33] The OCC has determined that a weekly and quarterly reporting cadence will provide the agency with sufficient data and supervisory visibility into permitted payment stablecoin issuers.[34]

Another commenter noted that a list of the 100 largest addresses is not a list of the 100 largest holders, and the

[31] *See* OCC Bulletin 2026–24, ''GENIUS Act: Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency,'' (June 11, 2026), *https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-24.html; see also* 91 FR 35795.

[32] The estimate has also increased by an additional two hours to reflect the inclusion of the line item for section 15.31(b)(2)(ii).

[33] *See* the final rule titled *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency* published elsewhere in this issue of the **Federal Register**.

[34] *See id.*

collection contains no attribution information that would permit the OCC to convert the one into the other. The commenter further claimed that with respect to this particular item, the collection is justified on a stated rationale that the instrument does not deliver.

As discussed above, the OCC has revised the information collection related to the largest holders to only capture those holders that hold 2 percent or more of the outstanding issuance balance. The OCC is collecting this information to understand a permitted payment stablecoin issuer's concentration risk.

(b) *The accuracy of the OCC's estimate of the burden of the collection of information.*

The OCC received several comments concerning the burden estimates in the notice. Several commenters claimed that the burden estimates predate the reporting forms and were not derived from the forms and instructions. The commenters also questioned the estimate of one hour weekly to prepare the Form PS–01 due to volume and granularity of the data to be collected and recommended that the OCC estimate burden based on the proposed forms.

In contrast, several other commenters expressed the view that the proposed reporting is either a byproduct of data permitted payment stablecoin issuers already produce internally or that after the initial setup of the reporting function, the ongoing reporting burden is minimal.

In response to these comments, the OCC has elected to review its burden estimates associated with the ongoing compliance reporting burden. Upon review, the OCC has determined that an upward revision to the estimate of weekly ongoing compliance reporting burden for Form PS–01 from one hour to two hours is appropriate. The increase in the estimate of the weekly ongoing compliance reporting burden reflects the OCC's acknowledgement that the agency is seeking a substantial amount of information and that this information takes time to compile, validate, and submit. The OCC considered allocating additional time to the preparation and submission of Form PS–01 but ultimately concluded that the revision to two hours was appropriate because the OCC's expectation is that a permitted payment stablecoin issuer will collect many, if not all, of the data points sought by Form PS–01 in real time. For example, permitted payment stablecoin issuers are required to constantly maintain reserve assets backing their payment stablecoins at a ratio of at least 1:1. In order to ensure continuous compliance with this requirement, a permitted payment stablecoin issuer should have internal controls to monitor in real-time the total outstanding issuance of its payment stablecoins and its total reserve assets. The maintenance of these fundamental controls should allow a permitted payment stablecoin issuer to readily produce reporting about the issuance and redemption of its payment stablecoins and its reserve asset composition. This data can be incorporated directly into Form PS–01 or at least inform the figures that ultimate populate Form PS–01. Similarly, the OCC expects that a permitted payment stablecoin issuer would have internal control to monitor on-chain activity and this on-chain surveillance could be utilized to populate certain transaction and market data required by Form PS–01. In sum, Form PS–01 seeks a substantial amount of data, but the OCC expects permitted payment stablecoin issuers to have internal control systems capable of generating much of the information sought through the form.

In the final rule, the OCC estimates a total annual compliance burden associated with the submission of Form PS–01 of 4,056 hours. This represents an increase of 2,548 hours from the estimate in the June 12, 2026, notice.[35]

(c) *Ways to enhance the quality, utility, and clarity of the information to be collected.*

In response to the request for feedback on ways to enhance the quality, utility, and clarity of the information to be collected, the OCC received several comments containing recommendations covering a variety of topics including reporting format and structure and data fields. One commenter recommended that the OCC collect a weekly minimum, maximum and average reserve asset coverage ratio—*i.e.*, reserve assets against outstanding issuance—similar to FDIC PS–01a. The commenter claimed that this information would enhance the utility of the information collected at negligible additional burden Another commenter cited the feasibility challenges of collecting, reconciling, and producing data at a weekly interval.

The OCC declines to collect this information because the OCC can calculate this information from the data reported across Forms PS–01 and PS–02.

Another commenter recommended that the OCC adopt a monthly reporting cadence instead of weekly reporting to improve both feasibility and information quality.

As discussed in the final rule, the OCC is adopting a weekly and quarterly reporting cadence.[36] The OCC has determined that a weekly and quarterly reporting cadence will provide the agency with sufficient data and supervisory visibility into the stablecoin market.

Another commenter recommended that the OCC allow sufficient time to reconcile and evidence reserve balances and tokens in circulation, rather than require publication of unsupported figures.

As discussed above, the OCC has modified the reporting period to provide permitted payment stablecoin issuers with an additional 24 hours each week to generate and file Form PS–01. The OCC believes this additional time is sufficient to allow permitted payment stablecoin issuers to perform adequate quality control processes to ensure that reported data is accurate.

Two commenters recommended that the OCC require the use of LEIs for the identification of OCC-supervised permitted payment stablecoin issuers and foreign payment stablecoin issuers in the general instructions for Forms PS–01 and PS–02. The commenter stated that requiring the use of LEIs for regulatory reporting is essential to eliminate data ambiguity, ensure high quality, and improve systemic risk monitoring.

Under the instructions for Forms PS–01 and PS–02, if a permitted payment stablecoin issuer has an LEI, the permitted payment stablecoin issuer must include that information along with each report. However, of note, the instructions do not require a permitted payment stablecoin issuer to obtain an LEI for purposes of filing either Form PS–01 or Form PS–02.

Another commenter recommended that the forms and instructions permit, without requiring, reported figures to carry independently verifiable evidence.

The OCC declines to allow reported figures to carry independently verifiable evidence. The OCC does not allow national banks and Federal savings associations to report data with independently verifiable evidence, so the agency is not going to extend such functionality to permitted payment stablecoin issuers. If the OCC observes a need for or finds value in providing such functionality in the future, the agency will consider incorporating such functionality into the forms.

[35] The increase in total annual hours reflects both the increase in weekly compliance hours from one to two as well as an increase in the number of respondents from 29 to 39.

[36] *Id.*

One commenter stated that a common data dictionary is the single most effective way to enhance the quality, utility, and clarity of the information collected while reducing manual reporting burden and recommended that the OCC coordinate with the other primary Federal payment stablecoin regulators. Another commenter recommended that the OCC require stablecoin issuance data to be prepared and collected adhering to a standardized semantic data model. The commenter stated that this will enhance the quality, utility, and clarity of information collected because data will be prepared in alignment with a taxonomy which provides concretely defined labels, data types, definitions and other properties.

As discussed above and in the final rule, on June 25, 2026, pursuant to the FDTA [37] the OCC and other Federal agencies issued a joint final rule establishing joint data standards.[38] In addition to the joint rule, the FDTA also directs each agency to issue individual rules adopting applicable joint standards for certain collections of information under their respective purview. The OCC has not issued its agency-specific rulemaking adopting applicable joint standards. In developing and finalizing the weekly, monthly, and quarterly reporting forms, the OCC will ensure that the reporting forms are consistent with the FDTA and the agencies' joint rule.

(d) *Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology.*

In response to the request for feedback on ways to minimize the burden of the collection on respondents, the agency received several recommendations on ways to minimize burden. One commenter presented several recommendations including specifying a structured, machine-readable filing format for both forms, using the XBRL standard, adopting a common ontology across all agencies and reporting regimes containing defined terms and definitions related to blockchain and digital assets, and harmonizing the OCC's and the FDIC's reporting structures. Another commenter stated that the single most consequential burden minimization measure would be the specification of a structured, machine-readable format. Another commenter recommended utilizing standardized machine-readable fields rather than recurring narrative responses,

As discussed above, the OCC will ensure that the reporting forms are consistent with the FDTA and the agencies' joint rule.

Similarly, another commenter recommended that the Federal stablecoin regulators jointly adopt reporting forms. The commenter stated that this would improve consistency, reduce burden, and align with the statutory mandate of the GENIUS Act.

The OCC has coordinated closely with the other primary Federal payment stablecoin regulators. Further, the OCC has taken seriously its obligation to coordinate with other agencies, as appropriate, and does not believe that it is necessary to do so through a joint rule or joint reporting forms. The OCC will continue to coordinate with other Federal payment stablecoin regulators as appropriate.

Another commenter stated that the OCC should revise Form PS–01 so that Schedules A, D, E, G, and H only require weekly data, rather than requiring end-of-day data for each calendar day in the reporting week. Alternatively, the commenter stated that the OCC could require daily data capture and reporting only upon notice from the OCC. The commenter stated that a weekly snapshot would reduce the reporting burden on permitted payment stablecoin issuers without eliminating supervisory information and would also reduce the time required for the OCC to review Form PS–01 submissions.

As discussed above, the OCC is amending the instructions for Form PS–01 to reduce the weekly reporting burden on smaller issuers to allow those issuers that are not currently subject to a formal enforcement proceeding or order; have an outstanding issuance value, together with any affiliated permitted payment stablecoin issuers, of less than $1 billion; and are in compliance with all of the reserve requirements set forth in section 15.11 and the reporting requirements in section 15.14, to satisfy their obligations for revised Schedules D through G by only submitting the required data for the last day of the reporting period (*i.e.*, each Monday) for each payment stablecoin it issues. The OCC believes this approach serves the goals of reducing the reporting burden for smaller issuers while also ensuring that the OCC receives the information necessary to supervise permitted payment stablecoin issuers. In addition, once reporting has commenced, the OCC will continue to assess the information collection and consider if further revisions are warranted.

Another commenter explained that the daily reporting requirement multiplies extraction, validation, reconciliation, exception management, and data-governance work across each affected schedule. According to the commenter, for Schedules B (Issuance and Redemption), C (Reserve Assets), and F (Reverse Repurchase Agreements), this burden is well justified by the supervisory value of monitoring data that closely correlates with risks to permitted payment stablecoin issuers or individual stablecoins. However, the commenter claimed that several of Form PS–01's schedules are unlikely to have meaningful daily fluctuations. Specifically, proposed Schedule A (General) primarily tracks information on the largest wallets and most active exchanges. The commenter explained that proposed Schedule A's data fields will undoubtedly change daily because of ordinary settlement flows, operational transfers, or short-lived trading activity, but these changes are unlikely to provide insight into sustained concentrations or material trends as compared to weekly snapshots and aggregates. Similarly, the values in proposed Schedule D (Cash Balances) are likely to exhibit daily noise as a result of normal operations without corresponding supervisory value.

The commenter further explained that other Form PS–01 schedules are more appropriate for weekly reporting precisely because they contain numerous fields that will not change significantly from day to day. Specifically, proposed Schedule E (U.S. Treasury Securities), proposed Schedule G (Money Market Mutual Funds), and proposed Schedule H (Other Instruments) are substantially composed of static and slow-changing information. CUSIPs, coupon rates, maturity dates, custodians, and other security-identification fields do not ordinarily change each day, and so will be of little value for daily tracking in Schedule E. The commenter added that the same is true for many of the money market mutual fund fields in proposed Schedule G and the fields in proposed Schedule H. Weekly reporting of fair value and amortized cost of Treasuries, WAM, and ownership concentrations of money market mutual funds, or fair value and WAM of other instruments in proposed Schedule H should provide sufficient information for the OCC to permit effective supervision.

The revisions to Form PS–01 reflect that the OCC considered these comments. For example, the OCC

[37] *See The Financial Data Transparency Act of 2022*, Public Law 117–263, title LVIII, 136 Stat. 3421.

[38] *See Financial Data Transparency Act Joint Data Standards*, 91 FR 38246 (June 25, 2026).

eliminated certain items from proposed Schedule A and refined the information collected related to wallets to focus on data that is relevant to the supervision of permitted payment stablecoin issuers. In addition, once reporting has commenced, the OCC will assess the information collection and consider further revisions are warranted. For example, the OCC may consider modifying some data fields in Form PS–01 from daily reporting to weekly reporting if they are found to be static.

(e) *Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.*

Regarding the estimated capital and start-up costs, one commenter stated that the proposed collection would, at a minimum, require the procurement of analytics services and licensed market data.

The OCC has incorporated this information into its revised burden estimates, which are discussed above.

Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Sarah E. Turney,

Assistant Director, Office of the Comptroller of the Currency.

[FR Doc. 2026–21705 Filed 10–22–26; 8:45 am]

BILLING CODE 4810–33–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Proposed Information Collection; Submission for OMB Review; Applications for Licensing or Registration To Issue Payment Stablecoins Under the GENIUS Act

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites comment on a new information collection, as required by the Paperwork Reduction Act of 1995 (PRA). In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is proposing a new information collection to comply with the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act or the Act) requirement for entities seeking to issue payment stablecoins in the United States, titled ''Applications for Licensing or Registration to Issue Payment Stablecoins Under the GENIUS Act.'' The OCC is seeking a new OMB control number for this information collection and is giving notice that it has sent the collection to OMB for review.

DATES: Comments must be received by November 23, 2026.

ADDRESSES: Commenters are encouraged to submit comments by email, if possible. You may submit comments by any of the following methods:

- *Email: prainfo@occ.treas.gov*.
- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, Attention: 1557–NEW, 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Fax:* (571) 293–4835.

Instructions: You must include ''OCC'' as the agency name and ''1557–NEW'' in your comment. In general, the OCC will publish comments on *www.reginfo.gov* without change, including any business or personal information provided, such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Written comments and recommendations for the proposed information collection should also be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* You can find this information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

You may review comments and other related materials that pertain to this information collection following the close of the 30-day comment period for this notice by the method set forth in the next bullet.

- *Viewing Comments Electronically:* Go to *www.reginfo.gov.* Hover over the ''Information Collection Review'' tab and click on ''Information Collection Review'' from the drop-down menu. From the ''Currently under Review'' drop-down menu, select ''Department of the Treasury'' and then click ''submit.'' This information collection can be located by searching OMB control number ''1557–NEW'' or ''Applications for Licensing or Registration to Issue Payment Stablecoins Under the GENIUS Act.'' Upon finding the appropriate information collection, click on the related ''ICR Reference Number.'' On the next screen, select ''View Supporting Statement and Other Documents'' and then click on the link to any comment listed at the bottom of the screen.

For assistance in navigating *www.reginfo.gov,* please contact the Regulatory Information Service Center at (202) 482–7340.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, Clearance Officer, (202) 649–5490, Chief Counsel's Office, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501 *et seq.*), Federal agencies must obtain approval from the OMB for each collection of information that they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC asks the OMB to approve the collection of information in this notice.

Title: Applications for Licensing or Registration to Issue Payment Stablecoins Under the GENIUS Act.

OMB Control No.: 1557–NEW.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Description: The GENIUS Act [1] was enacted on July 18, 2025. The Act will be effective on January 18, 2026. The Act establishes a regulatory framework for payment stablecoin activities. On

[1] 12 U.S.C. 5901 *et seq.*

March 2, 2026, the OCC issued a proposed rule that would implement requirements of the Act with respect to the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction (the proposed rule).[2] The Act generally prohibits any person other than a permitted payment stablecoin issuer (PPSI) from issuing payment stablecoins in the United States. Further, the Act prohibits a foreign payment stablecoin issuer from offering, selling, or otherwise making available in the United States a payment stablecoin unless, among other conditions, the foreign payment stablecoin issuer is registered with the OCC.

The proposed rule set out the process by which entities may seek OCC approval to become a PPSI or for foreign payment stablecoin issuers to register with the OCC. The final rule related to the proposed rule (final rule) is published elsewhere in this issue of the **Federal Register**.[3] The OCC is now proposing a new information collection which includes the application forms which these entities will complete and submit to the OCC.

Twelve CFR 15.30(b)(1) of the final rule outlines the information required for approval of PPSIs. Twelve CFR 15.30(d) outlines the factors against which the OCC will evaluate substantially complete applications. These are:

(1) The ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association or insured Federal branch, the subsidiary of the applicant), based on financial condition and resources, to meet the requirements for issuing payment stablecoins under subpart B of 12 CFR part 15;

(2) Whether any officer or director of the applicant has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud;

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent companies, including:

(i) The record of those officers, directors, and principal shareholders of compliance with laws and regulations; and

(ii) The ability of those officers, directors, and principal shareholders to fulfill any commitments or conditions imposed by the OCC in connection with the application filed under this section or any prior application;

(4) Whether the applicant's redemption policy meets the standards under 12 CFR 15.12; and

(5) The ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, the subsidiary of the applicant) to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

The application must include an overview of the applicant, a detailed business plan, and information to assess the above factors, including proposed activities and their permissibility; reserve policy and requirements; redemption policy and requirements; and risk management policy and program, and certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. In addition, the application must include (or the applicant must ensure each director, executive officer, and principal shareholder also submits the information prescribed in the Interagency Biographical and Financial Report,[4] available at *www.occ.gov*).

Twelve CFR 15.32(b)(1) of the final rule outlines the information required for approval of foreign payment stablecoin issuers. Twelve CFR 15.32(d) outlines the factors against which the OCC will evaluate applications for registration. These are:

(1) The Secretary of the Treasury's determination that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins under section 18 of the GENIUS Act (12 U.S.C. 5916);

(2) The financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

(3) Whether the foreign payment stablecoin issuer will provide adequate information to the OCC to determine compliance with the GENIUS Act and 12 CFR part 15;

(4) Whether the foreign payment stablecoin issuer presents a risk to the financial stability of the United States, including risks relating to ensuring timely redemption for United States customers;

(5) Whether the foreign payment stablecoin issuer presents illicit finance risks to the United States; and

(6) The ability of the applicant to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

The application must include an overview of the applicant, a detailed business plan, and information to assess the above factors, including evidence that the Secretary of the Treasury has determined that the applicant is subject to regulatory supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916), a certification that the applicant will make available to the OCC all information that the OCC deems necessary to determine and enforce compliance with the GENIUS Act, the applicant's consent to United States jurisdiction relating to enforcement of the GENIUS Act and 12 CFR part 15, and certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions.

Estimated Burden

Estimated Frequency of Response: On occasion.

Estimated Number of Respondents: 40.[5]

Estimated Total Annual Responses: 40.

Estimated Total Annual Burden: 4,915 hours.

Comments: On July 27, 2026, the OCC published a 60-day notice for this information collection, (91 FR 47032). The OCC received two comments. One of these comments reiterated recommendations made in response to the proposed rule. In particular, the comment recommended that the OCC (1) differentiate between insured depository institution (IDI) and non-IDI applicants, (2) publish and solicit comment on permitted payment stablecoin issuer applications, and (3) require foreign payment stablecoin issuers seeking to register with the OCC to be subject to home-country capital requirements consistent with those imposed on permitted payment stablecoin issuers. These

[2] *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency,* 91 FR 10202 (March 02, 2026).

[3] *See* the final rule titled *Implementing the Guiding and Establishing National Innovation for US Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency* published elsewhere in this issue of the **Federal Register**.

[4] Covered by OMB Control Number 1557–0014.

[5] Number of respondents has been updated to reflect economic analysis data.

recommendations are addressed in detail in the OCC's final rule.

The second comment expressed general support for the proposed application process and criteria but included certain recommendations. First, the commenter stated that the OCC should conduct a forward-looking review in light of the short time period between finalization of the OCC's final rule and the effective date of the GENIUS Act. In particular, the commenter stated that the OCC should evaluate whether the application presents a credible and detailed pathway to compliance by the effective date of the Act, rather than requiring an applicant to complete any operational changes necessary to achieve compliance with the Act before evaluating the application. The OCC will consider the applicant's plan for compliance and may include conditions, as appropriate, to ensure that a permitted payment stablecoin issuer does not commence business as a permitted payment stablecoin issuer until it is in compliance with all applicable portions of the GENIUS Act. The OCC will also consider requests for waiver under section 5 of the GENIUS Act, as appropriate.

Relatedly, the commenter recommended distinguishing what constitutes a substantially complete application (*i.e.,* what information is sufficient to evaluate the application under 12 CFR part 15) from an applicant being demonstrably ready. The OCC will evaluate an application under the factors detailed in 12 CFR part 15 and may impose conditions, as appropriate, to ensure that the applicant is operationally ready before it commences business as a permitted payment stablecoin issuer. The OCC notes that, in certain circumstances, detailed information about the issuer's operational processes may be necessary to ensure the applicant's ability to conduct its proposed activities in a safe and sound manner, consistent with 12 CFR 15.30(d)(5).

The commenter also recommended providing transition relief and guidance for applications pending on the Act's effective date. The OCC will consider requests for waiver under section 5(f) of the GENIUS Act.

The commenter recommended that safety and soundness assessments of permitted payment stablecoin issuers should remain consistent with the OCC's final rule concerning unsafe and unsound practices. The commenter also stated that an application should not be held incomplete merely because the OCC seeks additional documentation or process enhancements after receiving information sufficient to evaluate the statutory factors. The GENIUS Act expressly permits the OCC to evaluate, as part of the application process, any other factors established by the OCC necessary to ensure the safety and soundness of a permitted payment stablecoin issuer. The OCC has implemented this provision in § 15.30(d)(5).

The commenter also included several technical recommendations. First, the commenter recommended against relying solely on standardized fields and required fields in favor of using a common evidentiary baseline while allowing narrative space in the application. The questions in the application are not intended to limit the applicant's presentation. Supporting information for all relevant factors, setting forth the basis for applicant's conclusions, should accompany the application.

Next, the commenter recommended that the OCC expressly state that the application process under 12 CFR part 15 is the controlling filing for OCC approval to issue payment stablecoins and conduct directly supporting activities. The OCC confirms that the application process under 12 CFR part 15 is the only application process required to issue payment stablecoins under the GENIUS Act. An issuer may, however, need to apply pursuant to other regulations to engage in certain activities. For example, an applicant that seeks to issue payment stablecoins as an uninsured national bank would need to separately apply for a national bank charter under 12 CFR part 5 and apply to be a permitted payment stablecoin issuer under 12 CFR part 15.

Next, the commenter stated that an applicant should be able to seek approval to issue more than one payment stablecoin brand through a single entity. An applicant may apply to issue more than one brand of payment stablecoin out of a single entity. The OCC will evaluate whether such a proposal is consistent with the GENIUS Act, including with respect to safety and soundness and the protections afforded to stablecoin holders. Certain issuers may wish to apply to use multiple special purpose vehicle (SPV) issuers to better protect stablecoin holders. The OCC will ensure that the application process for such business models is not unduly burdensome.

Finally, the commenter stated that applicants should be able to incorporate current information held by the OCC by reference. The application form collects information that the OCC needs to evaluate requests for approval as a permitted payment stablecoin issuer. Efforts to reduce burden will be considered.

The commenter also stated that the OCC should use tailored applicant schedules to ensure that applications contain pertinent information and that outcomes are consistent. The proposed forms have been tailored with this goal in mind.

The commenter further stated that the information collection should not establish substantive standards separate from the regulation. It does not do so. The OCC will review applications in accordance with the factors under 12 CFR 15.30.

The commenter also requested that the OCC condition the required certification that the supporting materials contain no material misrepresentations or omissions on a reasonable inquiry with respect to information that the applicant knows or reasonably should know. Consistent with the final rule an applicant must certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. This requirement is similar to the certification requirements in other licensing forms that the OCC uses, and the OCC does not believe that it is necessary to further qualify the certification.

The commenter stated that the OCC should preserve the ability of a permitted payment stablecoin issuer to issue multiple payment stablecoin brands and to deploy a brand across multiple networks. In particular, the commenter stated that an application should not be required for each brand or technical deployment. An issuer may issue the same brand across multiple blockchains without a separate application. Similarly, the final rule does not preclude an issuer from issuing multiple separate brands of payment stablecoin. To the extent that a particular business model necessitates the use of multiple SPV issuers, the OCC will endeavor to minimize the burden of seeking out a new license for each SPV.

The commenter also stated that, for multi-affiliate issuance structures, the application should recognize that regulated affiliates may need separate issuance and redemption structures to comply with local law and may need to rebalance reserves so that liquidity is positioned where redemption requests are expected. The OCC will evaluate any proposed multi-affiliate issuance model on its terms to determine compliance with the GENIUS Act. The OCC does not believe that any changes to the application forms are necessary to facilitate such an evaluation.

The commenter requested that the OCC apply heightened scrutiny to consortium and multi-parent applicants. The OCC will evaluate each application based on the facts particular to that application.

The commenter stated that the OCC should ensure that there is a clear registration process under section 18(c) of the Act. The final rule, in conjunction with this information collection, and ongoing coordination with the Department of the Treasury, will help to provide such a clear pathway.

The commenter also stated that the OCC and other primary Federal payment stablecoin regulators should coordinate on application standards. The agencies have coordinated and will continue to do so.

Finally, the commenter addressed the OCC's burden estimates. The commenter stated that the OCC's estimate of burden materially understated the work necessary to prepare a complete application. The commenter did not provide an alternative estimate. In addition, the commenter noted that existing businesses may face additional burdens and that the OCC should consider using its waiver authority under section 5(f) of the GENIUS Act. The OCC will use its waiver authority, as appropriate.

Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Sarah E. Turney,

Assistant Director, Office of the Comptroller of the Currency.

[FR Doc. 2026–21704 Filed 10–22–26; 8:45 am]

BILLING CODE 4810–33–P

DEPARTMENT OF THE TREASURY

Agency Information Collection Activities; Submission for OMB Review; Comment Request; U.S. Information Returns and Related Forms, Schedules, Attachments, and Published Guidance

AGENCY: Departmental Offices, U.S. Department of the Treasury.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of the Treasury will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. The public is invited to submit comments on this request.

DATES: Comments should be received on or before November 23, 2026 to be assured of consideration.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: View the latest drafts of the tax forms related to the information collection listed in this notice at *https://www.irs.gov/draft-tax-forms*. Requests for additional information or copies of this collection should be directed to Kerry Dennis, (202) 317–5751.

SUPPLEMENTARY INFORMATION:

Change in Paperwork Reduction Act (PRA) Approval for Information Returns

Under the PRA, the Office of Management and Budget (OMB) assigned a control number to each ''collection of information'' that it reviews and approves for use by an agency. A single information collection may consist of one or more forms, recordkeeping requirements, and/or third-party disclosure requirements. Under the PRA and OMB regulations, agencies have the discretion to seek separate OMB approvals for forms, recordkeeping requirements, and third-party reporting requirements or to combine any number of forms, recordkeeping requirements, and/or third-party disclosure requirements (usually related in subject matter) under one OMB Control Number. Agency decisions on whether to group individual requirements under a single OMB Control Number or to disaggregate them and request separate OMB Control Numbers are based largely on considerations of administrative practicality.

The PRA also requires agencies to estimate the burden for each collection of information. Accordingly, each OMB Control Number has an associated burden estimate. The burden estimates for each control number are displayed in (1) the PRA notices that accompany collections of information, (2) **Federal Register** notices such as this one, and (3) OMB's database of approved information collections. If more than one form, recordkeeping requirement, and/or third-party disclosure is approved under a single OMB Control Number, the burden estimate for that OMB Control Number reflects the burden associated with all the approved forms, recordkeeping requirements, and/or third-party disclosure requirements.

As described below under the heading ''Updated Burden Estimate Methodology,'' the Internal Revenue Service's (IRS) currently accepted burden estimate methodology, referred to as the RAAS Taxpayer Burden Model, is based on taxpayers' tax reporting experience taking into account, among other things, the forms and schedules used by those taxpayers and the recordkeeping and other activities needed to complete those forms. The transition of the information return [1] reporting burden represents the IRS's continued effort to improve the ability of IRS to measure the burden imposed on various groups of taxpayers by the Federal tax system. While the RAAS Taxpayer Burden Model methodology provides a more accurate and comprehensive description of information return reporting burden, it will not provide burden estimates on a form-by-form basis, as has been done under the previous methodology. When the prior model, known as the legacy Arthur D. Little (ADL) model was developed in the mid-1980s, almost all tax returns were prepared manually, either by the taxpayer or a paid preparer. In this context, it was determined that estimating burden on a form-by-form, line-by-line basis was an appropriate methodology. Information returns are increasingly being prepared

[1] Inclusion or exclusion of forms in this collection is not a legal determination that a form is or is not an information return as defined by Section 7434. Information return is used here only as a general descript of the most prevalent forms by filing numbers included in this collection (*e.g.*, Form 1099 and Form 1098).

using software or with preparer assistance. In this current reporting environment, in which many taxpayers' activities are no longer directly associated with particular forms, estimating burden on a form-by-form basis is not an appropriate method of estimating taxpayer burden. The RAAS Taxpayer Burden Model methodology, which takes into account broader and more comprehensive taxpayer characteristics and activities, provides a much more accurate and useful estimate of taxpayer burden.

Currently, there are 51 forms used by information return issuers when complying with Federal tax laws. These include Forms 1098, 1099–B, 1099–DA, 1099–DIV, 1099–INT, 1099–MISC, 1099–NEC, 1099–R, 5498, W–9 and their schedules. For most of these forms, IRS has in the past obtained separate OMB approval under unique OMB Control Numbers and separate burden estimates.

The RAAS Taxpayer Burden Model methodology estimates the aggregate burden imposed for information reporting, based upon the reporting-related characteristics and activities of the issuers. IRS therefore will seek OMB approval of all 51 information reporting tax forms as a single ''collection of information.'' The aggregate burden of these tax forms will be accounted for under OMB Control Number 1545–0108, which is currently assigned to Form 1096. OMB Control Number 1545–0108 will be displayed on all information returns and related information collections. As a result of this change, burden estimates for information returns will now be displayed differently in PRA Notices on tax forms and other information collections, and in **Federal Register** notices. This new way of displaying burden is presented below under the heading ''Proposed PRA Submission to OMB.''

Updated Burden Estimate Methodology

The RAAS Taxpayer Burden Model for Information Returns revises the estimates of the levels of burden experienced by information return issuers when complying with their federal reporting requirements related to information return reporting. It replaces the legacy ADL model methodology developed in the mid-1980s. Since that time, improved technology and modeling sophistication have enabled the IRS to improve the burden estimates. The RAAS Taxpayer Burden Model methodology provides taxpayers and the IRS with a more comprehensive understanding of the current levels of taxpayer burden. It reflects major changes over the past two decades in the way taxpayers prepare and file their returns. The RAAS Taxpayer Burden Model methodology also represents a substantial step forward in the IRS's ability to assess likely impacts of administrative and legislation changes on information reporting.

The RAAS Taxpayer Burden Model methodology focuses on the characteristics and activities of information return issuers rather than solely focusing on the forms they file. Key determinates of taxpayer burden in the model are the type of forms issued, number of forms issued, and whether the issuer is newly issuing that form. Indicators of tax law and administrative complexity, as reflected in the tax forms and instructions, are incorporated into the model. The legacy ADL model methodology primarily focused on the number of line items on each tax form. The changes between the old and new burden estimates are due to the improved ability of the RAAS Taxpayer Burden Model to measure burden and the expanded scope of what is measured. These changes create a one-time shift in the estimate of imposed burden. It is important to note that the difference between the legacy and revised estimates does not reflect any change in the actual burden imposed on taxpayers.

Tax Compliance Burden

Tax compliance burden is defined as the time and money taxpayers spend to comply with their tax filing responsibilities. Time-related activities include recordkeeping, tax planning, gathering tax materials, learning about the law, and completing and submitting the return. Out-of-pocket costs include expenses such as purchasing tax software, paying a third-party preparer, and printing and postage. Tax compliance burden does not include a taxpayer's tax liability, economic inefficiencies caused by sub-optimal choices related to tax deductions or credits, or psychological costs.

As has been done for individual taxpayer burden since 2005, business entity burden since 2014, tax-exempt organization burden since 2018, employer reporting burden since 2023, and trust and estate burden since 2024, both the time expended and the out-of-pocket costs for information return issuers are estimated. The RAAS Taxpayer Burden Model methodology relies on surveys that gather data about time spent and out-of-pocket costs incurred for pre-issuing and issuing activities for information return issuers. The methodology establishes econometric relationships between tax return characteristics and reported compliance costs. The methodology controls for the substitution of time and money by monetizing time and reporting total compliance costs in dollars. The RAAS Taxpayer Burden Model methodology better reflects taxpayer compliance burden because, in a world of electronic tax preparation, time and out-of-pockets costs are governed by the information required rather than the form on which it is ultimately reported. Importantly, even where various information return issuers complete the same tax form lines, the RAAS Taxpayer Burden Model methodology differentiates the cost incurred to complete those forms based on characteristics of those issuers. Key characteristics that serve as coefficients in the information return burden model are:

- Type of form issued
- Number of forms issued
- Whether the issuer is newly issuing the form type

The RAAS Taxpayer Burden Model methodology uses the following stratification for information return issuers:

Strata		
500 or Fewer Recipients	1 Type Issued	Form 1099–NEC. Form 1099–MISC with Other Income. Form 1099–MISC with Rent and without Other Income. Form 1099–MISC without Rent and without Other Income. Form 1098. Form 1099–INT. Form 1099–R. Form 1099–DIV. Form 1098–T. Form 1099–S.

		Form 1042–S.
		Form 1099–B.
		Form 1099–C.
		Form 1099–K.
		Form 5498.
	2 Types Issued	Form 1099–NEC and Form 1099–MISC with Other Income.
		Form 1099–NEC and Form 1099–MISC with Rent and without Other Income.
		Form 1099–NEC and Form 1099–MISC without Rent and without Other Income.
	2 or More Types Issued	Including Form 1099–NEC, Form 1099–MISC, and Form 1099–INT.
		Including Form 1099–NEC and Form 1099–INT; Excluding Form 1099–MISC.
		Including Form 1099–MISC and Form 1099–INT; Excluding Form 1099–NEC.
		All Other Combinations.
More Than 500 Recipients	2 Types Issued	Form 1099–NEC and Form 1099–MISC.
	Any	Other Form 1099–NEC Combinations.
		All Other Combinations

Proposed PRA Submission to OMB

Title: U.S. Information Returns and Related Forms, Schedules, Attachments, and Published Guidance.

OMB Control Number: 1545–0108.

Form Numbers and Published Guidance: Forms include but are not limited to Forms 1098, 1099–B, 1099–DA, 1099–DIV, 1099–INT, 1099–MISC, 1099–NEC, 1099–R, 5498, W–9 and all related forms, schedules, and attachments.

Abstract: These forms, schedules and attachments are used by information return issuers when complying with Federal tax laws. This information collection covers the burden associated with preparing and issuing information returns and related forms, schedules, and attachments, and complying with published guidance.

Current Actions: The burden estimation methodology for information returns is being transitioned from the legacy Arthur D. Little (ADL) model to the RAAS Taxpayer Burden Model. The changes discussed above result in a burden hour estimate of 140,987,248, a decrease in total estimated time burden of 2,420,759,231 hours. The newly reported total out-of-pocket cost estimate is $6,179,662,122 and total monetized burden is $13,962,431,740. The change related to the transition of the burden estimate from the legacy ADL methodology to the RAAS Taxpayer Burden Model is a one-time change. In addition, changes are being made to forms included in this estimate to be current with enacted legislation.

Type of Review: Revision of a currently approved collection.

Affected Public: Information return issuers.

Estimated Number of Respondents: 79,536,100.

Estimated Total Time (Hours): 140,987,248.

Estimated Time per Respondent (Hours): 1 hour 46 minutes.

Estimated Monetized Time ($): 7,782,769,618.

Estimated Out-of-Pocket Costs ($): 6,179,662,122.

Estimated Total Monetized Burden ($): 13,962,431,740.

Note: Total Monetized Burden = Out-of-Pocket Costs + Monetized Time

TABLE 1—BURDEN ESTIMATES FOR INFORMATION RETURNS* AND RELATED FORMS, SCHEDULES, ATTACHMENTS, AND PUBLISHED GUIDANCE TAX YEAR 2026

	Tax year 2025	Program change due to technical adjustment	Program change due to legislative Adjustment	Program change due to agency adjustment	Tax year 2026
Number of Respondents	5,474,457,355	(5,394,921,255)	0	0	79,536,100
Time (Hours)	2,561,746,479	(2,420,759,231)	0	0	140,987,248
Monetized Time	$0	$7,782,769,618	$0	$0	$7,782,769,618
Out-of-Pocket Costs	$0	$6,179,662,122	$0	$0	$6,179,662,122
Total Monetized Burden**	$0	$13,962,431,740	$0	$0	$13,962,431,740

Source: IRS:RAAS:KDA:BRDN (09–01–2026)

*Inclusion or exclusion of forms in this collection is not a legal determination that a form is or is not an information return as defined by Section 7434. Information return is used here only as a general description of the most prevalent forms by filing numbers included in this collection (*e.g.*, Form 1099, Form 1098).

**Total Monetized Burden = Monetized Time + Out-of-Pocket Costs.

Note: Reported time and cost burdens are national averages and do not necessarily reflect a ''typical'' case. Most taxpayers experience lower than average burden, with taxpayer burden varying considerably by taxpayer type.

Authority: 44 U.S.C. 3501 *et seq.*

Juliana L. Pearson,

Treasury PRA Clearance Officer.

Appendix–A: Forms and Schedules

Form number	Form title	OMB control number
1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	1545–0096

Form number	Form title	OMB control number
1096	Annual Summary and Transmittal of U.S. Information Returns	1545–0108
1098	Mortgage Interest Statement	1545–1380
3921	Exercise of an Incentive Stock Option	1545–2129
3922	Transfer of Stock Acquired Through an Employee Stock Purchase Plan	1545–2129
5498	IRA Contribution Information	1545–0747
5754	Statement by person(s) receiving gambling winnings	1545–0239
7004	Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.	1545–0233
8329	Lender's Information Return for Mortgage Credit Certificates	1545–0887
8508	Application for Waiver From Electronic Filing of Information Returns	1545–0957
8809	Application for Extension of Time To File Information Returns	1545–1081
8811	Information Return for REMICs and Issuers of Collateralized Debt Obligations	1545–1099
1042 Sch Q	Tax Liability of Qualified Derivatives Dealer (QDD)	1545–0096
1042–S	Foreign Person's U.S. Source Income Subject to Withholding	1545–0096
1042–T	Annual Summary and Transmittal of Forms 1042–S	1545–0096
1095–A	Health Insurance Premium Tax Credit	1545–2232
1097–BTC	Bond Tax Credit	1545–2197
1098–C	Contributions of Motor Vehicles, Boats, and Airplanes	1545–1959
1098–E	Student Loan Interest Statement	1545–1576
1098–F	Fines, Penalties, and Other Amounts	1545–2284
1098–Q	Qualifying Longevity Annuity Contract Information	1545–2234
1098–T	Tuition Statement	1545–1574
1098–VLI	Vehicle Loan Interest Statement	1545–2334
1099–A	Acquisition or Abandonment of Secured Property	1545–0877
1099–B	Proceeds From Broker and Barter Exchange Transactions	1545–0715
1099–C	Cancellation of Debt	1545–1424
1099–CAP	Changes in Corporate Control and Capital Structure	1545–1814
1099–DA	Digital Asset Proceeds From Broker Transactions	1545–2330
1099–DIV	Dividends and Distributions	1545–0110
1099–G	Certain Government Payments	1545–0120
1099–INT	Interest Income	1545–0112
1099–K	Payment Card and Third Party Network Transactions	1545–2205
1099–LS	Reportable Life Insurance Sale	1545–2281
1099–LTC	Long-Term Care and Accelerated Death Benefits	1545–1519
1099–MISC	Miscellaneous Information	1545–0115
1099–NEC	Nonemployee Compensation	1545–0116
1099–OID	Original Issue Discount	1545–0117
1099–PATR	Taxable Distributions Received From Cooperatives	1545–0118
1099–Q	Payments From Qualified Education Programs	1545–1760
1099–QA	Distributions From ABLE Accounts	1545–2262
1099–R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans	1545–0119
1099–S	Proceeds From Real Estate Transactions	1545–0997
1099–SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA	1545–1517
1099–SB	Seller's Investment in Life Insurance Contract	1545–2281
5498–ESA	Coverdell ESA Contribution Information	1545–2262
5498–QA	ABLE Account Contribution Information	1545–2262
5498–SA	HSA, Archer MSA, or Medicare Advantage MSA Information	1545–1518
Pub 1099	General Instructions for Certain Information Returns (Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, and W–2G).	None.
Pub 1179	General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.	None
W–2G	Certain Gambling Winnings	1545–0238
W–9	Request for Taxpayer Identification Number (TIN) and Certification	None

Appendix-B: Guidance Documents

Title/document	Description
T.D. 7873	Returns of information of brokers and barter exchanges.
T.D. 8881	Revisions to Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Revisions of Information Reporting Regulations.
T.D. 9253	Revisions to Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Revisions of Information Reporting Regulations.
T.D. 9658	Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons, Information Reporting and Backup Withholding on Payments Made to Certain U.S. Persons, and Portfolio Interest Treatment.
T.D. 9734	Dividend Equivalents From Sources Within the United States.
T.D. 9807	Certain Gambling Winnings—Gambling winnings reporting uses.
T.D. 9815	Dividend Equivalents From Sources Within the United States.
T.D. 9838	Application for Extension of Time To File Information Returns.
T.D. 9887	Dividend Equivalents From Sources Within the United States.

Title/document	Description
T.D. 9984	De Minimis Error Safe Harbor Exceptions to Penalties for Failure to File Correct Information Returns or Furnish Correct Payee Statements.
T.D. 10000	Gross Proceeds and Basis Reporting by Brokers and Determination of Amount Realized and Basis for Digital Asset.

[FR Doc. 2026–21715 Filed 10–22–26; 8:45 am]
BILLING CODE 4831–GV–P

DEPARTMENT OF THE TREASURY

Agency Information Collection Activities; Proposed Collection; Comment Request; Trump Accounts Qualified Class Contribution Application

AGENCY: Departmental Offices, U.S. Department of the Treasury.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other federal agencies to comment on the proposed information collection listed below, in accordance with the Paperwork Reduction Act of 1995.

DATES: Written comments must be received on or before December 22, 2026.

ADDRESSES: Send comments regarding the burden estimate, or any other aspect of the information collection, including suggestions for reducing the burden, to U.S. Department of the Treasury, Attention: Treasury PRA Clearance Officer, 1500 Suite #8100, JBAB, 250 Murray Lane SW, BLDG 410/Door 123, Washington, DC 20222, or email at *PRA@treasury.gov*.

FOR FURTHER INFORMATION CONTACT: Copies of the submissions may be obtained from Spencer W. Clark by emailing *PRA@treasury.gov*, calling (202) 927–5331, or viewing the entire information collection request at *www.reginfo.gov*.

SUPPLEMENTARY INFORMATION:

Title: Trump Accounts Qualified Class Contribution Application.

OMB Control Number: 1505–0285.

Type of Review: Extension without change of a currently approved collection.

Description: Section 70204 of the One, Big, Beautiful Bill Act (OBBBA), Public Law 119–21, added section 530A and related provisions to the Internal Revenue Code (IRC), establishing Trump Accounts as a new category of traditional individual retirement account for eligible individuals under age 18. IRC section 530A(f) authorizes certain governmental entities and organizations described in section 501(c)(3) to make donor contributions benefiting Trump Account beneficiaries under specified statutory conditions. The statute authorizes multiple contribution structures, including: contributions benefiting all eligible Trump Account beneficiaries nationwide and contributions benefiting statutorily permitted qualified classes, including specified birth-year classes and statewide classes. Treasury is responsible for administering these contribution structures, including reviewing donor eligibility, validating contribution structures, coordinating receipt and distribution of funds, and ensuring compliance with statutory limitations and operational requirements. This information collection request (ICR) covers the reporting burden associated with preparing and submitting the application. The information will also be used to support execution of contribution agreements between Treasury and approved donor entities.

Form: Trump Accounts Qualified Class Contribution Application.

Affected Public: Businesses or other for-profits, Not-for-profit Institutions, Individuals and households, State and Local Governments.

Estimated Number of Respondents: 100.

Frequency of Response: Once.

Estimated Total Number of Annual Responses: 100.

Estimated Time per Response: 30 minutes.

Estimated Total Annual Burden Hours: 50.

Request for Comments: Comments submitted in response to this notice will be summarized and included in the request for Office of Management and Budget approval. All comments will become a matter of public record. Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services required to provide information.

(Authority: 44 U.S.C. 3501 *et seq.*)

Spencer W. Clark,

Treasury PRA Clearance Officer.

[FR Doc. 2026–21643 Filed 10–22–26; 8:45 am]
BILLING CODE 4810–AK–P

DEPARTMENT OF VETERANS AFFAIRS

[Docket No. VA–2026–VACO–0001]

Privacy Act of 1974; System of Records

AGENCY: Veterans Health Administration (VHA), Department of Veterans Affairs (VA).

ACTION: Notice of a modified system of records.

SUMMARY: Pursuant to the Privacy Act of 1974, notice is hereby given that the VA is modifying the system of records titled, ''Readjustment Counseling Service (RCS) Vet Center Program-VA'' (64VA10). This system is used to maintain client confidentiality and to collect and maintain demographic and clinical information required by Vet Center counselors to provide quality readjustment counseling to eligible veterans, service members including National Guard and Reserve components, and their families.

DATES: Comments on this amended system of records must be received no later than November 23, 2026. If no public comment is received during the period allowed for comment or unless otherwise published in the **Federal Register** by the VA, the modified system of records will become effective a minimum of 30 days after date of publication in the **Federal Register**. If VA receives public comments, VA shall review the comments to determine whether any changes to the notice are necessary.

ADDRESSES: Comments may be submitted through *www.regulations.gov* or mailed to VA Privacy Service (005X6F), 810 Vermont Avenue NW,

Washington, DC 20420. Comments should indicate that they are submitted in response to ''Readjustment Counseling Service (RCS) Vet Center Program—VA'' (64VA10). Comments received will be available at *www.regulations.gov* for public viewing, inspection, or copies.

FOR FURTHER INFORMATION CONTACT: Stephania Griffin, VHA Chief Privacy Officer, *Stephania.Griffin@va.gov.*

SUPPLEMENTARY INFORMATION: VA is modifying the system by revising the System Location; Purpose of the System; Categories of Individuals Covered by the System; Categories of Records in the System; Record Source Categories; Routine Uses of Records Maintained in the System; Policies and Practices for Retention and Disposal of Records; Administrative, Technical, and Physical Safeguards; Record Access Procedure; Contesting Record Procedures; and Notification Procedure. VA is republishing the system notice in its entirety.

The System Location is being updated to replace Vet Center Client Record with Vet Center Records. This section will include that records are also located within the Salesforce Government Cloud Plus and the Microsoft Azure Government cloud at participating servers in the United States.

The Purpose of the System is being updated to state that Vet Center records may include Vet Center Outreach Application (VCOA) records, RCSNet records (Client records and eligible individual's records), Secure Messaging Platform records, and Vet Center Call Center records. Vet Center records will be used for outreach and analytical purposes. Vet Center records are used for direct secure communication with eligible veterans, service members including National Guard and Reserve components, and their families. These records are also used to produce various management and follow-up reports in responding to clients and other inquiries. Vet Center Call Center records will be used and recorded for quality assurance purposes.

Categories of Individuals Covered by the System is being updated to state that members of the community include, but are not limited to, Veterans Service Organizations and Congressional liaisons and attorneys. These records will also include information on VA employees/providers.

Categories of Records in the System is being updated to include veteran identification form, electronic data interchange personal identifier (EDIPI), and DD Form 214 (DD–214). Vet Center Call Center records will contain the input form and the caller's full name, telephone number, comments, current location, and physical address.

Record Source Categories is being updated to include VA Defense Information Depository (VADIR) and VA Profile in item 2.

Routine Uses of Records Maintained in the System section is being updated to add the following:

Routine Use 9, ''State Licensing Boards, for Licensing: To a Federal agency, a State or local government licensing board, the Federation of State Medical Boards, or a similar non-governmental entity that maintains records concerning individuals' employment histories or concerning the issuance, retention, or revocation of licenses, certifications, or registration necessary to practice an occupation, profession, or specialty, to inform such non-governmental entities about the health care practices of a terminated, resigned, or retired health care employee whose professional health care activity so significantly failed to conform to generally accepted standards of professional medical practice as to raise reasonable concern for the health and safety of patients in the private sector or from another Federal agency. These records may also be disclosed as part of an ongoing computer matching program to accomplish these purposes.''

Routine Use 10, ''National Practitioner Data Bank for Hiring, Privileging: To the National Practitioner Data Bank at the time of hiring or clinical privileging/re-privileging of health care practitioners, and other times as deemed necessary by VA, in order for VA to obtain information relevant to a Department decision concerning the hiring, privileging/re-privileging, retention, or termination of the applicant or employee.''

Policies and Practices for Retention and Disposal of Records is being updated to remove ''RCS electronic client records will be maintained in the national computerized RCSNet servers for 45 years after the last episode of service, after which time they will be destroyed.'' This section will now state, ''The Vet Center records in this system are retained and disposed of in accordance with the schedule approved by the Archivist of the United States, Records Control Schedule 10–1 and General Record Schedule. These records are currently unscheduled and should not be destroyed.''

The Administrative, Technical, and Physical Safeguards section is being updated to include section (d) VA Enterprise Cloud data storage conforms to security protocols as stipulated in VA Directives 6500 and 6517. Access control standards are stipulated in specific agreements with cloud vendors to restrict and monitor access. Record Access Procedures is being amended to state, ''Individuals seeking information regarding access to Vet Center records in this system pertaining to them should contact the system manager in writing as indicated above, or may write, call, or visit the last Vet Center where counseling was provided. A request for access to records must contain the requester's full name, address and telephone number, be signed by the requester, and describe the records sought in sufficient detail to enable VA personnel to locate them with a reasonable amount of effort.''

Contesting Record Procedures is being amended to state, ''Individuals seeking information regarding access to Vet Center records in this system pertaining to them should contact the system manager in writing as indicated above, or may write, call, or visit the last Vet Center where Counseling was provided. A request for access to records must contain the requester's full name, address and telephone number, be signed by the requester, and describe the records sought in sufficient detail to enable VA personnel to locate them with a reasonable amount of effort.''

The Report of Intent to Amend a System of Records Notice and an advance copy of the system notice have been sent to the appropriate Congressional committees and to the Director of the Office of Management and Budget (OMB) as required by 5 U.S.C. 552a(r) (Privacy Act) and guidelines issued by OMB (65 FR 77677), December 12, 2000.

Signing Authority

The Senior Agency Official for Privacy, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Dr. Paul Lawrence, Assistant Secretary for Information and Technology and Chief Information Officer, Department of Veterans Affairs approved this document on September 25, 2025 for publication.

Dated: October 21 2026.

Stephanie Hotchkiss,

Government Information Specialist, VA Privacy Service, Office of Information and Technology, Department of Veterans Affairs.

SYSTEM NAME:

''Readjustment Counseling Service (RCS) Vet Center Program-VA'' (64VA10)

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

(a) Vet Center Record: Starting in Fiscal Year 2010 the location of the Vet Center record was transitioned from paper files maintained at each individual Vet Center to being electronically maintained in the national computerized intra-net database (RCSNet). The RCSNet servers are located in Philadelphia, PA in a secure, protected, and approved VA Office of Information and Technology (OIT) Service Delivery and Engineering (SDE) site maintained by OIT personnel. Full confidentiality for RCS Vet Center information is maintained by limiting access to RCS-qualified personnel with the appropriate authority to administer RCS program data systems.

Records are also located within the Salesforce Government Cloud Plus and the Microsoft Azure Government cloud at participating servers in the United States.

(b) All paper Vet Center records established prior to 2010 have been archived, and scanned copies have been uploaded into the RCSNet electronic record system.

SYSTEM MANAGER(S):

Chief Readjustment Counseling Officer (10RCS), VA Central Office, 810 Vermont Avenue NW, Washington, DC 20420, 202–461–6525.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

38 U.S.C. 1712A; 38 CFR 17.2000(e).

PURPOSE(S) OF THE SYSTEM:

38 CFR 17.2000(e), requires that Vet Center records be independent from VA or Department of War medical records and not be disclosed without the client or eligible individual's voluntarily signed authorization or under the conditions of a permissive disclosure as outlined below under Routine Uses. Vet Center records may include VCOA records, RCSNet records (Client records and eligible individual's records), Secure Messaging Platform records, and Vet Center Call Center records. The purpose of this system of records is to maintain client confidentiality. The Vet Center records will collect and maintain demographic and clinical information required by Vet Center counselors. These counselors will provide quality readjustment counseling to eligible veterans, service members including National Guard and Reserve components, and their families. The information documented provides an accountable record of the course of Vet Center services provided inclusive of psychosocial assessment, number and type of visits provided, type of readjustment counseling sessions provided and referrals, along with follow-up documentation made to VA partners for other services needed for a successful readjustment. Vet Center records will be used for outreach and analytical purposes and for direct secure communication with eligible veterans, service members including National Guard and Reserve components, and their families. These records are also used to produce various management and follow-up reports in responding to clients and other inquiries. Vet Center Call Center records will be used and recorded for quality assurance purposes.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Eligibility for readjustment counseling includes veterans or service members who served in a combat theater or an area of armed hostility, inclusive of those who provided direct emergency medical care or mortuary services to the casualties of combat operations, even if such services were provided outside of the combat theater. Eligibility also includes participation in actions against enemy forces by remotely controlling unmanned aerial vehicles from outside the combat theater. Eligibility has been extended to veterans, service members including Reserve, National Guard, and Coast Guard who were activated in response to a national emergency, a State or national civil disturbance, or foreign drug interdiction. Family members of all eligible individuals are eligible for family readjustment counseling as indicated for the successful readjustment of the eligible individual. Family counseling is also available for family members of deployed service members to assist them in adjusting to the deployment. Members of the community include, but are not limited to, Veterans Service Organizations and Congressional liaisons and attorneys. These records will also include information on VA employees/providers.

CATEGORIES OF RECORDS IN THE SYSTEM:

The Vet Center record contains demographic personally identifiable information, such as unique veteran identification number/veteran identification form, name, address, Social Security number (SSN), EDIPI, marital status, gender identity, birth date, military service information, veteran eligibility information (*i.e.* DD–214), referral, and follow-up information, signed General Consent for the receipt of readjustment counseling, and other identifying statistical information. The Vet Center record also contains protected health information such as documentation of the Warwick-Edinberg Mental Well-Being Scale, suicide risk assessment, psychosocial assessment, military history, service plans, and ongoing case clinical notes documenting the course of RCS delivery. Bereavement services and military sexual trauma counseling information are also included in the Vet Center record. Also documented in the Vet Center record are health care power of attorney, court-ordered counseling information, and completed release of information authorizations as needed to promote efficient and expedient sharing of confidential information for referral and case coordination with VA medical center partners.

Vet Center Call Center records will contain the input form, full name of caller, telephone number of caller, comments from the caller, current location of caller, and physical address of caller.

RECORD SOURCE CATEGORIES:

(1) Relevant forms to be filled out by Vet Center team members on first contact and each contact thereafter; counseling sessions with veterans and other eligible counselees; (2) Other VA and Federal agency systems (*i.e.* VADIR and VA Profile), including from the VA electronic health record; (3) Relevant veteran data protocols completed by Vet Center staff to document the course of readjustment counseling provided; (4) veterans, service members and their family; (5) VA employees and VA health care providers; and (6) Vet Center Call Center.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

To the extent that records contained in the system include information protected by 45 CFR parts 160 and 164, *i.e.,* individually identifiable health information of VHA or any of its business associates, and 38 U.S.C. 7332, *i.e.,* medical treatment information related to drug abuse, alcoholism or alcohol abuse, sickle cell anemia, or infection with the human immunodeficiency virus, that information cannot be disclosed under a routine use unless there is also specific statutory authority in both 38 U.S.C. 7332 and CFR parts 160 and 164 permitting disclosure.

1. Congress: To a Member of Congress or staff acting upon the Member's behalf when the Member or staff requests the information on behalf of, and at the request of, the individual who is the subject of the record.

2. National Archives and Records Administration: To the National Archives and Records Administration (NARA) in records management inspections conducted under 44 U.S.C. 2904 and 2906 or other functions authorized by laws and policies governing NARA operations and VA records management responsibilities.

3. Department of Justice for Litigation or Administrative Proceeding: To the Department of Justice (DoJ), or in a proceeding before a court, adjudicative body, or other administrative body before which VA is authorized to appear, when any of the following is a party to such proceedings or has an interest in such proceedings, and VA determines that use of such records is relevant and necessary to the proceedings for:

(a) VA or any component thereof;

(b) Any VA employee in his or her official capacity;

(c) Any VA employee in his or her official capacity where DoJ has agreed to represent the employee; or

(d) The United States, where VA determines that litigation is likely to affect the agency or any of its components.

4. Contractors: To contractors, grantees, experts, consultants, students, and others performing or working on a contract, service, grant, cooperative agreement, or other assignment for VA, when reasonably necessary to accomplish an agency function related to the records.

5. Law Enforcement Authorities, for Reporting Violations of Law: To a Federal, State, local, territorial, Tribal, or foreign law enforcement authority or other appropriate entity charged with the responsibility of investigating or prosecuting a violation or potential violation of law, whether civil, criminal, or regulatory in nature, or charged with enforcing or implementing such law, provided that the disclosure is limited to information that, either alone or in conjunction with other information, indicates such a violation or potential violation. A disclosure of information about veterans or their dependents from VA claims files under this routine use must also comply with the requirements of 38 U.S.C. 5701(f).

6. Federal Agencies, Fraud and Abuse: To other Federal agencies, such as Centers for Medicare & Medicaid Services or United States Postal Services to assist such agencies in preventing and detecting possible fraud or abuse by individuals in their operations and programs, such as detecting duplicate payments for care, or mail fraud related to delivery of VA medications. This list is not meant to be exhaustive as VA cannot anticipate each specific need in advance of requests by other Federal agencies.

7. Data Breach Response and Remediation, for VA: To appropriate agencies, entities, and persons when: (a) VA suspects or has confirmed that there has been a breach of the system of records; (b) VA has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, VA (including its information systems, programs, and operations), the Federal Government, or national security; and (c) the disclosure made to such agencies, entities, or persons is reasonably necessary to assist in connection with VA's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.

8. Data Breach Response and Remediation, for Another Federal Agency: To another Federal agency or Federal entity when VA determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (a) responding to a suspected or confirmed breach or (b) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security resulting from a suspected or confirmed breach.

9. State Licensing Boards, for Licensing: To a Federal agency, a State or local government licensing board, the Federation of State Medical Boards, or a similar non-governmental entity that maintains records concerning individuals' employment histories or concerning the issuance, retention, or revocation of licenses, certifications, or registration necessary to practice an occupation, profession, or specialty to inform such non-governmental entities about the health care practices of a terminated, resigned, or retired health care employee whose professional health care activity so significantly failed to conform to generally accepted standards of professional medical practice as to raise reasonable concern for the health and safety of patients in the private sector or from another Federal agency. These records may also be disclosed as part of an ongoing computer matching program to accomplish these purposes.

10. National Practitioner Data Bank for Hiring, Privileging: To the National Practitioner Data Bank at the time of hiring or clinical privileging/re-privileging of health care practitioners and other times as deemed necessary by VA in order for VA to obtain information relevant to a Department decision concerning the hiring, privileging/re-privileging, retention, or termination of the applicant or employee.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Vet Center Record Storage: (a) Vet Center Records established during and after 2010 are electronically stored in the national computerized RCSNet servers located in Philadelphia, PA, in a secure, protected, and approved VA OIT SDE environment maintained by OIT personnel; (b) Paper Vet Center Records established prior to 2010 have been archived and scanned copies are uploaded into the RCSNet electronic record system.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

The Vet Center Record is indexed by the Vet Center number in conjunction with the veteran's name, SSN, and unique veteran client number.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

The Vet Center records in this system are retained and disposed of in accordance with the schedule approved by the Archivist of the United States, Records Control Schedule 10–1 and General Record Schedule. These records are currently unscheduled and should not be destroyed.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

(a) Within RCS, access to the Vet Center record is limited to authorized RCS staff (Vet Center, District Director Office, and/or the Office of the Chief Readjustment Counseling Officer in the VA Central Office (VACO) with a legitimate need to know connected to direct service delivery and/or the quality oversight of services provided. RCS staff access to the electronic Vet Center record is via standalone computers located in locked Vet Centers. RCS program computers are username and password protected. Computer security is in compliance with RCS and VA computer security policy and protocol. (b) Access to a veteran's or service member's counseling records by elements outside of RCS, whether VA or non-VA, is contingent upon the veteran's or service member's signed authorization or one of the routine uses identified above. (c) Authorized RCS staff will have access to the Vet Record via stand-alone RCSNet computers located in locked Vet Centers, District Director Offices, and VACO. (d) VA Enterprise Cloud data storage conforms to security protocols as

stipulated in VA Directives 6500 and 6517. Access control standards are stipulated in specific agreements with cloud vendors to restrict and monitor access.

RECORD ACCESS PROCEDURE:

Individuals seeking information regarding access to Vet Center records in this system pertaining to them should contact the system manager in writing as indicated above, or may write, call, or visit the last Vet Center where counseling was provided. A request for access to records must contain the requester's full name, address, and telephone number, be signed by the requester, and describe the records sought in sufficient detail to enable VA personnel to locate them with a reasonable amount of effort.

CONTESTING RECORD PROCEDURES:

Individuals seeking information regarding access to Vet Center records in this system pertaining to them should contact the system manager in writing as indicated above, or may write, call, or visit the last Vet Center where counseling was provided. A request for access to records must contain the requester's full name, address, and telephone number, be signed by the requester, and describe the records sought in sufficient detail to enable VA personnel to locate them with a reasonable amount of effort.

NOTIFICATION PROCEDURE:

A veteran who wishes to determine whether a record is being maintained by the RCS Vet Center Program under his or her name or other personal identifier or wishes to determine the contents of such records should submit a written request or apply in person to: (1) the Vet Center Director, (2) the RCS Deputy District Director having supervisory responsibility for the Vet Center with whom he or she had contact, or (3) the Deputy Chief Readjustment Counseling Officer, VA Central Office, 810 Vermont Avenue NW, Washington, DC 20420. Inquiries should include the individual's full name and SSN.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

None.

HISTORY:

74 FR 29019 (June 18, 2009); 81 FR 36655 (June 7, 2016), 87 FR 25703 (May 2, 2022).

[FR Doc. 2026–21702 Filed 10–22–26; 8:45 am]

BILLING CODE 8320–01–P

DEPARTMENT OF VETERANS AFFAIRS

[Docket No. VA–2026–VACO–0001]

Privacy Act of 1974; System of Records

AGENCY: Office of Information and Technology (OIT), Department of Veterans Affairs (VA).

ACTION: Rescindment of a system of records.

SUMMARY: Pursuant to the Privacy Act of 1974, notice is hereby given that VA is rescinding an existing system of records titled, ''Federal Case Management Tool (FCMT)—VA'' (202VA005Q). FCMT is a web-based application that supports VA and the Department of War with the management and tracking of veteran and service member beneficiaries at all levels of the continuum of care.

DATES: Comments on this rescindment notice must be received no later than November 23, 2026.

This rescindment is effective as of November 23, 2026 unless modified by a subsequent notice incorporating any comments received.

ADDRESSES: Comments may be submitted through *www.regulations.gov* under docket number VA–2026–VACO–0001 or mailed to VA Privacy Service (005X6F), 810 Vermont Avenue NW, Washington, DC 20420. Comments should indicate that they are submitted in response to ''Federal Case Management Tool (FCMT)—VA'' (202VA005Q). Comments received will be available at *www.regulations.gov* for public viewing, inspection, or copies.

FOR FURTHER INFORMATION CONTACT: Freda Perry, Project Manager, Federal Case Management Tool (FCMT), Product Delivery Service (005S), OIT, *Freda.Perry2@va.gov* or Riley Ross, Acting Director, Education Veterans Readiness and Employment Product Line—EVREPL (FCMT), Product Delivery Service (005S), OIT, *Riley.Ross@va.gov.*

SUPPLEMENTARY INFORMATION: The FCMT is not being decommissioned; only the system of record notice is being rescinded. Although this system uses information collected by VA, it does not meet the criteria of a Privacy Act System of Records, as defined by the Privacy Act of 1974. All information used by FCMT is covered under various other VA Systems of Records.

Signing Authority

The Senior Agency Official for Privacy, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Dr. Paul Lawrence, Assistant Secretary for Information and Technology and Chief Information Officer, Department of Veterans Affairs approved this document on April 16, 2026 for publication.

Dated: October 21, 2026

Stephanie Hotchkiss,

Government Information Specialist, VA Privacy Service, Office of Information and Technology, Department of Veterans Affairs.

SYSTEM NAME AND NUMBER:

''Federal Case Management Tool (FCMT)—VA'' (202VA005Q).

HISTORY:

86 FR 68721 (December 3, 2021).

[FR Doc. 2026–21700 Filed 10–22–26; 8:45 am]

BILLING CODE 8320–01–P

DEPARTMENT OF VETERANS AFFAIRS

[Docket No. VA–2026–VACO–0001]

Privacy Act of 1974; System of Records

AGENCY: Department of Veterans Affairs (VA), Veterans Benefits Administration (VBA).

ACTION: Notice of a modified system of records.

SUMMARY: As required by the Privacy Act of 1974, notice is hereby given that VA is modifying an existing system of records titled, ''Veterans and Uniformed Services Personnel Programs of U.S. Government Life Insurance—VA'' (36VA29). This system is housed within a cloud-based computer system called ''Life Insurance Policy Administration Solution'' (LIPAS), which is a managed service solution leveraging commercial off-the-shelf (COTS) software applications hosted in the VA Enterprise Cloud Amazon Web Services GovCloud (VAEC–AWS) High environment. LIPAS replaced the retired Insurance Payment System mainframe and Veterans Insurance Claim Tracking and Response System (VICTARS). By using LIPAS to integrate with VA Enterprise shared services, LIPAS provides the components necessary for VA Insurance policy administration and management.

DATES: Comments must be received by November 23, 2026. This modified system of records is effective as of October 23, 2026 unless modified by a subsequent notice incorporating any comments received.

ADDRESSES: Comments may be submitted through *www.regulations.gov* or mailed to VA Privacy Service (005X6F), 810 Vermont Avenue NW, Washington, DC 20420.

Comments should indicate that they are submitted in response to this notice to modify the system of records titled ''Veterans and Uniformed Services Personnel Programs of U.S. Government Life Insurance—VA'' (36VA29). Comments received will be available at *www.regulations.gov* for public viewing, inspection, or copies.

FOR FURTHER INFORMATION CONTACT: Samantha Yerdon, Management and Program Analyst, VA Insurance Service, VA Insurance Center, *Samantha.Yerdon@va.gov.*

SUPPLEMENTARY INFORMATION: VA is modifying the following categories: System Location, System Manager, Categories of Individuals Covered by the System, Categories of Records in the System, Record Source Categories, Routine Uses of Records Maintained in the System including Categories of Users and the Purposes of such uses, Policies and Practices for Storage of Records, Policies and Practices for Retrievability of Records, Polices and Practices for Retention and Disposal of Records, and Administrative, Technical, and Physical Safeguards.

The System Location section is being amended to reflect the system of record, LIPAS, and the VBA Data Warehouse (VD2) application.

The System Manager Section is being amended to reflect the addition of the Director of Insurance Product Line, VA Office of Information and Technology, Marlton, New Jersey. The phone number is 267–441–9015.

The Categories of Individuals Covered by the System section is being amended to reflect VA's newest life insurance program, Veterans Affairs Life Insurance (VALife) under section 1922B of title 38 U.S.C.

The Categories of Records in the System section is being amended to reflect:

Applications for insurance are being amended to reflect Department of Defense Identification Number (DoD ID) Number also known as Electronic Data Interchange Personal Identifier (EDI–PI).

Beneficiary and option designation information is being amended to reflect the addition of date of birth and financial institution information such as bank account and routing numbers.

Insurance contract information is being amended to reflect the addition of direct pay through check or electronic billing (eBilling).

Policy information and access history from the VA Insurance website self-service-portal stored in LifePro is being amended to reflect the addition of LifePro and the removal of file numbers.

Information from the VA Insurance website, also called Electronic Insurance (EIN), which provides access to veterans for completion of an application for VALife is being amended to reflect the addition of coverage amount, payment method, and financial institution information such as bank accounts and routing numbers. Additionally, it is being amended to reflect the removal of medical history and Service-Disabled Veterans Insurance (S–DVI), which is no longer open for applications and has been replaced with VALife.

Recordings of incoming calls using software is being amended to reflect Calabrio Inc. rather than NICE Ltd.

The Veterans Experience Office (VEO) is being added to reflect Veterans Signals (VSignals). VA Insurance Service sends data to the VEO. The data is selected and sent to VSignals to survey insurance customers. VSignals can be found in the Survey System of Records Notices (SORN), veterans, Dependents of veterans, and VA beneficiary Survey Records (43VA008).

The Record Source Categories section is being amended to reflect Enformion, which replaced Westlaw, and Ask VA (AVA), which replaced Routing and Information System.

The Routine Uses of Records Maintained in the System section is being amended to reflect the updated Standard Routine Uses for VA Systems of Records. Additionally, Routine Use 26 has been added to reflect Treasury for Withholding.

The Policies and Practices for Storage of Records Section is being amended to reflect LIPAS, which replaced VICTARS; Calabrio Inc., which replaced NICE Ltd.; the addition of the Document Repository and Claims Evidence; and the removal of Insurance Terminal System and local area network (LAN). Additionally, backup VA insurance records stored by the St. Paul Regional Benefit Office and Iron Mountain (Appendix I provides the complete addresses for each location) and inactive records stored on microfilm, microfiche, compact disks, VA Central Office index cards, premium record cards in hardcopy folders, computer lists, and punch cards, which are kept in locked files in a secured area have been removed as these files have been either retired to National Archives and Records Administration or destroyed as they have met their retention schedule limit.

The Policies and Practices for Retrievability of Records section is being amended to reflect the use of EIN verification.

The Policies and Practices for Retention and Disposal of Records section is being amended to reflect LIPAS in place of VICTARS and Calabrio Inc. in place of NICE Ltd.

The Administrative, Technical and Physical Safeguards section is being updated to provide additional technical information and broader explanations about security measures.

The Report of Intent to Amend a System of Records Notice and an advance copy of the system notice have been sent to the appropriate Congressional committees and to the Director of the Office of Management and Budget (OMB) as required by 5 U.S.C. 552a(r) (Privacy Act) and guidelines issued by OMB (65 FR 77677), December 12, 2000.

Signing Authority

The Senior Agency Official for Privacy, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Dr. Paul Lawrence, Assistant Secretary for Information and Technology and Chief Information Officer, Department of Veterans Affairs approved this document on September 24, 2026 for publication.

Dated: October 21, 2026.

Stephanie Hotchkiss,

Government Information Specialist, VA Privacy Service, Office of Information and Technology, Department of Veterans Affairs.

SYSTEM NAME AND NUMBER:

''Veterans and Uniformed Services Personnel Programs of U.S. Government Life Insurance—VA'' (36VA29).

SECURITY CLASSIFICATION:

Unclassified.

SYSTEM LOCATION:

VA Insurance records are maintained as follows:

1. Active Insurance records are located at the VA Insurance Center (VAIC) in Philadelphia, Pennsylvania (Appendix I at the end of this document provides the complete address).

2. Active Insurance records are stored electronically in LIPAS. All LIPAS and LIPAS back up insurance records are hosted virtually in VAEC–AWS.

3. Inactive records are stored in the VD2 application at VA's Austin Information Technology Center (ITC) and at various servicing Federal archives and records centers in Northeast Philadelphia, Pennsylvania;

Dayton, Ohio; Lee's Summit, Missouri; Lenexa, Kansas; Chicago, Illinois; and Pittsfield, Massachusetts. (See Appendix I for the complete addresses.)

4. Some pre-1968 records pertaining to beneficiaries of deceased veterans are located at the Federal Record Centers, in claim folders.

5. Insurance documents, file numbers, policy numbers, and folder locations are available to all VA regional offices through the Veterans Benefits Management System (VBMS).

6. Records for the supervised programs of Government insurance are managed by The Prudential Insurance Company of America's Office of Servicemembers' Group Life Insurance (OSGLI) in Newark, New Jersey. (See Appendix I for the address.)

SYSTEM MANAGER(S):

The official responsible for policies and procedures: Executive Director, VA Insurance Service, 5000 Wissahickon Avenue, Director's Office (29), Philadelphia, PA 19144. The phone number is 215–381–3029. Director of Insurance Product Line, VA Office of Information & Technology, Marlton, New Jersey. The phone number is 267–441–9015.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

38 U.S.C. Ch. 3, Ch. 5, Ch. 19, Ch. 21; 5 U.S.C. 5514.

PURPOSE(S) OF THE SYSTEM:

VA gathers or creates these records to administer and supervise statutory Government life insurance programs for veterans, members of the uniformed services and their spouses, surviving spouses, dependents, and beneficiaries who apply for benefits from these programs. See the statutory provisions cited in ''Authority for Maintenance of the System.''

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

The following categories of individuals are covered by this system:

1. Veterans (not including dependents) and members of the uniformed services (including dependents) who have applied for and/or have been issued Government life insurance.

2. Beneficiaries of Government life insurance entitled to, or in receipt of, insurance proceeds.

3. Attorneys drawing fees for helping to settle VA insurance claims.

The individuals noted above are covered by this system based on applications, claims, and notices of eligibility for the following Government life insurance programs provided in 38 U.S.C. Chapters 19 and 21:

(a) U.S. Government Life Insurance under section 1942.

(b) National Service Life Insurance under section 1904.

(c) Veterans' Special Life Insurance under section 1923.

(d) Veterans' Reopened Insurance under section 1925.

(e) S–DVI under sections 1922 and 1922A.

(f) Veterans' Mortgage Life Insurance (VMLI) under section 2106.

(g) VALife under section 1922B.

(h) Servicemembers' Group Life Insurance (SGLI), including Family Servicemembers' Group Life Insurance, Veterans' Group Life Insurance (VGLI), and Servicemembers' Group Life Insurance Traumatic Injury Protection under sections 1967 through 1980A.

CATEGORIES OF RECORDS IN THE SYSTEM:

Life insurance records (or information contained in records) may consist of:

1. Applications for insurance, including: (a) the name and address of the veteran or member of the uniformed services; (b) email address; (c) phone number; (d) correspondence to and from the veteran or member of the uniformed services or their legal representative; (e) date of birth; (f) Social Security number (SSN); (g) military service number; (h) DOD ID also known as EDI–PI; (i) branch of service; (j) integrated control number; (k) dates of service; (l) military rank; (m) character of discharge; (n) VA file number; (o) plan or type of insurance; (p) disability rating; (q) medical information regarding disability and health history of the veteran, member of the uniformed service and their spouse; (r) method of payment; (s) amount of insurance coverage requested; and (t) bank routing and account numbers.

2. Applications for VMLI, including: (a) supporting mortgage documents; (b) address of the mortgaged property; (c) name and address of the mortgagor; (d) the mortgage account number; (e) the rate of interest; (f) the original amount of the mortgage; (g) the current amount of the mortgage; (h) the monthly payment amount; (i) the mortgage payment period; and (j) VA Specially Adapted Grant Card (which contains the veteran's or service member's name, address, dates of military service, branch of service, method of separation, whether the veteran or service member has VMLI, the name and address of the lender, the legal description and property address, improvements to such property, date applied for disability compensation, date of submission of the initial application, grant information, amount of the grant approved, or whether the grant was denied or canceled).

3. Beneficiary and option designation information, including: (a) the names, dates of birth, and addresses of principal and contingent beneficiaries; (b) beneficiary SSN; (c) share amount to each beneficiary; (d) the method of payment; (e) financial institution information such as bank account and routing numbers; and (f) the designated estate(s) and trust(s).

4. Insurance contract information, including: (a) authorization of allotment payment; (b) authorization for deduction from VA benefit payments; (c) authorization for deduction from military retired pay; (d) authorization for deduction from employee payroll; (e) direct pay through check or eBilling; (f) paid dividend information; (g) claims for disability or death payments (including beneficiary bank account information); (h) cash value, policy loan, and lien information; (i) a listing of lapsed actions and unpaid insurance proceeds; (j) payment vouchers; (k) reinstatement information; (l) premium records status, and retired status of the policy; (m) court-martial orders; (n) copies of personal papers of the insured, including birth certificate, marriage license, divorce decree, citizen or naturalization papers, death certificate, adoption decree, and family support documents; (o) correspondence to and from the veteran, member of the uniformed services, legal representative, or payee; (p) employment information; (q) returned check and check tracer information; (r) court documents; and (s) insurance death claims settlement information, including indebtedness, interest, and other credits.

5. Records of checks withheld from delivery to certain foreign countries.

6. Policy information and access history from the VA Insurance website self-service-portal stored in LifePRO, which includes: (a) the name of the insured; (b) policy number; (c) address; (d) phone number; I email address; (f) loan status (including loan amount requested, denied, or pending); (g) the date of request for information; (h) loan history; (i) policy changes; (j) dividend option changes; and (k) website pages accessed.

7. Information from the VA Insurance website, also called EIN, which provides access to veterans for completion of an application for VALife, which includes: (a) the veteran's name; (b) address; (c) SSN; (d) date of birth; (e) primary phone number; (f) cell phone number; (g) email address; (h) coverage amount; (i) payment method; (j) financial institution information such as bank accounts and routing numbers; and (k)

beneficiary information (such as the beneficiary's name, relationship of beneficiary, address, email address, and SSN).

8. Recordings of incoming calls using software created by Calabrio Inc. Insurance personnel in the Insurance Call Center receive these calls from veterans, members of the uniformed services, beneficiaries, personal representatives, members of Congress and their staff, other interested parties, and stakeholders. (The recordings are maintained for quality assurance and training purposes only.)

9. VA Insurance Service sends data to VEO. The data is selected and sent to VSignals to survey Insurance customers. VSignals can be found in the Survey, SORN, veterans, dependents, and VA beneficiary Survey Records (43VA008).

RECORD SOURCE CATEGORIES:

The veteran, member of the uniformed services, or someone acting on his/her behalf; the uniformed services; other Federal agencies, including the Department of War, Social Security Administration, U.S. Treasury Department, OSGLI; State and local agencies; Federal, State, and local courts; VA records; VA and private physicians; VA and private medical facilities; accredited Veterans Service Organizations and other organizations aiding veterans and members of the uniformed services; VA-approved claims agents; VA fiduciaries; court-appointed guardians/conservators, powers of attorney, and military trustees; financial institutions; beneficiaries; commercial insurance companies; undertakers; lending institutions holding a veteran's or a service member's mortgage; VA Loan Guaranty information; contractors remodeling, enlarging, or adding construction to existing homes; relatives and other interested persons; Enformion and other website-based research; AVA (maintained under System of Records 151VA005OP6 by the Office of Information and Technology); and the general public.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND PURPOSES OF SUCH USES:

1. *Congress:* To a Member of Congress or staff acting upon the Member's behalf when the Member or staff requests the information on behalf of, and at the request of, the individual who is the subject of the record.

2. *Data Breach Response and Remediation, for VA:* To appropriate agencies, entities, and persons when (a) VA suspects or has confirmed that there has been a breach of the system of records, (b) VA has determined that as a result of the suspected or confirmed breach there is a risk of harm to individuals, VA (including its information systems, programs, and operations), the Federal Government, or national security; and (c) the disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with VA's efforts to respond to the suspected or confirmed breach or to prevent, minimize, or remedy such harm.

3. *Data Breach Response and Remediation, for Another Federal Agency:* To another Federal agency or Federal entity, when VA determines that information from this system of records is reasonably necessary to assist the recipient agency or entity in (a) responding to a suspected or confirmed breach or (b) preventing, minimizing, or remedying the risk of harm to individuals, the recipient agency or entity (including its information systems, programs, and operations), the Federal Government, or national security, resulting from a suspected or confirmed breach.

4. *Law Enforcement Authorities, for Reporting Violations of Law:* To a Federal, State, local, territorial, Tribal, or foreign law enforcement authority or other appropriate entity charged with the responsibility of investigating or prosecuting a violation or potential violation of law, whether civil, criminal, or regulatory in nature, or charged with enforcing or implementing such law, provided that the disclosure is limited to information that, either alone or in conjunction with other information, indicates such a violation or potential violation. A disclosure of information about veterans or their dependents from VA claims files under this routine use must also comply with the requirements of 38 U.S.C. 5701(f).

5. *Department of Justice, Litigation, Administrative Proceeding:* To the Department of Justice (DoJ) or in a proceeding before a court, adjudicative body, or other administrative body before which VA is authorized to appear, when any of the following is a party to such proceedings or has an interest in such proceedings, and VA determines that use of such records is relevant and necessary to the proceedings for:

(a) VA or any component thereof;

(b) Any VA employee in their official capacity;

(c) Any VA employee in their individual capacity where DoJ has agreed to represent the employee; or

(d) The United States, where VA determines that litigation is likely to affect the agency or any of its components.

6. *Contractors:* To contractors, grantees, experts, consultants, students, and others performing or working on a contract, service, grant, cooperative agreement, or other assignment for VA, when reasonably necessary to accomplish an agency function related to the records.

7. *Equal Employment Opportunity Commission:* To the Equal Employment Opportunity Commission in connection with investigations of alleged or possible discriminatory practices, examination of Federal affirmative employment programs, or other functions of the Commission as authorized by law.

8. *Federal Labor Relations Authority:* To the Federal Labor Relations Authority in connection with the investigation and resolution of allegations of unfair labor practices, the resolution of exceptions to arbitration awards when a question of material fact is raised, matters before the Federal Service Impasses Panel, and the investigation of representation petitions and the conduct or supervision of representation elections.

9. *Merit Systems Protection Board:* To the Merit Systems Protection Board in connection with appeals, special studies of the civil service and other merit systems, review of rules and regulations, investigation of alleged or possible prohibited personnel practices, and such other functions promulgated in 5 U.S.C. 1205 and 1206, or as authorized by law.

10. National Archives and Records Administration: To the National Archives and Records Administration (NARA) in records management inspections conducted under 44 U.S.C. 2904 and 2906, or other functions authorized by laws and policies governing NARA operations and VA records management responsibilities.

11. Federal Agencies, for Countering Fraud or Abuse: Disclosure to other Federal agencies may be made to assist such agencies in preventing and detecting possible fraud or abuse by individuals in their operations and programs.

12. Federal Agencies, for Employment: To a Federal agency, except the United States Postal Service, or to the District of Columbia government, in response to its request, in connection with that agency's decision on the hiring, transfer, or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant, or other benefit by that agency.

13. State or Local Agencies, for Employment: To a State, local, or other governmental agency, upon its official request, as relevant and necessary to that agency's decision on the hiring, transfer, or retention of an employee, the issuance of a security clearance, the letting of a contract, or the issuance of a license, grant, or other benefit by that agency. A disclosure of information about veterans or their dependents from VA claims files under this routine use must also comply with the requirements of 38 U.S.C. 5701(f).

14. Governmental Agencies, for VA Hiring, Security Clearance, Contract, License, Grant: To a Federal, State, local, or other governmental agency maintaining civil or criminal violation records, or other pertinent information, such as employment history, background investigations, or personal or educational background, to obtain information relevant to VA's hiring, transfer, or retention of an employee, issuance of a security clearance, letting of a contract, or issuance of a license, grant, or other benefit. A disclosure of information about veterans or their dependents from VA claims files under this routine use must also comply with the requirements of 38 U.S.C. 5701(f).

15. Governmental Agencies, Health Organizations, for Claimants' Benefits: To Federal, State, and local government agencies and national health organizations as reasonably necessary to assist in the development of programs that will be beneficial to claimants, to protect their rights under the law, and assure that they are receiving all benefits to which they are entitled.

16. Nonprofits, for Release of Names and Addresses: To a nonprofit organization if the release is directly connected with the conduct of programs and the utilization of benefits under title 38, U.S.C., provided that the disclosure is limited the names and addresses of present or former members of the armed services or their beneficiaries, the records will not be used for any purpose other than that stated in the request, and the organization is aware of the penalty provision of 38 U.S.C. 5701(f).

17. Guardians, Courts, for Incompetent Veterans: To a court, magistrate, or administrative tribunal in matters of guardianship, inquests, and commitments; to private attorneys representing veterans rated incompetent in conjunction with issuance of Certificates of Incompetency; or to probation and parole officers in connection with court-required duties.

18. Department of the Treasury: To the Department of the Treasury, name, address, insurance account information of an insured veteran or member of the uniformed services, beneficiaries, legal representatives, or designated payee(s), and the amount of payment may be disclosed to the Treasury Department, upon its official request, in order for the Treasury Department to pay dividends, policy loans, cash surrenders, maturing endowments, insurance refunds, or to issue checks and perform check tracer activities for the veteran or member of the uniformed services, beneficiary(ies), legal representative, or designated payee(s). Disclosure of records to the Department of the Treasury may be made for the purpose of identifying, preventing, or recouping fraud and improper payments, to the extent permissible by law.

19. Internal Revenue Service: To the Internal Revenue Service (IRS), the name and address of an insured veteran or member of the uniformed services, date and amount of payments made to VA, including specific status of each policy (*e.g.,* premiums paid, dividends issued, cash and loan values) may be disclosed to the IRS, upon its official request, in order for the IRS to collect tax liens by withholding insurance payments to satisfy unpaid taxes. This purpose is consistent with 26 U.S.C. 7602.

20. Office of Servicemembers' Group Life Insurance: To the Office of Servicemembers Group Life Insurance (OSGLI), the name, address, SSN, date of discharge from the military, medical information concerning the grounds for total disability or the nature of an injury or illness, and dependency- or beneficiary-related information of a member of the uniformed services or veteran may be disclosed to OSGLI to aid OSGLI in the verification of such information for the purpose of providing outreach and issuing and maintaining insurance policies provided to members of the uniformed services or veterans participating in the SGLI and/or VGLI programs, and to pay insurance benefits under these programs.

21. Department of War: To the Department of War (DoW), the name, address, and other identifying information, such as a SSN or a military service number, may be disclosed to the DoW (Army, Air Force, Space Force, Navy, and Marine Corps); the Coast Guard of the Department of Homeland Security; the Commissioned Officers Corps of the U.S. Public Health Service; and the Commissioned Officers Corps of the National Oceanic and Atmospheric Administration of the Department of Commerce, upon their official request to help establish and maintain allotments from active and retired service pay for VA insurance premiums and loan repayments.

22. Governmental Agencies, for Aid Benefits: The face amount and cash and/or loan value of an insurance policy, verification of an existing insurance policy, and the name and address of an insured veteran or member of the uniformed services, may be disclosed at the request of the veteran or member of the uniformed services to a Federal, state, or local agency, in order for these agencies to assist a veteran or member of the uniformed services applying for Medicaid, Medicare, nursing home admittance, welfare benefits, or other benefits provided by the requesting agency to the extent that the information is relevant and necessary to the agency's decision regarding those benefits.

23. Armed Forces Institute of Pathology: The name and address of a veteran or member of the uniformed services and military service information (*e.g.,* dates of service, branch of service) may be disclosed to the Armed Forces Institute of Pathology (AFIP), upon its official request, in order for the AFIP to conduct research for specified official purposes.

24. Claims Representatives, for Title 38 Benefits: To accredited service organizations, VA-approved claim agents, and attorneys acting under a declaration of representation, upon request, so that these individuals can aid claimants in the preparation, presentation, and prosecution of claims under the laws administered by VA, provided that the disclosure is limited to information relevant to a claim, such as the name, address, the basis and nature of a claim, amount of benefit payment information, medical information, and military service and active duty separation information.

25. Attorneys, Insurers, Employers, for Preparation, Presentation, Prosecution of Claims: To attorneys, insurance companies, employers, third parties liable or potentially liable under health plan contracts, and courts, boards, or commissions as relevant and necessary to aid VA in the preparation, presentation, and prosecution of claims authorized by law.

26. Treasury, for Withholding: To the Department of the Treasury for the collection of Title 38 benefit overpayments, overdue indebtedness, or costs of services provided to an individual not entitled to such services, by the withholding of all or a portion of the person's Federal income tax refund, provided that the disclosure is limited to information concerning an individual's indebtedness by virtue of a person's participation in a benefits program administered by VA.

27. Treasury, for the Do Not Pay Working System: To the Department of

the Treasury when disclosure of the information is relevant to review payment and award eligibility through the Do Not Pay Working System for the purposes of identifying, preventing, or recouping improper payments to an applicant for, or receipt of, Federal funds including funds disbursed by a State (meaning a state of the United States, the District of Columbia, a territory or possession of the United States, or a federally recognized Indian Tribe) in a State-administered, Federally-funded program.

28. Federal Agencies, for Research: To a Federal agency for the purpose of conducting research and data analysis to perform a statutory purpose of that Federal agency upon the written request of that agency.

29. Employing Agencies, Commanding Officers, for Collection of Unpaid Financial Obligations: To employing agencies or commanding officer of the debtor, any information in this system, including the nature and amount of a financial obligation, may be disclosed, upon its official request, as a routine use in order to assist VA in the collection of unpaid financial obligations owed to VA so that the debtor-employee may be counseled by his or her Federal employer or commanding officer. This purpose is consistent with 5 U.S.C. 5514, and 31 U.S.C. 3701–3702 and 3711–3718.

30. Federal Agencies, State Courts, State Drivers License Bureaus, State Automobile Title Bureaus: To Federal agencies, State probate courts, State drivers' license bureaus, and State automobile title and license bureaus as a routine use in order to obtain current address and credit report assistance for the collection of unpaid financial obligations owed the United States. This purpose is consistent with the Federal Claims Collection Act of 1966 (Pub. L. 89–508), subsequent amendments, and 31 U.S.C. 3701–3702 and 3711–3718.

31. Consumer Reporting Agencies: To a consumer reporting agency for the purpose of locating the individual, obtaining a consumer report to determine the ability of the individual to repay an indebtedness to the United States, or assisting in the collection of such indebtedness, provided that the provisions of 38 U.S.C. 5701(g)(2) and (4) have been met, provided that the disclosure is limited to information that is reasonably necessary to identify such individual or concerning that individual's indebtedness to the United States by virtue of the person's participation in a benefits program administered by the Department.

32. Federal Agencies, for Computer Matches: To other Federal agencies for the purpose of conducting computer matches to obtain information to determine or verify eligibility of veterans receiving VA benefits or medical care under title 38, U.S.C.

33. Guardians Ad Litem, for Representation: To a fiduciary or guardian ad litem in relation to their representation of a claimant in any legal proceeding as relevant and necessary to fulfill the duties of the fiduciary or guardian ad litem.

34. Federal Agencies, for Computer Matches: To other Federal agencies for the purpose of conducting computer matches to obtain information to determine or verify eligibility of veterans receiving VA benefits or medical care under title 38, U.S.C.

POLICIES AND PRACTICES FOR STORAGE OF RECORDS:

Records are stored in LIPAS using cloud-based internet technology. A Document Repository is used to store images of paper documents, including applications and correspondence. LIPAS records all processing-related activities involving insurance policies, disability outreach services, and the website self-service portal. Documents relating to veterans with a VBMS file number will automatically be stored in Claims Evidence. veterans without a VBMS file number will be stored in the existing Insurance Document Repository. In addition, Calabrio Inc. creates recordings of incoming phone calls received by insurance personnel regarding policy-related issues and stores the calls as part of the LAN maintained through the Philadelphia ITC.

POLICIES AND PRACTICES FOR RETRIEVAL OF RECORDS:

All Insurance records are retrieved by the Government insurance file number or policy number, VA file number, policyholder's name, and SSN. Information input through the VA Insurance website's self-service portal is retrievable by the use of EIN verification which uses Identity and Access Management for authentication. Approved encryption technology is used to protect personal information.

POLICIES AND PRACTICES FOR RETENTION AND DISPOSAL OF RECORDS:

Hardcopy records are retained and disposed of in accordance with disposition authorization approved by the Archivist of the United States, Records Control Schedule VBA–1, Part I, Field, Section IX—Insurance, January 31, 2014. LIPAS, the primary records storage and retrieval system for the Insurance program, maintains computerized insurance records indefinitely through cloud-based technology. Hardcopy records are stored for 31 days prior to destruction. Original copies of imaged beneficiary designation documents are stored indefinitely at the NARA Mid-Atlantic Regional Center. (See Appendix I for the complete address.) Calabrio Inc. recordings, which document incoming phone calls regarding insurance policies, are maintained for a minimum of 15 months after the call. The time can be extended if required for a legal hold but are purged thereafter.

ADMINISTRATIVE, TECHNICAL, AND PHYSICAL SAFEGUARDS:

1. Physical Security.

(a) All VA facilities are protected by the Federal Protective Service or other security personnel. All Insurance files and processing areas are restricted to authorized personnel on a need-to-know basis. Areas containing paper and computerized records are protected by a sprinkler system.

(b) Access to records at the Insurance Center through computerized storage systems, including LIPAS, Calabrio Inc., and the Philadelphia ITC, is protected by passwords, magnetic card readers, and audible alarms. Electronic keyboard locks are activated upon security errors. Video surveillance is also provided in secured processing and computer protected areas, such as Claims, Collections, and ITCs. An Information Security Officer is assigned responsibility for privacy-security measures, including review of violations logs and local control and distribution of passwords.

2. System Security.

(a) LIPAS is a COTS shared service solution that is hosted in the VAEC–AWS environment. LIPAS is protected from unauthorized access through administrative, physical, and technical safeguards as LIPAS is maintained in a secure environment in the Federal Risk and Authorization Management Program (FedRAMP) AWS cloud; described in the FedRAMP package. This is identified in the AWS GovCloud (US) Infrastructure as a Service System Security Plan Version 5.4 dated June 5, 2018, for FedRAMP package F1603047866.

(b) The VA Insurance website self-service portal, which is used by veterans, their legal representatives, and payees, is only accessible with the use of personal identifiers consisting of personal identification numbers, passwords, file numbers, loan numbers, SSNs, and dates of birth. The access portals utilize LAN-based encryption technology and firewalls to protect personal data.

(c) Data exchange by email within the agency or between other Federal agencies is done by means of dedicated communication lines utilizing approved encryption technology.

RECORD ACCESS PROCEDURES:

Individuals seeking information on the existence and content of records in this system pertaining to them should contact the system manager in writing as indicated above or may write or visit the VA facility location where they normally receive their care. A request for access to records must contain the requester's full name, address, telephone number, be signed by the requester, and describe the records sought in sufficient detail to enable VA personnel to locate them with a reasonable amount of effort.

CONTESTING RECORD PROCEDURES:

Individuals seeking to contest or amend records in this system pertaining to them should contact the system manager in writing as indicated above or may write or visit the VA facility location where they normally receive their care. A request to contest or amend records must state clearly and concisely what record is being contested, the reasons for contesting it, and the proposed amendment to the record.

NOTIFICATION PROCEDURES:

Individuals who wish to be notified if a record in this system of records pertains to them should submit the request following the procedures described in ''Record Access Procedure,'' above.

EXEMPTIONS PROMULGATED FOR THE SYSTEM:

None.

HISTORY:

75 FR 65405 (October 22, 2010), 83 FR 44407 (August 30, 2018).

Appendix I: Addresses of VA Insurance Records Facilities

1. VAIC, 5000 Wissahickon Avenue, Philadelphia, PA 19144
2. VAEC AWS GovCloud, 1915 Terry Avenue, Seattle, WA 98101
3. VBA Data Warehouse (VD2), VA's Austin Information Technology Center, 1615 Woodward Street, Austin, TX 78741
4. NARA Mid-Atlantic Region (Northeast Philadelphia), 14700 Townsend Road, Philadelphia, PA 19154
5. NARA Great Lakes Region (Dayton Kingsridge), 8801 Kingsridge Drive, Dayton, OH 45458
6. NARA Central Plains Region (Lee's Summit), 200 Space Center Drive, Lee's Summit, MO 64064
7. NARA Central Plains Region (Lenexa), 17501 West 98th Street, Suite 3150, Lenexa, KS 66219
8. NARA Great Lakes Region (Chicago), 7358 South Pulaski Road, Chicago, IL 60629
9. NARA Northeast Region (Pittsfield), 10 Conte Drive, Pittsfield, MA 01201
10. Office of Servicemembers' Group Life Insurance, 213 Washington Street, Newark, NJ 07102

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Part II

Department of Agriculture

Food and Nutrition Administration

7 CFR Parts 271, 274 and 278

Supplemental Nutrition Assistance Program: Electronic Benefits Transfer Card Security Measures; Proposed Rule

DEPARTMENT OF AGRICULTURE

Food and Nutrition Administration

7 CFR Parts 271, 274 and 278

[FNS–2025–0137]

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Supplemental Nutrition Assistance Program: Electronic Benefits Transfer Card Security Measures

AGENCY: Food and Nutrition Administration (FNA), USDA.

ACTION: Proposed rule.

SUMMARY: The Food and Nutrition Administration (FNA or the Agency), an agency of the U.S. Department of Agriculture (USDA or the Department), is issuing a rule proposing changes to Supplemental Nutrition Assistance Program (SNAP, the Program) regulations to modernize Electronic Benefit Transfer (EBT) technology and align EBT with consumer payment processing industry standards, improving both Program integrity and convenience for SNAP clients. These proposed changes will protect SNAP benefits from thieves and ensure benefits are accessible by approved households.

DATES: Written comments must be received on or before December 22, 2026 to be assured of consideration.

ADDRESSES: The Food and Nutrition Administration, USDA, invites interested persons to submit written comments on this proposed rule. Comments may be submitted in writing by one of the following methods:

—Federal eRulemaking Portal: Go to *http://www.regulations.gov.* Follow the online instructions for submitting comments.

—*Email:* Send comments to *SM.FN.SNAP.Issuance.Policy@usda.gov.* Include ''Supplemental Nutrition Assistance Program: Electronic Benefits Transfer Card Security Measures'' in the subject line of the message.

—*Mail:* Send comments to Food and Nutrition Administration, SNAP Innovation Policy and Issuance Division, Issuance Support Branch, 5601 Sunnyside Ave., Beltsville, MD 20705.

—All written comments submitted in response to this proposed rule will be included in the record and will be made available to the public. Please be advised that the substance of the comments and the identity of the individuals or entities submitting the comments will be subject to public disclosure. FNA will make the written comments, as well as a summary of this proposed rule in accordance with 5 U.S.C. 553(b)(4), publicly available on the internet via *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Erica Kain, Food and Nutrition Administration, Innovation Policy and Issuance Division, Issuance Support Branch, *SM.FN.SNAP.Issuance.Policy@usda.gov*.

SUPPLEMENTARY INFORMATION:

Acronyms, Abbreviations, and Definitions

CSC—Card Security Code. A numeric code printed on a payment card by the issuer used to verify possession of the physical card. May also be known as a Card Verification Value (CVV), Card Validation Code (CVC), Card Authentication Value (CAV), or by other similar terms.

EBT—Electronic Benefit(s) Transfer. An electronic system allowing the issuance of benefits via payment cards.

EBT Host Processor—The vendor contracted by a State to operate the State's central EBT database.

EMV—Europay, Mastercard, and VISA. A payment standard in the consumer payment industry for payment cards with an integrated electronic circuit chip and the terminals which accept them.

FNA/the Agency—Food and Nutrition Administration. The Federal agency with oversight over the Supplemental Nutrition Assistance Program.

IVR—Interactive Voice Response. A technology allowing automated customer service interactions to take place over a telephone call.

NFC—Near Field Communication. Protocols which enable wireless communication over short distances for payment cards and their terminals, also known as 'tap-to-pay' or contactless payment.

PAN—Primary Account Number, commonly found on payment cards.

PII—Personally Identifiable Information. Any representation of information that permits the identity of an individual to whom the information applies to be reasonably inferred by either direct or indirect means.

PIN—Personal Identification Number. In SNAP, a user-selected numeric passcode used for authentication purposes.

POS—Point-of-Sale—the point where a retail transaction is processed and payments from customers are accepted.

SNAP—Supplemental Nutrition Assistance Program

The Act—The Food and Nutrition Act of 2008, as amended.

TPP—Third-party Processor—within the context of SNAP, a business entity serving as host processor that facilitates enabling a retailer to accept EBT payments

USDA/the Department—The United States Department of Agriculture

WIC—Special Supplemental Nutrition Program for Women, Infants, and Children

Background

SNAP is the largest domestic nutrition assistance program in the United States. In fiscal year 2025, around 42 million low-income individuals received SNAP benefits in an average month to help meet their food needs.

Since 2004, all States have exclusively used EBT cards, which operate similarly to a debit card, to deliver SNAP benefits to households. Most States completed the transition from the paper coupons previously used to EBT cards in the 1990s. At the time of transition, payment cards with magnetic stripes were the predominant form of electronic payment technology in the consumer payment industry. Accordingly, as States transitioned to EBT, payment cards with magnetic stripes were the standard used for EBT as well.

As payment technology has evolved in the years since the universal implementation of EBT, EBT cards utilizing magnetic stripes have fallen behind newer consumer payment methods in terms of security, placing household SNAP benefits at risk. Most EBT systems currently lack security elements common in the consumer payment industry and lag behind in terms of customer experience features as well. The Department employed commercial standards that were in place when EBT was initially rolled out. However, due to evolving consumer payment methods and increased security risks and the Congressional directive to issue proposed rulemaking, the Department must update and modernize those standards to maintain ongoing alignment with the current commercial marketplace.

Through this rule, the Department proposes changes to SNAP with the goal of improving EBT card security, as well as aligning the SNAP client experience to consumer payment processing industry standards, improving both Program integrity and convenience for SNAP clients who depend on the benefits provided to feed their families.

Authority

Section 11 of the Food and Nutrition Act of 2008, as amended ('the Act'), establishes the responsibility of State agencies for issuing benefits via EBT. Section 7(h)(2) of the Act authorizes the USDA to establish and revise standards for EBT issuance.

Section 501(a) Title IV within Division HH of the Consolidated Appropriations Act, 2023, Public Law 117–328, requires that the Secretary promulgate regulations through notice-and-comment rulemaking to require

State SNAP agencies to take security measures in detecting and preventing the theft of benefits, including through card skimming, card cloning, and other similar fraudulent methods.

Summary of EBT Technology

Federal regulations at 7 CFR part 271.2 currently define EBT cards as a method for SNAP households to access the EBT system and their SNAP benefits, including via an online magnetic stripe card (requiring connectivity to a central EBT database), an offline smart card (where benefit balances are tracked individually on the EBT cards themselves), a chip card, a contactless digital wallet with a stored card, or any other similar benefit access technology approved by FNA.

However, all agencies operating SNAP have continued to issue benefits via the same payment method used since the transition from paper coupons: EBT cards with magnetic stripes, secured using Personal Identification Numbers (PINs).

Regulations require that households who participate in SNAP be able to use their cards at any FNA-approved SNAP retailer throughout the United States. Each SNAP transaction involves a series of steps and partners that exchange data.

When EBT cards with magnetic stripes are used, the point-of-sale (POS) terminals operated by SNAP retailers read the data stored on the magnetic stripe and send the transaction information, frequently routed by a third-party processor (TPP) via an EBT gateway, to the card-issuing State's EBT host processor, who is responsible for the operation of the central EBT database and tracking SNAP benefit balances for the State. The EBT host processor responsible for the central EBT database containing the benefits subsequently determines if the transaction is approved or denied and routes the response back to the POS terminal.

In addition to SNAP, several other benefit programs including Summer EBT and Temporary Assistance for Needy Families (TANF) are issued on EBT cards. State agencies may provide these benefits on the same EBT card as SNAP or separate EBT cards. In cases where States issue other benefits on the same EBT card as SNAP, those benefits would also be protected by the security improvements proposed in this rule. Although separately issued EBT cards are subject to the same security weaknesses that affect SNAP, they would not be required to comply with the standards proposed in this rule. Regulations for other EBT programs are distinct from SNAP regulations, and changes to requirements for those programs would be promulgated in a separate rulemaking process.

Benefit Theft and Card Security

SNAP benefit theft is a direct threat to the health and well-being of SNAP participants, denying them access to food that they may not otherwise have the financial means to purchase. Ensuring the integrity of SNAP benefits is necessary so that clients can shop for food with confidence in the EBT system and to ensure that benefits are reserved only for eligible SNAP households. Further, fraudulent EBT schemes also constitute the theft of hard-earned, American tax dollars. Under its oversight of SNAP, the Department is responsible for ensuring EBT systems prevent fraud, waste, and abuse of funds.

Historically, it was preferable for bad actors to pursue the cash obtained from credit/debit cards versus the SNAP benefits obtained from EBT cards. Over the last decade, the changing technology used by the consumer payment industry has strengthened protections against credit/debit card theft, yet SNAP continues to rely on magnetic stripes secured only by PINs as the primary means of conducting transactions. Now that credit/debit cards have significantly increased protections and primarily rely on chip and NFC transactions, experienced criminals have turned their attention to EBT cards and implemented the same techniques previously used against credit/debit cardholders. This leaves SNAP participants increasingly vulnerable to benefit theft, potentially forcing them to spend money already budgeted for other necessities on food.

Magnetic stripes as a technology for conducting transactions are inherently vulnerable, as many techniques have been developed that exploit known vulnerabilities. Bad actors may attach devices to POS terminals that can intercept card data to easily access information that is encoded on the magnetic stripe of the EBT card (''card skimming''), such as the Primary Account Number (PAN). PINs can be obtained or guessed by a variety of methods including interception methods, hidden cameras, algorithmic attacks, customer service interactive voice response (IVR) vulnerabilities, and phishing attacks where SNAP clients are deceived into unwittingly divulging PIN information.

In the past, when complete card information was obtained, bad actors still had challenges obtaining equipment that could then write the stolen card information onto a new card (''card cloning''). Due to the cost of complex electronics decreasing over time, card cloning equipment is now more affordable and easily accessible. This has minimized the barrier for bad actors to clone cards and use benefits stolen from the original SNAP benefit account involved.

Additionally, bad actors exploited the expansion of SNAP online shopping as another route to spend fraudulently obtained EBT card information. During the COVID–19 pandemic, the USDA expedited nationwide participation in the previously existing SNAP Online Purchasing Pilot. To help SNAP clients make purchases of food while remaining safely isolated, clients in all States could enter their EBT card number and PIN to make online purchases from authorized SNAP retailers offering pick-up or delivery of SNAP-eligible products. Post-pandemic, SNAP online purchasing continues to be available nationwide. If proper security measures are not implemented in these online purchasing systems, algorithmic attacks can be used by bad actors to attempt large numbers of transactions with varying inputs until they succeed. For example, there is often significant vulnerability to 'soft' PINs that may be easily guessed, such as common number sequences (''1234''), or repeating numbers (''1111'').

With this proposed rule, the Department looks to address some of the common vulnerabilities inherent to the transaction technologies currently used in EBT systems by bringing EBT in alignment with the consumer credit/debit industry. The Department intends to take advantage of existing strategies and technologies known to be effective in detecting and preventing theft of SNAP benefits through card skimming, card cloning, and other similar electronic fraudulent methods, with the goal of ensuring the integrity of SNAP benefit issuances.

Availability of Data

Although EBT fraud and benefit theft has attracted national attention in recent years, the Department does not have data that can conclusively and accurately track long-term historical levels of EBT benefit theft perpetrated via electronic methods such as card skimming and card cloning, as historically there were no requirements for States to provide data on EBT fraud.

The Consolidated Appropriations Act, 2023 included time-limited requirements for States to provide FNA with statistical reports on such theft and implement plans to replace stolen SNAP benefits with Federal funds. The data provided by States pursuant to this requirement (starting in Federal Fiscal

Year 2023) on the volume of stolen SNAP benefits replaced can be viewed online at: *https://www.fna.usda.gov/data-research/data-visualization/snap-replacement-stolen-benefits-dashboard,* and provides FNA and the public with limited insight into the scale and patterns of EBT benefit theft. However, the authority provided by the Consolidated Appropriations Act, 2023 for replacement of stolen SNAP benefits with Federal funds expired on December 20, 2024, so States are once again no longer required to report EBT fraud statistics to the Department. As of the second quarter of Federal Fiscal Year 2025, 753,929 claims for replacement of stolen SNAP benefits have been approved across the nation, with a total replacement value of $360,441,561. A limited number of retroactive claims and associated replacements are expected as States sunset their replacement process. Further, these data only reflect fraudulent transactions for which SNAP households filed claims to replace their benefits during this period and may not capture the full scope of benefit theft during this period.

While the lack of retrospective data makes it difficult to assess historical rates of EBT benefit theft, analysis of publicly available reporting on the topic points strongly to a significant increase in reports of benefit theft to State agencies starting in recent years.

Information Access for Benefit Integrity

Beyond the deficiencies with the transaction method itself, SNAP EBT also frequently lags the consumer payment industry in features available to clients to monitor and secure their benefits. Some existing EBT systems do not make available comprehensive transaction information including the name of the retailer involved. The availability of user-selectable account security options (such as benefit account freezing or blocking of purchases of specific types or in specific locations) also varies widely from State to State.

Ensuring all SNAP clients in every State are fully aware of the details of purchases being made with their account helps to strengthen benefit integrity and enhance the customer experience. Giving SNAP clients access to enhanced account features, many of which are common in the consumer payment industry, will enable them to control how their benefits can be spent and help avoid EBT fraud. SNAP clients must be able to activate and deactivate these accounts freely via online cardholder portal systems, or mobile account information applications, as well as by contacting their local State office via telephone or visiting in person. Offering multiple customer service channels is critical for all services offered to ensure that the disparate needs of SNAP clients are met, including disabled clients or clients with limited internet or mobile phone access.

With these changes, this proposed rule intends to improve the general customer experience of SNAP clients as they purchase food via EBT by giving them greater control and understanding of their benefit account.

Listening Sessions

In 2023, the Department prepared for this proposed rule by conducting 16 listening sessions focused on the migration to EBT cards with electronic chip and NFC payment technology with partners from the SNAP industry, such as: EBT host processors, third-party processors, retailers and retailer associations, anti-hunger advocates, equipment manufacturers, and State agencies. The Department continues to engage with these partners with additional listening sessions facilitated through the USDA EBT Card Industry Forum hosted by the Accredited Standards Committee X9. The Accredited Standards Committee X9 is the American National Standards Institute (ANSI)-accredited standards developing organization that sets standards for exchanging EBT financial transaction messages. Beginning in June 2023, the X9 EBT Card Industry Forum was created, consisting of FNA, State agencies, EBT host processors, third-party payment processors, retailers, point-of-sale providers, the branded card networks, and mobile payment processors. All partners involved in the Forum agreed on the establishment of national standards for mobile payment and electronic chip card technologies to be used in EBT. After an extensive public notice and comment process, the updated EBT standard was officially ratified and published [1] by ANSI in August 2024.

Guidance

In October 2022, the Department issued guidance titled ''Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) Electronic Benefit Transfer (EBT) Card Skimming Prevention—Tools and Resources'' with the intent to educate State SNAP agencies on known forms of benefit theft and recommended prevention tactics.[2] The Department issued this guidance in response to increasing reports of benefit theft from State SNAP agencies. In March 2023, the Department issued guidance titled ''Addressing Stolen SNAP Benefits'' to SNAP participants, State SNAP agencies, and SNAP retailers additional regarding best practices to combat benefit theft.[3]

In the creation of this rule, the Department has considered effectiveness against benefit theft and consistency with consumer payment industry standards, as well as the cost of the requirements to be imposed on parties involved with implementing the EBT changes.

With this proposed rule, the Department seeks comments from the public regarding the potential changes to EBT. The Department will discuss each of the proposed regulatory changes in more detail below.

Discussion of Proposed Rule

SNAP EBT Operating Standards

The Department currently does not utilize any type of operating standards for SNAP EBT-related purposes. As a result, when payment technology that enhances security evolves in the consumer payment industry, the Department is unable to enforce integration of such technology into EBT due to the time constraints of the regulatory process. Financial pressures and lack of updated Federal standards may also cause State SNAP agencies to delay or avoid EBT system enhancements.

The Department proposes the creation and adoption of a set of SNAP EBT Operating Standards into regulation to address these issues. These standards will be found at Appendix A to Part 274—Supplemental Nutrition Assistance Program Electronic Benefit Transfer Operating Standards. This document establishes technical operating standards to be utilized by State agencies (and the contracted vendors acting on their behalf) in their operation of SNAP and EBT payment methods and supplement the regulatory requirements found in 7 CFR 274. The SNAP EBT Operating Standards define a variety of mandatory and optional features for State agencies to implement within their EBT systems and payment methods. Some of the elements covered within the SNAP EBT Operating Standards include transaction

[1] The published standard is available on the American National Standards Institute (ANSI) Notice of Proposed Rulemaking (NPRM) Review Area. ANSI NPRM Review Area's landing page is accessible at *https://www.surveymonkey.com/r/DQVJYMK.*

[2] *https://www.FNA.usda.gov/snap/snap-tanf-ebt-card-skimming-prevention.*

[3] *https://www.FNA.usda.gov/snap/stolen-benefits.*

processing, documentation, reporting, and system requirements.

The SNAP EBT Operating Standards, in conjunction with the proposed regulatory changes, have the following key objectives:

—Aligning SNAP closer to consumer payment (credit and debit) industry practices
—Ensuring responsiveness to future industry developments
—Reduction of benefit theft targeting SNAP clients
—Increased informational awareness and confidence for clients regarding their SNAP benefit accounts
—Improved SNAP customer experience
—Improved FNA oversight of new EBT implementation projects, database conversions, and system testing
—Enhanced data availability and accuracy for key Program metrics

Along with these key objectives, the SNAP EBT Operating Standards will specifically provide guidance on requirements and standards for: SNAP-authorized retailers; EBT host processors; what is required to perform and process an EBT transaction; how parties to a transaction share and store transaction data; security measures related to EBT transaction fraud and benefit theft; State EBT system implementation; the design, security, and functions of EBT cards; SNAP Online and card-not-present transaction requirements for internet retailers; SNAP EBT mobile payments; and household EBT training.

The Department proposes to create and then subsequently revise the Operating Standards on a regular, ongoing basis. The Department seeks feedback regarding the format and frequency of future revisions.

The SNAP EBT Operating Standards are available within Appendix A of Part 274.

EBT Cards With Chip and NFC Technology

While the regulatory definition at 7 CFR 271.2 for ''Electronic Benefit Transfer (EBT) card'' includes chip cards within the definition, at the time of this writing there are a limited number of States actively working to transition their EBT payment system to payment cards with electronic chip and near-field communication (NFC) technology, commonly known as EMV (Europay, Mastercard and Visa) technology from the commercial industry's security standard with that name. EBT cards with chip and NFC technology have enhanced security features that mitigate skimming and cloning attacks when compared to EBT cards with only magnetic stripe technology.

Information available to FNA suggests a significant portion of EBT benefit theft is due to skimming of EBT card data facilitated by magnetic stripes. The Department believes that EBT cards utilizing chip and NFC technology are likely to significantly reduce incidences of benefit theft based on information available regarding the transition to chip and NFC technology in the consumer payment industry. In the early stages of chip and NFC adoption, Mastercard fraud data showed a 54 percent decrease in counterfeit fraud costs at US retailers completing chip and NFC adoption from April 2015 to April 2016.[4] Visa fraud data showed in 2019 [5] that merchants who accepted chip and NFC cards ''witnessed a 76 percent dip in card present counterfeit payment fraud since the U.S. payments industry began the shift to EMV chip.'' The shift to universal adoption of chip technology starting in 2015 (when liability was moved onto retailers for non-chip transactions), and the increasing prevalence of NFC technology in the consumer payment industry, together mean that many SNAP households will likely already be familiar with the use of a payment card with chip and NFC technology. The Department is also hopeful that the experience gained from years of established use of chip and NFC technology in the consumer payment industry will help expedite payment method transitions for all parties as well as reducing costs involved when compared to earlier transitions.

While mobile wallet payment systems may benefit from even greater security due to the use of tokenization, a process that adds an additional layer of authentication to the purchasing process by replacing traditional card data with unique electronic tokens tied to specific devices, the technology is newer and potentially requires significant additional costs to provide token services. The Agricultural Act of 2018 (Pub. L. 115–334) authorizes the use of mobile technologies for the purpose of accessing SNAP benefits for payment at the point-of-sale following up to five initial demonstration projects. The Department will continue the Mobile Payment Pilot and evaluate its results to determine if mobile payment technology should be authorized or required nationwide in the future. At this time, the Department is prioritizing chip and NFC technologies within the existing EBT systems infrastructure to expedite more secure payment methods for all SNAP households.

The Department is proposing a two-year timeframe after the date of publication of a final rule for implementing requirements regarding the issuance of SNAP benefits via EBT cards utilizing chip and NFC technology. This timeframe will allow for sufficient testing of systems with State agencies, third-party processors, EBT vendors, and retailers both large and small, to ensure that no complications arise from the switch in payment technology that could hinder SNAP clients from making the same regular purchases that they rely on. However, the Department encourages and continues to support States moving towards more secure EBT cards before the proposed implementation date. As of August 2026, seven States have issued EBT chip cards to participants with additional States in progress.[6]

Aligned with this timeframe will be the requirement that States adequately notify households and retailers in advance regarding any such transition in payment method. In conjunction with this, the Department proposes updating the definition of an EBT card, defined at 7 CFR 271.2 ''Electronic Benefit Transfer (EBT) card,'' to explicitly include cards with integrated electronic chips capable of conducting transactions either by being inserted into a card reader or via wireless NFC protocols. The Department welcomes public comment on the proposed chip and NFC technology implementation timeframe of two years from the date of publication of the final rule and whether that timeframe is both sufficient for compliance and effective at combating electronic benefit theft.

As noted, a limited number of States are now actively working to transition their EBT payment system to EBT cards with chip and NFC technology. It is clear that transition to payment processing via chip and NFC transactions will require significant system changes for all parties involved, along with replacement of EBT cards for all participants, as well as cooperation by retailers upgrading their equipment to comply with the requirements needed to accept payments via EBT cards with chip and NFC technology. The Department believes that the best approach would be an expedited nationwide transition to EBT cards with chip and NFC technology, as opposed to a limited pilot program. This expedited

[4] *https://presscenter.com/mastercard-chip-momentum-reducing-fraud-one-year-in/.*

[5] *https://usa.visa.com/visa-everywhere/blog/bdp/2019/05/28/chip-technology-helps-1559068467332.html.*

[6] *https://www.fna.usda.gov/snap/ebt/modernization.*

approach would be best due to the scale of the existing nationwide threat of SNAP benefit theft through the skimming of EBT cards with magnetic stripes, demonstrated clearly with at least $360 million in stolen benefits that have been replaced through the second quarter of Federal fiscal year 2025. Furthermore, an expedited transition would streamline interoperability concerns and transition communications for SNAP households.

The Department acknowledges that a transition to EBT cards with chip and NFC technology will come at a financial cost to the State agencies administering SNAP and to other entities involved in the operation of EBT systems. However, the Department believes that it is critical for SNAP clients to have reliable and secure access to the benefits that they use to purchase food for their families, and that the transition to chip and NFC cards in the credit/debit industry has proven the effectiveness of the technology involved in reducing incidents of fraud. Letting the consumer payment industry lead in transitioning payment technology has positioned EBT to benefit from experiences gained there and will help avoid costs that would otherwise be encountered in developing untested payment technology. Further, as stewards of taxpayer dollars, the Department considers these administrative costs as a necessary investment to deter the loss of Federally-funded SNAP benefits.

The Department also encourages State SNAP agencies to work with retailers and retailer associations to ensure that as many SNAP retailers as possible complete preparations for the acceptance of EBT transactions via chip and NFC before State SNAP agencies begin the process of replacing existing SNAP cards, to simplify the transition from the perspective of SNAP households who might otherwise face confusion over which transaction methods should be used at individual retailers. Furthermore, the Department encourages State SNAP agencies to educate SNAP households regarding the security benefits of chip and NFC technologies to conduct transactions.

Given the current prevalence of issues with the timely delivery of benefits in accordance with 7 CFR 274.2(b), the Department is specifically interested in comments from State SNAP agencies on the impact that migrating to EBT cards with chip and NFC technology would have on over-the-counter issuance of EBT cards and for State operations.

With the goal of a smooth transition to EBT cards with chip and NFC technology, there will be a need for retailers to continue to accept transactions via EBT card with magnetic stripe, for the time being (although fallback rules would enforce the requirement of inserting/tapping a card with a chip to attempt the transaction in that manner before the magnetic stripe could be used). As such, the Department is also interested in understanding the costs that will be borne by State agencies, third-party processors of EBT transactions, and retailers to ensure that point-of-sale machines can properly fall back to accepting magnetic stripe transactions if chip/NFC-based transactions fail or are otherwise unavailable (such as during a period of transition, or due to shopping across State borders in a State that has not yet transitioned to EBT cards with chip and NFC technology).

One consideration for moving to EBT cards with chip and NFC technology is the limited lifespan of chip technology. As a result of this, EBT cards with chip and NFC technologies will have expiration dates. The Department proposes to update regulations at 7 CFR 274.6(b)(3), 274.6(b)(5), and 274.6(b)(6) to clarify that EBT cards replaced as a result of their expiration date, or replaced as a result of a change in benefit delivery method, must not be counted towards the threshold for the number of card replacements considered excessive in 7 CFR 274.6(b)(5).

In conjunction with the move to EBT cards with chip and NFC technology, the Department is proposing to update regulations at 7 CFR 274.8(b)(5)(vi) to specify that the PAN on each EBT card shall be printed on the back of the card. This will enhance security measures by making it more difficult to capture account information visually from EBT cards and is aligned with the consumer credit/debit industry.

Magnetic Stripe

EBT's current reliance on magnetic stripes for payment cards is a major enabler of benefit theft, as the account information stored on the magnetic stripe can be easily read in plain text by skimming devices that intercept card data during a transaction. This creates an incentive for thieves who may have targeted credit/debit transactions in the past, when they were conducted mainly via magnetic stripe, to now focus their efforts on EBT cards made more vulnerable as one of the last remaining payment methods conducted almost exclusively via magnetic stripe.

The consumer payment card industry has begun preparations to phase out magnetic stripes, with Mastercard stating in 2023 that ''by 2033, no Mastercard cards will have magnetic stripes.'' [7] With this in mind, the Department is seeking public comment specifically related to the eventual removal of magnetic stripes from EBT cards, particularly regarding:

—Barriers to the removal of magnetic stripes
—Alternative methods of conducting transactions if chip and NFC technology fails at the point-of-sale
—Interoperability issues
—Timeframe for removal

The Department proposes revising the existing regulation at 7 CFR 274.8(b)(3)(ii)(C) to remove the reference to EBT cards specifically containing magnetic stripes in advance of any transition away from their use, as well as revising references at 7 CFR 274.6(b) to clarify that the card replacement methods within that section of regulations apply specifically to physical card replacements. This will enable a transition away from magnetic stripe technology in the future and ensure clarity if SNAP benefits are to be delivered via EBT cards in non-physical form such as virtual cards in mobile wallets.

End of Manual Voucher Transactions

SNAP regulations in the past allowed SNAP retailers to redeem benefits using manual vouchers if they did not have, or were unable to use, a POS device to process SNAP transactions at the time of the purchase. This was designed to help ensure that SNAP clients would not be denied the ability to use their benefits as the result of unreliable EBT system connectivity.

Since these manual voucher transactions do not require the use of a secure PIN, they have been shown to be susceptible to fraud. The Agricultural Act of 2014 (2014 Farm Bill) amended Section 7(f) of the Act to prohibit the use of manual vouchers for benefit redemption, except in the specific cases where the Secretary determines they are necessary such as due to an EBT system outage or a disaster. The 2014 Farm Bill also provided the Department with the option to exempt certain retailer categories from this prohibition based on established criteria established by the Secretary if the Department determined it appropriate.

The March 21, 2014, implementing memorandum for the 2014 Farm Bill [8] stipulated that this manual voucher restriction would be effective immediately for any newly authorized

[7] *https://www.mastercard.com/news/perspectives/2023/what-s-in-the-cards/.*

[8] *https://FNA-prod.azureedge.us/sites/default/files/snap/Farm%20Bill%20Implementation%20Memo.pdf.*

retailer. However, the memorandum also noted that until regulations were promulgated, the Secretary was exempting those existing retailers that were already using manual vouchers for ongoing business. At the same time, the implementing memorandum stated that it was ''the intent of the Secretary to largely eliminate manual vouchers as a means to conduct ongoing business through regulations, but [that FNA would] use the regulatory process to fully define the extent continued usage will be permitted.'' Consistent with that stated intent, this rule proposes to codify elimination of the usage of manual vouchers except in disasters or in the event of an EBT system failure, with other exceptions being limited.

Proposed language revising 7 CFR 274.3(a)(1)(i) would stipulate manual vouchers be authorized only when there is a significant EBT connectivity problem. This could occur as the result of either system issues, or other outage issues, including those resulting from a natural disaster. The Department's expectation is that State SNAP agencies would require of their EBT vendors that the processing of manual vouchers be disabled by default. Manual vouchers would then be enabled by EBT vendors upon request by their State SNAP agency, restricted to certain geographic areas as appropriate. FNA would monitor for manual voucher use that would be considered excessive on an ongoing basis, and work with States to resolve any issues encountered. In situations where manual voucher use is not being appropriately restricted and sufficient levels of fraud are being encountered as a direct result, FNA may seek disallowance of administrative funding under 7 CFR 276.4(a)(2) and 276.4(a)(3) regarding State agency responsibilities for preventing losses of Federal funds.

It is important to note that manual voucher transactions are an extremely small minority of SNAP transactions in total.[9] The proposed changes to manual vouchers would primarily impact retailers that conduct business via delivery routes as well as some retailers operating in remote areas; both have been known to rely on manual vouchers historically as their principal method of benefit redemption. Those retailers would be expected to utilize some form of mobile POS device or mobile POS phone/tablet application to conduct their business, with both approaches becoming even more commonplace in the consumer payment industry since the implementing memorandum for the 2014 Farm Bill. Since the passing of that legislation, general internet connectivity nationwide has improved significantly. A June 2020 Government Accountability Office report [10] indicated that, based on FCC data, broadband internet availability in rural areas of the US increased from 45.7% to 77.7% from 2012 to 2018.

The Department will consider allowing limited exceptions on a case-by-case basis in specific scenarios, and seeks public comment regarding the need for these exceptions:

First, the Department will consider an exception for retailers that regularly process transactions via manual vouchers in rural areas that do not have internet connectivity, such as some areas of Alaska, making it impossible to utilize mobile POS devices or mobile POS phone/tablet applications.

Second, the Department will consider exempting retailers who are eligible for free State-provided EBT equipment due to the nature of their organization.

Third, the Department will consider exempting retailers in designated Tribal areas from requirements regarding manual vouchers. During consultation with Tribal leaders on March 15, 2024, a summary of this proposed rule was presented and there were no concerns expressed.

EBT Equipment Costs

To better align SNAP with current industry practices, the 2014 Farm Bill amended Section 7(f) of the Food and Nutrition Act to require that all non-exempt retailers be financially responsible for any EBT equipment, supplies, and related services needed to participate in EBT. As a result, most retailers are no longer eligible to receive free EBT equipment, supplies, and related services to participate in SNAP which they may previously have been eligible for.

This legislative change recognized that credit and debit card usage is more prevalent today than it was when EBT was first implemented, and the equipment needed for card acceptance has become nearly ubiquitous. The statute provided exemptions for farmers markets, direct marketing farmers, military commissaries, non-profit food buying cooperatives, and establishments, organizations, programs or group living arrangements described in clauses (3), (4), (5), (7), (8), and (9) of section 3(k) of the Act. While this change was put in place by the March 21, 2014, FNA implementing memorandum,[11] it must still be codified in regulations.

This proposed rule would codify the statutory provision by making changes accordingly at 7 CFR 274.3(a)(2). The Department also proposes changing regulations in this area at 7 CFR 274.3(b) to remove outdated requirements regarding EBT terminal deployment, to properly reflect that FNA currently only requires States to provide no-cost, EBT-only POS equipment to retailers exempted by the Agricultural Act of 2014 from the requirement that SNAP retailers pay for their own EBT equipment. All other retailers must source their own equipment to be able to process EBT transactions.

SNAP Transaction and Account Information Access

Informational awareness is a critical element in benefit theft prevention and early detection of signs of potential fraud. 7 CFR 274.7(d) requires that SNAP households be able to access their account balances, and that EBT systems be ''. . . capable of providing a transaction history for a period of up to 2 calendar months to households . . .'' but the existing regulation does not specify the information regarding each transaction which should be included in that transaction history, nor how quickly the systems which display this information to SNAP clients be updated with new transaction data.

As a result, existing online account management systems and mobile account information applications accessed by SNAP participants in some States do not currently display detailed information such as retailer names and locations of prior purchases made, and do not offer participants the ability to review certain activity on their account such as balance inquiries. The lack of a requirement for immediate updates to this information also means that some EBT systems only make SNAP transaction information available after a delay. Both of these shortcomings hinder the abilities of SNAP households to review and confirm the activity on their own account to ensure purchases made and other actions taken are legitimate.

The Department intends to create new provisions in SNAP regulations at 7 CFR 274.8(b)(4)(i)(H) and 274.8(b)(4)(i)(I) to specify information which must be made available to SNAP participants when they review their benefit account through an online account management

[9] In October 2023, 0.0057% of total SNAP transactions were conducted via manual voucher. Of those, nearly 42% of the manual voucher transactions were conducted by retailers in North Dakota and Alaska, both of which contain significant rural areas.

[10] *https://www.gao.gov/assets/gao-20-535.pdf.*

[11] *https://FNA-prod.azureedge.us/sites/default/files/snap/Farm%20Bill%20Implementation%20Memo.pdf.*

system or mobile account information system, including:

—Transaction dates, times, and amounts
—Type of transaction (card-not-present or card present. Card-not-present transactions would be encountered when making purchases from internet retailers)
—Identifying information for retailer, excluding FNA retailer numbers
—History of balance inquiries made
—History of PIN changes
—History of other personal account information changes including address, email address, and telephone number

The Department also intends to revise SNAP regulations at 7 CFR 274.7(d)(2) to require EBT systems to provide 12 months of transaction history instead of the current requirement of 2 months. This will align SNAP with the Consumer Financial Protection Bureau's Regulation E requirements for electronic fund transfers at 12 CFR 1005.15(d)(1)(ii).

These regulatory updates will also require that the required information be made available to SNAP clients immediately after SNAP purchases are made. With these changes in place, the Department believes SNAP households will have greater informational awareness regarding the integrity of their account and will be able to monitor their benefit account for potentially fraudulent transactions.

One concern regarding this information being made available involves victims of domestic violence. There is the possibility that a household member who has fled a domestic violence situation could be tracked using a SNAP online cardholder portal or cardholder mobile application by another household member with access, who would be able to review the location of purchases made with the SNAP benefits. The Department is considering requiring that State agencies accept verified requests via telephone or in-person contact to disable all location-based account information (including masking transaction locations) in their online cardholder portal and mobile application for a specific account, and requests comment from the public in this area specifically.

Balance Inquiries

At this time, there are no requirements regarding verification of minimum information for a balance inquiry to be conducted via IVR. As a result, it is possible for bad actors to conduct bulk balance inquiries via the EBT customer service phone number. These bulk balance inquiries facilitate benefit theft by making it significantly easier for bad actors to determine which card data can potentially be exploited.

To prevent benefit theft, the Department proposes creating regulations at 7 CFR 274.7(d)(4) and using the SNAP EBT Operating Standards document (see Appendix A to Part 274) to require that SNAP balance inquiries conducted via IVR shall require verification. This will help reduce incidents of bad actors using IVR as a method of enabling and expediting benefit theft—a pattern that has been noted across the country by State SNAP agencies reporting to FNA trends in EBT benefit theft. The verification must involve secured information (such as additional card security features) but should not involve PII, as a SNAP household may include multiple persons shopping with the benefits of the SNAP account.

As an additional measure to ensure the integrity of balance inquiries, the Department intends to revise existing regulations at 7 CFR 274.7(d)(1) to permit internet retailers to conduct business without offering a method of balance inquiry. Online balance inquiry methods can be vulnerable due to security flaws, and FNA regularly grants waivers in this area currently as a matter of business. The Agency has not received any complaints regarding balance inquiry availability after 5 years of the pilot program for SNAP online purchasing. Though the Department considers it a safe assumption that households who are making SNAP purchases online can conduct a balance inquiry online in a secure manner by logging into their State's SNAP cardholder portal or mobile application, public comments regarding the accessibility and security of balance inquiries are welcomed.

In addition, the introduction of internet retailers has brought awareness to the outdated requirements in 7 CFR 274.7(d)(3) and 274.8(b)(7) that mention printed receipts. Since many internet retailers (and some brick-and-mortar retailers) now take advantage of electronic receipts, the Department proposes revising these regulations to remove the word ''printed'' to clarify that retailers may also provide receipts via electronic means.

Household Training Updates

Current regulations at 7 CFR 274.2(e) on household training requirements for SNAP households do not specify that the households be trained on best practices to avoid EBT benefit theft, although FNA does offer a Tips and Resources website [12] with suggestions for SNAP clients to follow to reduce incidents of SNAP fraud.

Household training should empower SNAP households not only with the knowledge needed to use their SNAP benefits, familiarity with program requirements, and awareness of time limits for using SNAP benefits before they are expunged, but also with knowledge of security best practices that will reduce their chances of being a victim of benefit theft. The training requirements' message and format should also balance not overwhelming participants with information that prevents them from absorbing the most important knowledge.

The Department proposes updating the household training requirements accordingly. The Department does not intend to change or specify to State agencies the method in which each element of household training should be delivered, as long as all clients can be assured to receive all elements of the required household training.

The Department proposes revising training requirements to include familiarizing participants specifically with:

—Timeframes within which households are to be given the opportunity to participate (also known as timeliness requirements);
—The issuance schedule and availability date for households to access their benefits;
—The appropriate utilization and security of the EBT card's PIN including a number of important steps to take in fraud prevention;
—Responsibilities in reporting theft of or damage to a physical EBT card, and responsibilities in reporting suspected fraud;
—Information regarding EBT card replacement, including any applicable fees;
—Requirements regarding availability of information in languages other than English, for households with disabilities, and the inclusion of civil rights statements;
—Information needed to recognize retailers where EBT benefits can be used;
—Information regarding retailer-initiated debit adjustments and a household's right to notice, fair hearings, and provisional credits, as well as how to dispute such adjustments by requesting a hearing and the timeframes involved;

[12] *https://www.FNA.usda.gov/snap/stolen-benefits.*

—The right to request an adjustment in case of an error transaction and the timeframes involved;
—Timeframes involving benefit expungement;
—Information regarding replacement of food destroyed in a household misfortune including the timeframe for a timely report;
—Food that is eligible for purchase with SNAP benefits;
—The prior payment prohibition described in 7 CFR 274.7(b);
—Information on transaction limits as described in 7 CFR 274.7(c);
—Information regarding container deposit fees;
—Common methods of EBT theft and how to avoid them;
—Where information regarding rights and responsibilities as a SNAP client can be found;
—Information regarding expiration dates on physical EBT cards and the resulting replacement, in order to avoid client confusion with misinterpreting expiration dates as reflecting either benefit expungement or certification period end dates.

Codifying Common Waivers

FNA routinely receives EBT waiver requests regarding client-initiated credit adjustments and retailer-initiated debit adjustments that replace the timeliness standard of 10 business days with an extended time period of 15 calendar days and that allow State SNAP agencies to act on retailer-initiated debit adjustment requests without placing a hold on the adjustment balance in the household's account. The Department proposes revisions to regulations at 7 CFR 274.2(g)(2) to bring the procedures for client-initiated credit adjustments and retailer-initiated debit adjustments in line with these waivers, which are commonly approved, to simplify SNAP operations and ensure that State agencies will not need to potentially revise training material contingent on waiver approval or denial.

The Department also proposes revisions to 7 CFR 274.2(f)(2)(i) regarding the ability of clients to select PINs for their EBT cards via IVR telephone system. Current regulations state that PINs provided to or selected by SNAP clients for use in accessing benefits in the household's EBT account must be encrypted, at a minimum, from the point of entry, in accordance with the current requirement at 7 CFR 274.8(b)(3)(ii)(C). This protects the client's PIN both when the client is initially selecting it at the local office and afterwards when using it to make a purchase at a POS device. Because of this encryption, the PIN cannot be viewed or obtained by someone else with access to the system, whether authorized or not. However, due to these regulations, States have needed to obtain a waiver from this requirement to allow clients to select their own PINs over a telephone or cellular line through an IVR system, a process in which the PIN is not encrypted when the client first enters a PIN of his/her own choosing. FNA has approved this waiver to allow States to provide this enhanced customer service. However, in doing so, the Agency has also reminded States that they would have liability for any losses resulting from this procedure.

In response to State waiver requests, the proposed rule would allow States the option to give clients the ability to select their own PIN at their convenience without having to visit the local certification office. While this procedure is consistent with the PIN selection process used by commercial bank customers, it does pose inherent risks when compared to the encrypted capture and transmission of a PIN from the point-of-entry utilizing PIN select devices. As a partial safeguard, the Department would also require the process to be completely automated, with no involvement of a customer service representative, and that clients using this process would need to enter two elements of their personally identifiable information (PII) to confirm their identity. Consistent with Section 7(e)of the Act, and FNA regulations at 7 CFR 274.1(d)(1). FNA would also continue to require States to accept liability for any losses resulting from this procedure, such as the replacement of the lost benefits due to an unauthorized transaction, compromise in security, or incorrect identification of the person requesting a PIN via the telephone.

Implementation of Specific Anti-Fraud Measures in EBT Systems

EBT vendors offer to State SNAP agencies a variety of optional card security services focused on combating EBT fraud. Many of these services involve household-selected options to restrict usage of their account in some form, while other services can affect how households manage use of their benefits. However, States are not required to elect any of the most common card security services designed to reduce levels of EBT fraud.

Section 501(a) of Title IV within Division HH of the Consolidated Appropriations Act, 2023 required that the Department issue guidance to State SNAP agencies to protect and replace SNAP benefits stolen via card skimming, card cloning, and other similar fraudulent methods. In response to this, the Department published Tips and Resources [13] regarding fraud mitigation best practices for SNAP participants, State SNAP agencies, and SNAP retailers. One of the recommendations for State SNAP agencies was to ''Let SNAP households know how to opt into card security services that proactively protect their cards and PINs.'' However, SNAP clients are unable to opt into card security services when they live in a State that has not worked with their EBT vendor to make some or all of these card security services available. Different State SNAP agencies have elected to implement different optional card security services, leaving households with different treatment and protections depending on their location.

The Department proposes adding a new regulation at 7 CFR 274.7(k) to require that all State SNAP agencies offer a minimum list of specific card security services, referred to as participant-selected account options. The regulation will refer to the SNAP EBT Operating Standards (see Appendix A to Part 274), which will contain the list of specific card security services required, many of which are designed to reduce incidents of benefit theft.

The Department also proposes updating 7 CFR 274.7(d) to require that States establish standards covering client access to platforms such as client websites, EBT cardholder portals, or mobile applications that clearly inform clients of balances, features, security options, and other services available for their EBT account.

First, regulations at 274.2(f)(2)(i) and the SNAP EBT Operating Standards document (see Appendix A to Part 274) will require that States disallow the use of common PINs, including PINs with:
—Entirely sequential digits (with zero considered sequential to both one and nine);
—Entirely reverse sequential digits (with zero considered sequential to both one and nine);
—One digit repeated for the entire length of the PIN;
—The last digits of the associated EBT card's PAN;
—Entirely alternating digits (*e.g.,* 1212, 8989, or 5454);
—The first two digits 19 (potential birth year vulnerability);
—The first two digits 20 (potential birth year vulnerability);
—The sequential digits 2580, 8520, 0852, or 0258 (these sequences are

[13] *https://www.FNA.usda.gov/snap/stolen-benefits.*

common as they reflect the vertical digits of a numeric keypad in order).

Second, the SNAP EBT Operating Standards document will require that States offer SNAP households the self-service ability to elect or remove all of the following specific account options at a minimum:

—An account block on out-of-State transactions;
—An account block on card-not-present (online) transactions;
—An account block on all transactions;
—Alerts delivered via email or text message for purchases on the account, including rejected purchases, out-of-State purchases, and purchases over a user-selected limit;
—Alerts delivered via email and/or text message for specific account activity such as PIN changes, balance inquiries, and changes to personal account information such as address, email address, or telephone number;
—A user-selected maximum transaction limit, over which all transactions are to be blocked.

There are some States which, working with their EBT host processors, have already opted to provide transaction blocking account options to SNAP households. In States where these options are available, a particular type of blocking (for example, an account block on out-of-State transactions) may be enabled by default for SNAP households as long as States adhere to statute and regulations regarding interoperability and ease-of-use for EBT transactions. The Department seeks comments on concerns or benefits related to blocking transactions by default.

Clients must be able to opt-in to these account options via all of the following methods, and clients should not be restricted in making such a selection in any way by disability or speaking a primary language other than English:

—EBT cardholder portal
—Mobile application or equivalent mobile-first web interface
—Telephone request
—In-person request

Fourth, newly proposed regulations at 274.2(f)(3) and the SNAP EBT Operating Standards document will require that States issue EBT cards that are not active until the recipient takes actions to enable the card.

Vendor Monitoring of EBT Terminals

Current regulations require State SNAP agencies to ensure that only authorized retailers can access the EBT system. This is important to the integrity of the EBT system, as unauthorized EBT terminal usage by bad actors can facilitate the commission of EBT fraud in several ways.

First, bad actors can use EBT terminals to verify skimmed card data by attempting to make purchases or balance inquiries to determine which benefit accounts they are able to access.

Second, bad actors can utilize fraudulent balance inquiries to facilitate algorithmic attacks where large quantities of transactions are attempted using computer automation to find access to new benefit accounts.

Third, bad actors can input fraudulent transactions to drain funds from SNAP benefit accounts. These events have been encountered in greater numbers in recent years, as witnessed by State agencies monitoring terminal usage and receiving reports of fraud. Illegitimate access is made possible by third-party processors or their contracted independent sales organizations (*e.g.,* sub-vendors), who facilitate payment for EBT transactions via the EBT gateway. When third-party processors and independent sales organizations fail to verify that retailers they transact with are authorized by FNA to participate in the program before they process any transactions from a given retailer, they make it possible for bad actors to access the EBT system. The Department is exploring various ways to address this issue, in alignment with the priorities of the Task Force to Eliminate Fraud established in Executive Order 14395.[14]

The Department proposes revising 7 CFR 274.3(e)(4) and 274.8(b)(3)(v)(F) to clarify that State SNAP agencies, and by extension their contracted EBT vendors, both play a critical role in denying access to bad actors and must perform adequate due diligence. EBT terminal usage must be actively monitored by the EBT vendors contracted by State SNAP agencies to remove unauthorized terminal access to the EBT system, in accordance with existing regulations at 7 CFR 274.8(b)(3)(ii)(A) which require controls to ''ensure acceptance of data from authorized terminals only.''

FNA is improving fraud prevention efforts with support from third party vendors by providing ways in which FNA can block miscoded payment terminals from accessing the EBT network. FNA expects that State agencies and their contracted EBT vendors will investigate and consider such terminals for deactivation. Additionally, FNA is working with State agencies and providing technical support to help identify and block miscoded terminals. New retailers participating in the EBT system with addresses that do not match the address registered for their FNA retailer account number must also be investigated where possible.

In the event of unchecked fraudulent activity, clear signs of unauthorized access, or other similar negligence with no response or action taken to address an ongoing issue, FNA may seek disallowance of administrative funding under 7 CFR 276.4(a)(2) and 276.4(a)(3) regarding State agency responsibilities for preventing losses of Federal funds.

Requiring Timely Updates to EBT Systems in Accordance With the X9.58 Technical Specifications

Current regulations require that State SNAP agencies ensure their EBT systems comply with technical specifications established by the American National Standards Institute (ANSI) and International Organization for Standardization (ISO) where applicable, but do not explicitly cover technical specifications established by the Accredited Standards Committee (ASC) X9. ASC is responsible for the development of their technical specification X9.58 *Financial transaction messages—Electronic benefits transfer (EBT)—Supplemental Nutrition Assistance Program (SNAP)* to accommodate the use of EBT cards with chip and NFC technology, as well as specifying all aspects of EBT financial transaction data transmission. The latest revision to the ASC X9.58 technical specification was released in 2024,[15] but the Department also assumes that ASC X9 will implement additional revisions in the future, as payment technology continues to grow and evolve. The ASC X9.58 technical specification has previously been updated in 2022, 2013, and 2007. When updates are made to the ISO 8583 or ANSI X9.58 specification, or other applicable specifications, the Department proposes that State agencies ensure EBT systems comply with the new version of the specification within 180 days from the publication of the updated specification.

The Department welcomes public comment on the 180-day timeframe for compliance, with the understanding that deploying upgrades to EBT systems can require significant financial resources in addition to the time and staffing requirements needed to ensure successful deployment.

The Department also proposes revising regulations at 7 CFR 274.8(b)(3)(iv)(B) to require that State

[14] National Archives, ''Establishing the Task Force to Eliminate Fraud,'' *Federalregister.gov*, 2026, *https://www.federalregister.gov/documents/2026/03/19/2026-05497/establishing-the-task-force-to-eliminate-fraud,* Accessed July 17, 2026.

[15] *https://x9.org/new-version-of-x9-58-standard-upgrades-usda-snap-ebt-cards/.*

EBT systems and data processing centers utilize multifactor authentication as a method of enhancing internal security. Multifactor authentication is commonly used in the consumer payment industry and requires at least two forms of verification to protect online accounts, such as password, a one-time pin sent to a verified email or phone, and user selected challenge question.

Delete References to Offline EBT Systems

Regulations at 7 CFR 274.1(b) currently require SNAP benefits to be issued via either an online EBT system involving a central computer database accessed electronically by EBT cards at the point of sale, or an offline EBT system with benefit allotments stored on EBT cards. 7 CFR 274.1(b)(2) currently permits State agencies to issue SNAP benefits through an offline EBT system in which ''. . . benefit allotments can be stored on a card or in a card access device and used to purchase authorized items.''

No States currently use an offline EBT system, and none are expected to in the future. Given that all States now utilize an approach to managing accounts in which benefits are issued from and stored in an online central databank, as well as the existence of new initiatives such as online purchasing and mobile payments, each relying significantly on online EBT systems, the Department does not believe an offline EBT system would be a viable alternative to online EBT systems going forward. Only two States have ever used an offline EBT system for SNAP. The last State to use an offline EBT system was Wyoming, which moved to an online EBT system in May 2007.

In addition to these developments away from offline EBT systems, 7 CFR 271.2 currently defines EBT as a system where benefits are ''. . . issued from and stored in a central databank.'' This also points away from an offline system where benefits are primarily stored on the cards. As a result of these factors, the Department is proposing to update the regulations by removing 7 CFR 274.1(b) and adding 'online' to the definition of an EBT system in 7 CFR 271.2 ''Electronic Benefit Transfer (EBT) system''. As noted, no States would be impacted by this change.

Related to this change, the Department proposes modifying regulations at 7 CFR 274.1(c) to note that when the Secretary, in consultation with the Office of Inspector General, determines that program integrity would be improved by changing the issuance system of a State, the alternative method would no longer be limited to one of the methods currently described in 274.1(b). This will allow States to utilize methods of payment issuance in the future that may not exist currently, as consumer payment technology continues to develop.

Implementation of Card Security Code (CSC) and Expiration Date

SNAP's existing Online Purchasing Pilot began in 2019 and quickly expanded to all States as a result of the COVID–19 pandemic. While much of the online shopping experience is consistent with online purchasing using credit/debit cards, a significant difference is the lack of printed card security codes, or CSCs, and expiration dates on EBT cards. The type of CSC that will be most familiar to users of debit and credit cards is the 3 or 4-digit code printed on the payment card, which is commonly entered by the customer when conducting card-not-present transactions with internet retailers (along with other information such as zip code and expiration date of the card).

Since the CSC and expiration date are not encoded in the data on the card but merely printed on the surface of the card and entered at the time of purchase, this information cannot be obtained by traditional electronic skimming methods that take data from a payment card's magnetic stripe. The addition of the CSC and expiration date significantly enhances security for card-not-present (online) transactions by requiring customers to enter these additional values which are not encoded in the data on the card and are not stored at any time by retailers.

The Department intends to revise regulations at 7 CFR 274.8(a)(2)(ii) and use the SNAP EBT Operating Standards document to require specific security measures for card-not-present (online) transactions, including primarily the use of a CSC and expiration date as part of these transactions. This will mirror best practices already established in the consumer payment industry.

While this will add an additional step to card-not-present (online) transactions, the Department considers this additional step worth the value provided in terms of reducing benefit theft. Many households will already be familiar with the entry of a CSC and expiration date while making online purchases, due to the prevalence of the requirement when using credit/debit cards, so this additional step is unlikely to cause confusion when encountered.

Interoperability and Interchange Fees

Existing regulations regarding interoperability including 7 CFR 274.8(b)(10) apply to all aspects of any changes resulting from implementation of the requirements of this rule. Benefits issued via EBT by any one State must continue to be able to be redeemed for food purchases in any other State. Therefore, no State should take actions in response to this rule which would prevent benefits issued from being redeemed in another State.

The Department also proposes adding a new section in the regulations at 7 CFR 274.3(a)(4) to clarify that interchange fees shall not apply to any EBT transaction, even if the retailer uses commercial equipment provided by an independent third-party processor to accept SNAP benefits. These changes will align regulations with the prohibition of interchange fees in Section 7(h)(13)(A) of the Food and Nutrition Act.

Mobile Purchasing Virtual EBT Card Provisioning

The SNAP Mobile Purchasing pilot remains in progress at this time. The Department looks forward to recommendations that will be made in the future resulting from the resolution of the pilot with regard to provisioning of virtual EBT cards on mobile devices for making SNAP payments. Outcomes from the pilot will be used to inform future rule making or updates to the SNAP EBT Operating Standards. Therefore, this rule does not propose any regulatory changes regarding virtual EBT cards on mobile devices at this time.

Procedural Matters

Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This proposed rule has been determined to be economically significant under section 3(f)(1) of Executive Order 12866 and was reviewed by the Office of Management and Budget (OMB).

Regulatory Impact Analysis Summary

As required for all rules that have been designated as Significant by the Office of Management and Budget, a Regulatory Impact Analysis (RIA) was developed for this proposed rule. It follows this rule as an Appendix. The following summarizes the conclusions of the regulatory impact analysis:

Need for Action: Required to reflect mandates within Section 501 of the Consolidated Appropriations Act of 2023 (Pub. L. 117–328, the Omnibus) to modernize Electronic Benefit Transfer (EBT) technology and improve EBT security measures required to prevent EBT benefit theft committed by electronically stealing EBT card information and similar methods.

Benefits: Reduces the amount of SNAP benefits electronically stolen from SNAP participants. In turn, these individuals may experience reduced psychological stress and financial insecurity. There may also be improved trust in government programs, improved fairness in payment security for low-income households, and improved access to information and knowledge.

Costs: This proposed rule would result in one-time burdens for State agencies, the Federal Government, households, and businesses at implementation (roughly $283 million combined in FY 2028–2029). There would also be ongoing costs to State agencies, the Federal Government, and businesses starting in FY 2030 ($12 million in that year, roughly $152 million in total FY2028–2037).

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601–612) requires Agencies to analyze the impact of rulemaking on small entities and consider alternatives that would minimize any significant impacts on a substantial number of small entities. Pursuant to that review, it has been certified that this rule would have a significant impact on a substantial number of small entities.

Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as a 'major rule' as defined by 5 U.S.C. 804(2).

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104–4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local and tribal governments and the private sector. Under section 202 of the UMRA, the Department generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with ''Federal mandates'' that may result in expenditures by State, local or tribal governments, in the aggregate, or the private sector, of $100 million or more in any one year. When such a statement is needed for a rule, Section 205 of the UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the most cost effective or least burdensome alternative that achieves the objectives of the rule.

This proposed rule does not contain Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local and tribal governments or the private sector of $100 million or more in any one year. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 12372

This Supplemental Nutrition Assistance Program is listed in the Catalog of Federal Domestic Assistance under Number 10.551 and is subject to Executive Order 12372, which requires intergovernmental consultation with State and local officials. (See 2 CFR chapter IV.)

Federalism Summary Impact Statement

Executive Order 13132 requires Federal agencies to consider the impact of their regulatory actions on State and local governments. Where such actions have federalism implications, agencies are directed to provide a statement for inclusion in the preamble to the regulations describing the agency's considerations in terms of the three categories called for under Section (6)(b)(2)(B) of Executive Order 13132.

The Department has considered the impact of this rule on State and local governments and has determined that this rule does not have federalism implications. Therefore, under section 6(b) of the Executive Order, a federalism summary is not required.

Executive Order 12988, Civil Justice Reform

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations or policies which conflict with its provisions or which would otherwise impede its full and timely implementation. This rule is not intended to have retroactive effect unless so specified in the Effective Dates section of the final rule. Prior to any judicial challenge to the provisions of the final rule, all applicable administrative procedures must be exhausted.

Civil Rights Impact Analysis

FNA has reviewed the proposed rule, in accordance with the Agriculture Improvement Act of 2018, ''2018 Farm Bill'', Section 12403, *Civil Rights Analyses,* to identify and address any major civil rights impacts the proposed rule might have on minorities, women, and persons with disabilities. While FNA expects that a relatively small share of SNAP participants may be wary of the changes to their EBT cards and a small number of retailers will need to adopt mobile POS technologies to end their reliance on manual vouchers, the implementation of mitigation strategies, such as plain-language communication and partnerships with outreach and retailer partners, will lessen these impacts. Additionally, the FNA Civil Rights Division will propose further outreach and mitigation strategies to alleviate any unforeseen impacts, if deemed necessary.

After a careful review of the rule's intent and provisions, FNA has determined that this rule is not expected to affect the participation of protected individuals in the Supplemental Nutrition Assistance Program.

Executive Order 13175

Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis on policies that have Tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

This rule potentially has issues that require consultation. FNA consulted with Tribal leaders on March 15, 2024, and no feedback was received. If a Tribe requests consultation, FNA will work with USDA's Office of Tribal Relations to ensure meaningful consultation is provided.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. Chap. 35; 5 CFR 1320) requires the Office of Management and Budget (OMB) approve all collections of information by a Federal agency before they can be implemented. Respondents are not required to respond to any collection of information unless it displays a current valid OMB control number. We are seeking a new OMB

Control Number for the new, existing, and changing provisions in this rule. These changes are contingent upon OMB approval under the Paperwork Reduction Act of 1995. Additionally, when the information collection requirements have been approved, FNA will publish a separate action in the **Federal Register** announcing OMB's approval.

In accordance with the Paperwork Reduction Act of 1995, this proposed rule contains information collections that are subject to review and approval by the Office of Management and Budget; therefore, FNA is submitting for public comment the changes in the information collection burden that would result from adoption of the proposals in this rule.

Please also send a copy of your comments to Food and Nutrition Administration, SNAP Innovation Policy and Issuance Division, Issuance Support Branch, 5601 Sunnyside Ave, Beltsville MD, 20705. For further information, or for copies of the information collection requirements, please contact FNA at the address indicated above.

Comments on this proposed rule must be received by December 22, 2026. Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

Title: Supplemental Nutrition Assistance Program: Electronic Benefits Transfer Card Security Measures.

OMB Number: 0584–NEW.

Forms: None.

Expiration Date: Not Yet Determined.

Type of Request: New.

Abstract: The Consolidated Appropriations Act, 2023, requires the Department to issue regulations establishing security measures to identify and prevent SNAP benefit theft. The measures must be consistent with industry standards for detecting, identifying, and preventing debit and credit card skimming, card cloning, and other fraudulent methods and must consider implementation feasibility for the States. This proposed rule modernizes Electronic Benefit Transfer (EBT) technology and brings EBT into alignment with consumer payment processing industry standards, improving the experiences of SNAP participants. FNA is requesting a new OMB Control Number for the requirements in this proposed rule.

The proposed rule includes numerous proposals to enhance EBT card security and account usability. Several of these proposals will result in an increase in reporting burdens for State SNAP agencies, Individuals/Households, Business-for-profit such as EBT host processors, and some SNAP retailers. There is no recordkeeping or third-party disclosure associated with this rulemaking.

First, the rule proposes creating SNAP EBT Operating Standards, which would be revised on a regular, ongoing basis. SNAP EBT Operating Standards would allow the Department to revise EBT requirements more dynamically in response to rapidly evolving payment technology and best practices in the consumer payment industry. Some of the SNAP EBT Operating Standards will create an information collection burden, as discussed below.

In this proposed rule, the Department will require State SNAP agencies to upgrade to EBT cards utilizing chip and NFC technology, as well as require that SNAP retailers accept EBT transactions via chip and NFC technology, within a certain time frame. Based on the experience of the consumer payment industry, the Department believes EBT cards utilizing chip and NFC technology will significantly reduce SNAP benefit theft due to the enhanced security features that mitigate skimming and cloning attacks. Households will be required to activate these new chip cards upon receipt, and households experiencing homelessness may need to travel to a local office to obtain their new card.

The proposal will also update the regulations at 7 CFR 274.2(e) on EBT household training requirements for SNAP participants. Under the proposed regulations, the EBT household training will inform households about security best practices that will reduce their chances of being affected by benefit theft, in addition to their rights and responsibilities and how to use their benefits.

The proposal will create new regulations at 7 CFR 274.8(b)(4)(i)(H) and 274.8(b)(4)(i)(I) to specify information that must be made available to all SNAP participants, including transaction dates, times, and amounts; retailer name and location; balance inquiry history; PIN change history; and history of other account management changes including address, email address, and telephone number. These changes will better equip SNAP households to review their account activity and detect potentially fraudulent activity.

The proposal makes two changes regarding balance inquiries. The SNAP EBT Operating Standards (see Appendix A to Part 274) will require verification for all SNAP balance inquiries, and the proposal will update 7 CFR 274.7(d)(1) to permit internet retailers to conduct business without offering balance inquiry, codifying a standard waiver the Department currently issues. Related to this, the Department proposes revising 7 CFR 274.7(d)(3) and 274.8(b)(7) to confirm that transaction receipts may be delivered via electronic means. As transaction receipts are required to be provided, eCommerce providers and internet retailers that do not use an eCommerce provider will need to modify their website purchasing pages accordingly.

The proposed rule revises 7 CFR 274.3(e)(4) and 274.8(b)(3)(v)(F), to clarify that State SNAP agencies, and by extension their contracted EBT vendors, both play a critical role in denying access to bad actors.

The proposed rule also revises regulations at 7 CFR 274.8(b) and 274.8(b)(10)(ii) to require all participants in the EBT system to update their systems in accordance with the X9.58 technical specification to ensure proper functioning of the system.

Finally, the proposed rule would revise 7 CFR 274.7(d)(3) and 274.8(b)(7) to confirm that transaction receipts for online purchases may be delivered via online cardholder accounts, confirmation invoices, other electronic communications such as email or text messages, or printed invoices upon delivery.

In addition to the changes discussed above, the proposed rule also includes changes that do not have an information collection burden. These include: updates to 7 CFR 274.8(b)(5)(vi) to specify that the primary account number shall be printed on the back of each EBT card; updates to 7 CFR 274.6(b)(3), 274.6(b)(5), and 274.6(b)(6) clarifying that EBT cards replaced as a result of their expiration date must not be counted towards the excessive card replacement threshold; updates at 7 CFR 274.6(b), 274.6(b)(2), and 274.8(b)(3)(ii)(C) to remove references to

magnetic stripes and to clarify that card replacement does not apply only to physical cards; updates to 7 CFR 274.3(a)(1)(i) ending the use of manual vouchers as a means to conduct ongoing business, except in certain limited circumstances; updates to 7 CFR 274.3(a)(2) to codify the 2014 Farm Bill amendment regarding non-exempt retailers' financial responsibility for EBT equipment, supplies, and related services; updates to 7 CFR 274.3(b) to remove outdated requirements regarding EBT terminal deployment; removal of 7 CFR 274.1(b) and updates to 7 CFR 271.2 ''Electronic Benefit Transfer (EBT) system'' to remove the option of offline EBT systems; updates to 7 CFR 274.3(a)(4) to clarify that interchange fees shall not apply to any EBT transaction; the creation of 7 CFR 274.2(f)(3) to require that EBT cards are issued in an inactive state; and updates to 7 CFR 274.8(b)(5)(vii) to require EBT cards to contain card security codes (CSCs). The proposed SNAP EBT Operating Standards and regulations at 274.7(k) will also require that all State SNAP agencies offer certain specific card security services provided by EBT vendors. States will be required to prohibit use of common PINs and offer participant-selected account options to manage and monitor their own account usage. Relatedly, the proposal creates new regulations at 7 CFR 274.8(a)(1)(ii) and modifies regulations at 7 CFR 274.3(f)(2)(i) to require PINs to comply with the specifications of the SNAP EBT Operating Standards.

First Year (One-Time) Burden

State SNAP Agencies

State SNAP agencies will have a one-time reporting burden of communicating to SNAP households about the implementation of EBT cards with chip and NFC technology. This burden comprises 53 responses totaling 424 hours. FNA expects that this communication will, at a minimum, take the form of a notice to each SNAP household. FNA estimates that each State Agency will need to draft a notice and set up an automated process to send communications out to each household. FNA estimates that it will take a State Agency 8.00 hours to draft a notice and set up the automated process for a total one-time burden of 424.00 hours (53 State Agencies * 8.00 = 424.00 total hours).

State SNAP agencies will also have a one-time reporting burden of revising household training materials to reflect the additional information required by the rule. FNA estimates that these revisions would take the equivalent of 80.00 hours per State SNAP agency, for a total one-time burden of 4,240.00 hours (80.00 hours per State SNAP agency * 53 State SNAP agencies = 4,240.00 hours).

State SNAP agencies will have a one-time reporting burden to revise all documentation and training materials to include information regarding chip card technology and anti-fraud measures that will be available to households. FNA estimates that these revisions would take the equivalent of 80.00 hours per State SNAP agency, for a total one-time burden of 4,240.00 hours (80.00 hours per State SNAP agency * 53 State SNAP agencies = 4,240.00 hours).

Finally, State SNAP agencies will have a one-time reporting burden related to conducting staff training on the various changes in the proposed rule and FNA estimates there will be 2,650 responses, with approximately 50 State SNAP agency staff receiving training per agency. FNA estimates that training would take approximately 4.00 hours per staff member, for a total of 10,600.00 hours (4.00 hours * 50 staff * 53 State SNAP agencies = 10,600.00 hours).

In total, the one-time reporting burden for State SNAP agencies would be 19,504.00 hours (424 chip card communications hours + 4,240.00 household training update hours + 4,240 anti-fraud documentation update hours + 10,600.00 staff training hours = 19,504.00 total hours).

EBT Host Processors

Although four EBT host processors are currently operating, FNA has been informed that one processor plans to end its EBT work soon, so we are only including the three EBT host processors that will remain in the market. Therefore, there will be 3 responses for this reporting burden.

EBT host processors will have a one-time reporting burden for making EBT system updates to provide detailed SNAP transaction history and account activity history, provide balance inquiry validation, comply with upcoming updates to the X9.58 technical specification for chip and NFC support, and monitor unauthorized EBT terminal usage.

FNA estimates that adding this functionality and implementing the updates would take approximately 160.00 hours per EBT host processor, for a total start-up reporting cost of 480.00 hours (160.00 hours per processor * 3 EBT host processors = 480.00 hours). Once the EBT host processors add the functionality to their systems, the reporting activities would be automated and would not impose an ongoing burden on processors.

EBT host processors will also incur a one-time reporting burden for developing a process to monitor and block potential unauthorized terminal usage. This will require 3 responses, one for each of the EBT host processors. FNA expects that developing a process to monitor terminals that exhibit certain patterns indicative of trafficking will take the equivalent of a three-week sprint for each EBT host processor, for a total of 360.00 reporting hours (40.00 hours * 3 weeks = 120.00 hours; 120.00 hours * 3 EBT host processors = 360.00 total one-time reporting burden hours).

Households

SNAP households will have a one-time reporting burden related to the activation of chip-enabled cards. FNA estimates that it will take households 5 minutes to activate a chip card, for a total reporting burden of 2,249,365.40 hours (22,493,654 households * 0.10 hours = 2,249,365.40 hours.)

FNA estimates that households will have a burden to review the State agency notice regarding chip card implementation. FNA estimates that 80 percent of households (22,493,654 households * 0.8 = 17,994,923) will review this notice. FNA estimates that it will take households 5 minutes to review. In total, FNA estimates this burden to be 1,799,492.32 hours (17,813,637 households * 0.10 hours = 1,799,492.324 hours.)

FNA estimates that there will be a burden for households experiencing homelessness to travel to a local office and to wait to obtain a new chip card. SNAP Quality Control data for FY 2022 estimated that 5.6% of the SNAP caseload experiences homelessness. FNA also estimates that not all households, approximately 50 percent, experiencing homelessness will not need to visit a local office to obtain a new chip card. As there are 22,493,654 households, 5.6% equals 1,259,644. Half of 1,259,6441 households equals approximately 629,822 households that may need to travel to a local office to obtain a chip card. FNA estimates the travel and wait burden for these households to be one hour, which would bring the total burden hours to households experiencing homelessness to 629,822 hours.

In total, FNA estimates that the total one-time household burden will be 4,704,463.72 hours (4,453,409.20 hours to review household training materials that now include chip card activation and anti-fraud measures + 2,249,365.40 hours to activate a chip cards and 629,822 hours for households experiencing homelessness to travel to a local office for a new card.).

Retailers

Finally, online SNAP retailers will have a one-time reporting burden of removing capabilities for balance inquiry and receipts with account balances displayed from their online purchasing interfaces. To implement the change, internet retailers will need to update their ordering web page to remove the balance inquiry functionality and adjust the method of receipt. Currently, 116 SNAP retailers are, or are in the process to become, online SNAP retailers as direct integrators, operating their own online purchasing platform. There are currently 29 eCommerce providers total, including those that do not have a retailer who has gone live with SNAP Online Purchasing yet. FNA estimates that this one-time update to online purchasing will take both the direct integrators and eCommerce providers approximately 40.00 hours each, for a total of 5,920.00 hours ((116 direct integrators + 29 eCommerce providers) * 40.00 hours = 5,920.00 hours).

In total, the one-time startup burden of the proposed rule will be an estimated 41,121,359.20 responses for a total of 4,704,463.72 hours.

Ongoing Burden

EBT Host Processors

EBT host processors will also have an ongoing burden of monitoring EBT terminal usage and blocking unauthorized terminals to ensure that only authorized retailers can access the EBT system. Once the monitoring process is set up, the EBT host processors will need to monitor terminals on an ongoing basis and block unauthorized terminals that they discover throughout the course of the monitoring. The monitoring itself will be largely automated and not result in an ongoing burden for EBT host processors. FNA estimates that blocking terminals will take approximately one hour per month per EBT host processor, for a total of 12.00 hours per processor per year, or 36.00 hours total per year for all EBT host processors.

State Agencies

This rule includes a burden to account for the ongoing distribution of EBT related household training materials by each State agency. Per regulations at 274.2(e), household training includes content that will familiarize households with benefit issuance, benefit redemption, and rights and responsibilities. FNA did not previously account for this burden for the distribution of training to households and is including it in this new information collection. FNA estimates that each year, each household may receive some form of EBT training materials, which are most often provided as a pamphlet or brochure that accompanies their EBT card. FNA estimates that it would take a State three minutes to hand out information in an office or send via mail. FNA also estimates that this effort would take the equivalent of 626,862.90 total hours for State agencies (0.05 hours per State agency to distribute materials to a household * 12,537,250 newly certified households per year = 626,862.90 hours).

Households

FNA previously did not account for the ongoing annual burden on households to review EBT-related household training materials which are required to be provided by State SNAP agencies in regulations at 7 CFR 274.2(e). Per State-provided data, 12,537,250 households joined the program in Fiscal Year 2025. Based on that number, FNA estimates that each year eighty percent of households that join the program (10,029,806) will spend five minutes reviewing EBT household training notices in a year for a total ongoing reporting burden of 1,799,492 hours (10,029,806 * 0.10 hours = 1,799,492).

In total, the ongoing burden of the proposed rule will be an estimated 22,567,100.40 annual responses and 1,629,879.54 hours. Together, the one-time startup burden and ongoing burden are 63,688,459.60 responses and 6,334,343.26 hours.

One-Time Burden

State Agencies

Respondent Type: State Government.
Estimated Number of Respondents: 53.00.
Estimated Number of Responses per Respondent: 53.00.
Estimated Total Annual Responses: 2,809.00.
Estimated Time per Response: 172.00.
Estimated Total Annual Burden on Respondents: 19,504.00.

Businesses

Respondent Type: EBT Processors, Internet Retailers, and eCommerce Providers.
Estimated Number of Respondents: 148.00.
Estimated Number of Responses per Respondent: 1.02.
Estimated Total Annual Responses: 151.00.
Estimated Time per Response: 240.00.
Estimated Total Annual Burden on Respondents: 6,280.00.

Households

Respondent Type: Individuals/SNAP Households.
Estimated Number of Respondents: 22,493,654.
Estimated Number of Responses per Respondent: 1.83.
Estimated Total Annual Responses: 41,118,399.20.
Estimated Time per Response: 0.11.
Estimated Total Annual Burden on Respondents: 4,678,679.72.

Ongoing Burden

Businesses

Respondent Type: EBT Processors.
Estimated Number of Respondents: 3.00.
Estimated Number of Responses per Respondent: 12.00.
Estimated Total Annual Responses: 36.00.
Estimated Time per Response: 1.00.
Estimated Total Annual Burden on Respondents: 36.00.

Households

Respondent Type: Individuals/SNAP Households.
Estimated Number of Respondents: 10,029,806.
Estimated Number of Responses per Respondent: 1.00.
Estimated Total Annual Responses: 10,029,806.
Estimated Time per Response: 0.10.
Estimated Total Annual Burden on Respondents: 1,002,980.64.

State Agencies

Respondent Type: State Government.
Estimated Number of Respondents: 53.
Estimated Number of Responses per Respondent: 424,409.
Estimated Total Annual Responses: 12,537,258.
Estimated Time per Response: 0.05.
Estimated Total Annual Burden on Respondents: 626,862.90.

Total Reporting Burden

State Agencies

Respondent Type: State Government.
Estimated Number of Respondents: 53.00.
Estimated Number of Responses per Respondent: 424,462.
Estimated Total Annual Responses: 12,540,067.
Estimated Time per Response: 172.05.
Estimated Total Annual Burden on Respondents: 646,366.9.

Businesses

Respondent Type: EBT Processors, internet Retailers, and eCommerce Providers.

Estimated Number of Respondents: 148.00.

Estimated Number of Responses per Respondent: 2.02.

Estimated Total Annual Responses: 187.00.

Estimated Time per Response: 241.00.

Estimated Total Annual Burden on Respondents: 6316.00.

Households

Respondent Type: Individuals/SNAP Households.

Estimated Number of Respondents: 22,493,654.

Estimated Number of Responses per Respondent: 1.83.

Estimated Total Annual Responses: 51,148,205.20.

Estimated Time per Response: 0.21.

Estimated Total Annual Burden on Respondents: 5,681,660.36.

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Burden Table

	Respondent Category (Affected Public)	Type of respondent	Burden Activity	Estimated Number of Respondents	Responses per Respondent (Col. H/F)	Total Annual responses (Col. F x G)	Estimated Hours Per Response (Col. J/H)	Estimated Total Burden Hours (Col. H x I)	Base Hourly Wage Rate (See BLS)	Fully-Loaded Wage Rate (K+ (K*.33))	Total Annualized Cost of Respondent Burden (J*L)
			Reporting								
Start-Up	State Government	State Agency	Revising Household Training Materials	53.00	1.00	53.00	80.00	4,240.00	$24.48	$32.56	$138,047.62
			Draft communication and initiate automated process to send communications to households about chip card implementation	53.00	1.00	53.00	8.00	424	$42.31	$56.27	$23,859.46
			Implementing specific anti-fraud measures (revising training materials, documentation)	53.00	1.00	53.00	80.00	4,240.00	$24.48	$32.56	$138,047.62
			Staff Training	53.00	50.00	2,650.00	4.00	10,600.00	$24.36	$32.40	$343,427.28
	State Government Subtotal			**53.00**	**53.00**	**2,809.00**	**6.94**	**19,504.00**			**$643,381.97**
	Individuals / Household	SNAP Households	Reviewing Household Training Materials to now include Chip Card Activation and anti-Fraud measures	17,994,923	1.00	17,994,923.20	0.10	1,799,492.32	$23.99	N/A	$43,169,820.76
			Chip Card Activation	22,493,654	1.00	22,493,654.00	0.10	2,249,365.40	$23.99	N/A	$53,962,275.95
			Households experiencing homelessness: travel burden to local offices and wait time	629,822.00	1.00	629,822.00	1.00	629,822.00	$23.99	N/A	$15,109,429.78
	Individuals / Household Subtotal			**22,493,654.00**	**1.83**	**41,118,399.20**	**0.11**	**4,678,679.72**			**$112,241,526.48**
	Businesses, For Profit	EBT Processors	Set up monitoring and blocking unauthorized EBT terminal usage	3.00	1.00	3.00	120.00	360.00	$65.53	$87.15	$31,375.76

	Businesses, For Profit	EBT Processors	Update EBT system to provide detailed SNAP transaction history and account activity history, provide balance inquiry validation, and comply with the updated X9.58 technical specification	3.00	1.00	3.00	40.00	120.00	$65.53	$87.15	$10,458.59
	Businesses, For Profit	eCommerce Providers	Modify website purchasing portal to add CVV and expiration dates, and online transaction receipts	29.00	1.00	29.00	40.00	1,160.00	$65.53	$87.15	$101,099.68
	Businesses, For Profit	Internet Retailers	Modify website purchasing portal to add CVV and expiration dates and online transaction receipts	116.00	1.00	116.00	40.00	4,640.00	$65.53	$87.15	$404,398.74
				148.00	1.02	151.00	240.00	6,280.00			$547,332.77
Total Start-up Reporting Burden				**22,493,855.00**	**1.83**	**41,121,359.20**	**247.06**	**4,704,463.72**			**$113,432,241.22**

Ongoing	Individuals / Household	SNAP Households	Reviewing EBT Household Training Materials	10,029,806	1.00	10,029,806	0.10	1,002,980.64	$23.99	N/A	$24,061,505.55
Ongoing	State Government	State Agency	Distributing EBT Household Training Materials to Households	53.00	424,409	12,537,258	0.05	626,862.90	$24.48	$32.56	$20,409,653.04
Ongoing	Businesses, For Profit	EBT Processors	Monitoring unauthorized EBT terminal usage and removal of unauthorized users	3.00	12.00	36.00	1.00	36.00	$39.45	$52.47	$1,888.87
Total Ongoing Reporting Burden				**10,029,862.40**	**2.25**	**22,567,100.40**	**0.07**	**1,629,879.54**			**$24,063,394.42**
Grand Total Reporting Burden				**32,523,717.40**	**1.96**	**63,688,459.60**	**0.10**	**6,334,343.26**			**$137,495,635.64**

Total Startup Costs	22,493,855.00	1.83	41,121,359.20	247.06	4,704,463.72			$113,432,241.22
Total Ongoing costs	10,029,862.40	2.25	22,567,100.40	0.07	1,629,879.54			$24,063,394.42
GRAND TOTAL	**32,523,717.40**	**1.96**	**63,688,459.60**	**0.10**	**6,334,343.26**			**$137,495,635.64**

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E-Government Act Compliance

The Department is committed to complying with the E-Government Act, 2002 to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

List of Subjects

7 CFR Part 271

Food stamps, Grant programs—Social programs.

7 CFR Part 274

Food stamps, Grant programs—Social programs

Accordingly, 7 CFR parts 271 and 274 are proposed to be amended as follows:

PART 271—GENERAL INFORMATION AND DEFINITIONS

■ 1. The authority citation for part 271 reads as follows:

Authority: 7 U.S.C. 2011–2036.

■ 2. In § 271.2, revise the definition of Electronic Benefit Transfer (EBT) Card to read as follows:

§ 271.2 Definitions.

* * * * *

Electronic Benefit Transfer (EBT) card means a method to access EBT benefits issued to a household member or authorized representative through the EBT system by a benefit issuer. This method may include an on-line magnetic stripe card, an off-line smart card, a card with an integrated electronic chip card capable of conducting transactions by either being inserted into a card reader or via wireless Near Field Communication (NFC) protocols, a contactless digital wallet with a stored virtual card, or any other similar benefit access technology approved by FNA.

* * * * *

PART 274—ISSUANCE AND USE OF PROGRAM BENEFITS

■ 3. The authority citation for 7 CFR Part 274 continues to read as follows:

Authority: 7 U.S.C. 2011–2036.

■ 4. In § 274.1:

■ a. Revise and republish paragraphs (a) and (b);

■ b. Revise and republish paragraphs (c) and (d); and

■ c. Revise and republish paragraph (g)(1)

The revisions, removals, republications, and addition read as follows:

§ 274.1 Issuance system approval standards.

(a) *Basic issuance requirements.* State agencies shall establish issuance and accountability systems which ensure that only certified eligible households receive benefits; that Program benefits are timely distributed in the correct amounts; and that benefit issuance and reconciliation activities are properly conducted and accurately reported to FNA. Issuance systems shall not rely on EBT cards which conduct transactions solely with magnetic stripes as the method of distributing benefits to certified eligible households.

(b) *Reserved.*

(c) *Alternative benefit issuance system.*

(1) If the Secretary, in consultation with the Office of the Inspector General, determines that Program integrity would be improved by changing the issuance system of a State, the Secretary shall require the State agency to issue or deliver benefits using another method. The determination of which alternative to use will be made by FNA after consultation with the State agency. The cost of conversion will be shared by the Department and the State agency in accordance with the cost accounting provision of part 277 of this chapter.

(2) The cost of documents or systems which may be required as a result of a permanent alternative issuance system pursuant to this section shall not be imposed upon retail food firms participating in the Program.

(d) *Contracting or delegating issuance responsibilities.* State agencies may assign to others such as banks, savings and loan associations, and other commercial businesses, the responsibility for the issuance of benefits. State agencies may permit authorized contractors to subcontract assigned issuance responsibilities.

(1) Any assignment of issuance functions shall clearly delineate the responsibilities of both parties. The State agency remains responsible, regardless of any agreements to the contrary, for ensuring that assigned duties are carried out in accordance with this part and with the SNAP EBT Operating Standards (see Appendix A to Part 274). The State agency is strictly liable to FNA for all losses of benefits, even if those losses are the result of the performance of issuance, security, or accountability duties by another party. The State agency shall include language in those contracts with other parties under paragraph (d) of this section which holds those parties liable for losses of benefits in the event of unchecked fraudulent activity or similar negligence on the part of those parties.

(2) All issuance contracts shall follow procurement standards set forth in part 277 of this chapter.

(3) The State agency shall not assign the issuance of benefits to any retail food firm.

* * * * *

(g) * * *

(1) The State agency shall be responsible for the coordination and management of the EBT system. The Secretary may suspend or terminate some or all EBT system funding or withdraw approval of the EBT system from the State agency upon a finding that the State agency or its contracted representative has failed to comply with the requirements of this section and/or § 277.18 of this chapter, or with the SNAP EBT Operating Standards at Appendix A to Part 274.

* * * * *

■ 5. In § 274.2:

■ a. Revise and republish paragraphs (e)(1) through (7);

■ b. Add paragraphs (e)(8) through (18);

■ c. Revise paragraph (f)(2)(i);

■ d. Add paragraph (f)(3) and;

■ e. Revise and republish paragraph (g).

The revisions and additions read as follows:

§ 274.2 Providing benefits to participants.

* * * * *

(e) * * *

(1) The timeframe in which households are to be given the opportunity to participate in the program under paragraph (b) of this section;

(2) The issuance schedule and availability date for households to access their benefits;

(3) If a PIN is used, the appropriate utilization and security of the PIN including PIN selection requirements

and restrictions, the need to not share the PIN with anyone outside the household including retailers, the fact that State agencies and EBT processors will never contact a household to ask for their PIN, the need to change the PIN immediately if a household notes any unauthorized charges or suspicious activity;

(4) Each household's responsibilities for reporting loss or damage to the EBT card, and responsibilities for reporting fraud including card skimming, card cloning, or other similar fraudulent methods of benefit theft, including who to report them to, both during and outside business hours, and information regarding card replacement including any applicable fees as detailed in § 274.6(b)(3). Information on a 24 hour hotline telephone number shall also be provided to each household;

(5) Written materials and/or other information, including the specific rights to benefits in an EBT system, shall be provided as prescribed under § 272.4(b) of this chapter for bilingual households and for households with disabilities. This shall include the statement of non-discrimination found in Departmental Regulation 4300–3 (available from the USDA, Office of Civil Rights). Written materials shall be prepared at an educational reading level suitable for SNAP households;

(6) Information on the signs or other appropriate information to enable the household to locate and identify retailers equipped to accept EBT cards;

(7) Information regarding retailer-initiated debit adjustments and a household's rights to notice, fair hearings, and provisional credits. The disclosure must also state where to call to dispute such an adjustment, the timeframe in which a dispute must be received, and how to request a fair hearing;

(8) The right to, and timeframe in which, a household can request a credit adjustment to their benefit account as defined in paragraph (g)(2)(i) of this chapter. The training must also include the timeframe in which a household is due a response;

(9) Information regarding the expungement of benefits detailed in paragraph (i)(1)(i) of this chapter;

(10) Information regarding replacement of benefits destroyed in a household misfortune as detailed in § 274.6(a), including the timeframe for a timely report;

(11) Eligible food that the program benefits may be used on as defined in § 271.2 of this chapter;

(12) The prior payment prohibition detailed in § 274.7(b);

(13) Information on transaction limits as detailed in § 274.7(c);

(14) Information regarding applicable container deposit fees;

(15) Common methods of EBT theft and how to avoid them, including signs of phishing attempts and optional security-related account features that may be enabled on an individual basis;

(16) Where information regarding rights and responsibilities as a SNAP client can be found;

(17) Information regarding the expiration process of physical EBT cards with expiration dates, including any actions needed by clients and the process for replacing an expired card.

(18) Training on the prohibition of transaction fees, minimum dollar amounts, and maximum limits on the number of transactions for SNAP purchases.

(f) * * *

(2) * * *

(i) PIN assignment procedures shall be permitted in accordance with industry standards and the SNAP EBT Operating Standards (see Appendix A to Part 274) as long as PIN selection is available to clients if they so desire and clients are informed of this option. Common PINs, such as those defined in the SNAP EBT Operating Standards, are prohibited. Selection of PIN via an Automated Voice Response (AVR) system or similar customer service help desk shall be considered in accordance with industry standards if, upon verification of at least two elements of personally identifiable information, and without involvement of any customer service representative, the system will prompt the client to select a PIN of their choosing and then require re-entry of the PIN for confirmation. The PIN must be encrypted upon entry into the system, the client must have immediate or next-day access to their benefits using the new PIN, and the State agency must accept liability for any losses resulting from this procedure.

* * * * *

(3) SNAP State Agencies must issue cards in an inactive state, requiring households to take actions to activate the new card as required by the SNAP EBT Operating Standards (see Appendix A to Part 274).

* * * * *

(g) *Adjustments.*

(1) The State agency may make adjustments to benefits posted to household accounts after the posting process is complete but prior to the availability date for household access in the event benefits are erroneously posted.

(2) A State agency shall make adjustments to an account to correct an auditable, out-of-balance settlement condition that occurs during the redemption process as a result of a system error. A system error is defined as an error resulting from a malfunction at any point in the redemption process: from the system host computer, to the switch, to the third party processors, to a store's host computer or POS device. These adjustments may occur after the availability date and may result in either a debit or credit to the household. The household shall have 90 days from the date of the notice of a denied credit adjustment to request a fair hearing.

(i) *Credit adjustments.* The State agency must act on all requests for credit adjustments made by client households within 90 calendar days of the error transaction. The State agency has 15 calendar days from the date the household notifies it of the error to investigate and reach a decision on an adjustment and move funds into the client account. This timeframe also applies if the State agency or entity other than the household discovers a system error that requires a credit adjustment to the household. The household shall have 90 days from the date of the notice of a denied credit adjustment to request a fair hearing.

(ii) *Debit adjustments.* Upon receiving a timely debit adjustment request, the State must validate the adjustment within 15 calendar days.

(A) *Standard procedure.* Upon receiving a timely debit adjustment request, the State shall place a hold on the household's account. If there are insufficient benefits to cover the entire adjustment, a hold shall be placed on any remaining balance that exists, with the difference being subject to availability only in the next future month. The household shall be given, at a minimum, adequate notice in accordance with § 273.13 of this chapter. The notice must be sent after the adjustment request is validated, at the time the initial hold is attempted on the household's current month's remaining balance, clearly state the full adjustment amount, and advise the household that any amount still owed is subject to collection from the household's next future month's benefits. The household shall have 90 days from the date of the notice to request a fair hearing. Should the household dispute the adjustment and request a hearing within 15 calendar days of the notice, a provisional credit must be made to the household's account by releasing the hold on the adjustment balance within 48 hours of the request by the household, pending resolution of the fair hearing. If no request for a hearing is made within 15

calendar days of the notice, the hold is released on the adjustment balance, and this amount is credited to the retailer's account. If there are insufficient funds available in the current month to cover the full adjustment amount, the hold may be maintained and settled at one time after the next month's benefits become available. If the State agency does not have the capability of placing a hold on benefits, the State may choose to wait until the household has had 15 calendar days from the date of the notice to debit the household's account. If the State cannot verify the error within 15 days of the initial debit request, the request must be denied.

(B) *Alternative no-hold procedure.* As an alternative procedure, the State agency may instead choose to act on all requests for debit adjustments to a household's account which are initiated within 15 calendar days from the date of the transaction involved, without placing a hold on the household's account for the amount of the debit adjustment. If so, the State agency must send a concurrent notice to households upon receipt of the debit adjustment request after validating the request, and provide them with 15 calendar days to request a fair hearing before any action is taken to debit the household's account. If a household disputes the requested adjustment and requests a fair hearing within 15 calendar days, no further action shall be taken to debit the household's account until the fair hearing decision is rendered.

(3) The appropriate management controls and procedures for accessing benefit accounts after the posting shall be instituted to ensure that no unauthorized adjustments are made in accordance with paragraph (j) of this section.

* * * * *

■ 6. In § 274.3:
■ a. Revise and republish paragraph (a);
■ b. Remove and reserve paragraph (b);
■ c. Revise the first sentence of paragraph (c)(3); and
■ d. Revise paragraph (e)(4).

The revisions read as follows:

§ 274.3 Retailer Management.

(a) *Authorized Retailer Participation.*

(1) All authorized retailers must be afforded the opportunity to participate in the EBT system. An authorized food retailer shall not be required to participate in an EBT system.

(i) Authorized participating retailers unable to redeem benefits electronically when significant connectivity issues are present, such as those resulting from disasters or system outages, shall be accommodated by an alternative system (*e.g.,* manual vouchers with preliminary or delayed telephone verification) for redeeming Program benefits from eligible SNAP customers. Prior to the transaction, the retailer shall contact the EBT central computer or hotline number to log the transaction and obtain an authorization number. If authorization cannot be obtained before or at the time of purchase, the retailer assumes the risk for sufficient benefits being available in the household's account. Any alternate method cannot be burdensome on either the household or the retailer, and it must include acceptable privacy and security features.

(ii) Newly authorized retailers shall have access to the EBT system within 2 weeks after the receipt of the FNA authorization notice. However, whenever a retailer chooses to employ a third party processor to drive its terminals or elects to drive its own terminals, access to the system shall be accomplished within a 30 day period or a mutually agreed upon time to enable the third party interface specifications and any State required functional certification to be performed by the State agency and/or its contractor.

(2) Authorized retailers shall be required to pay 100 percent of the costs of acquiring, and arrange for the implementation of, electronic benefit transfer point-of-sale and supplies, including related services.

(i) *Exceptions.* Eligible farmers' markets, direct-marketing farmers, military commissaries, non-profit cooperatives or organizations, group living arrangements, treatment centers, and prepared meal services (other than for-profit restaurants participating in State-option restaurant programs) shall not be required to pay costs essential to and directly attributable to EBT system operations as long as the equipment or services are provided by the State agency or its contractor and are utilized solely for SNAP. If Program equipment is deployed under contract to the State agency, the State agency may, with USDA approval, share appropriate costs with these retailers if the equipment is also utilized for commercial purposes. The State agency may choose to charge these retailers reasonable fees in the following circumstances:

(A) Cost for the replacement of lost, stolen or damaged equipment;

(B) The cost of materials and supplies for POS terminals not provided by the State agency;

(C) Telecommunication costs for all non-EBT use by retailers when lines are provided by the State agency. In addition, State agencies may remove phone lines from retailers in instances where there is significant misuse of the lines;

(D) The cost of reinstalling State-provided EBT-only point-of-sale equipment when POS equipment was removed due to FNA disqualification as an authorized retailer and the retailer is authorized once again to re-enter the program;

(E) De-installation fees to retailers who use State-provided EBT-only point-of-sale equipment and then change to a third-party processor.

(3) The State agency shall ensure that the EBT system provides credits to the financial institution holding the accounts for retailers or third party processors within two business days of the daily cut-over period for retailer settlement. The cut-over period is the time of day established by the system to define the end of a transaction day for settlement and reconciliation.

(4) Interchange fees shall not apply to any EBT transaction, even if the retailer uses commercial equipment provided by an independent third-party processor to accept SNAP benefits.

* * * * *

(c) * * *

(3) Comply with all Program regulations (subchapter C of this chapter) and SNAP EBT Operating Standards (see Appendix A to Part 274) with respect to retailer participation in the Program and treatment of SNAP households. * * *

* * * * *

(e) * * *

(4) Ensure that only currently authorized retailers can access the system, requiring contracted EBT processors to actively monitor transactions and remove access to the EBT system when unauthorized terminal usage is encountered;

* * * * *

■ 7. In § 274.6:
■ a. Amend the introductory text of paragraph (b) by adding a sentence following the last sentence of the paragraph;
■ b. Amend paragraph (b)(3) by adding a sentence following the last sentence of the paragraph;
■ c. Revise paragraph (b)(4) by adding the words ''including PIN requirements in the SNAP EBT Operating Standards (see Appendix A to Part 274)'';
■ d. Amend the introductory text of paragraph (b)(5) by adding a sentence following the last sentence of the paragraph;
■ e. Amend paragraph (b)(5)(i)(E) by adding the words ''and information regarding any electronic contact methods available'' to the end of the last sentence of the paragraph;
■ f. Amend the introductory text of paragraph (b)(6) by adding a sentence

following the last sentence of the paragraph; and

■ g. Revise paragraph (b)(6)(ii)(F) by adding the words ''and information regarding any electronic contact methods available'' after the words ''including telephone number''.

The additions and revisions read as follows:

§ 274.6 Replacement issuances and cards to households.

* * * * *

(b) * * * The State agency shall act to accommodate households containing homeless persons or victims of domestic violence who cannot receive a replacement EBT card via mail.

* * * * *

(3) * * * The State agency shall not assess a fee for the replacement of an EBT card with an expiration date that is being replaced due to expiration, or an EBT card being replaced due to a change in benefit delivery method.

(4) The State agency shall issue replacement cards and PINs in accordance with § 274.2(f) of the chapter, including PIN requirements in the SNAP EBT Operating Standards (see Appendix A to Part 274).

(5) * * * The State agency shall not consider an EBT card with an expiration date that is being replaced due to expiration or due to a change in benefit delivery method as counting towards this threshold.

(i) * * *

(E) * * *, and information regarding any electronic methods available.

* * * * *

(6) * * * The State agency shall not consider an EBT card with an expiration date that is being replaced due to expiration or due to a change in benefit delivery method as counting towards this threshold.

(ii) * * *

(F) Provide contact information, including a telephone number or information regarding any electronic contact methods available, should the household have questions or concerns regarding the notice.

■ 8. In § 274.7:

■ a. Revise and republish paragraph (d); and

■ f. Add paragraph (k).

The revisions and additions read as follows:

§ 274.7 Benefit redemption by eligible households.

* * * * *

(d) *Access to balances.* States must establish standards covering client access to platforms such as client websites, EBT cardholder portals, or mobile applications that clearly inform clients of balances, features, security options, and other services available for their EBT account.

(1) Households shall be permitted to determine their SNAP account balances without making a purchase or standing in a checkout line. However, retailers shall not be required to provide a balance inquiry function through online sales channels.

(2) The State agency shall ensure that the EBT system is capable of providing a transaction history for a period of up to 12 calendar months to households upon request.

(3) Households shall be provided receipts at the time of transaction in accordance with § 274.8(b)(7).

(4) The State agency shall ensure that balance inquiries made via an Interactive Voice Response system are validated by entry of additional secure information such as a card security code (CSC).

* * * * *

(k) *Participant-selected account options.* The State SNAP agency shall ensure that households are permitted the opportunity to elect or remove specific benefit account options:

(1) Card freezing;

(2) Blocking of out-of-State transactions;

(3) Blocking of card-not-present transactions;

(4) Setting a transaction amount limit;

(5) Setting account activity alerts;

(6) Other future options subject to public comment and inclusion in the SNAP EBT Operating Standards (see Appendix A to Part 274)

* * * * *

■ 9. In § 274.8:

■ a. Revise and republish paragraphs (a) and (b);

■ b. Add ''Automated Standard Application for Payments'' before and parentheses around the word ''ASAP'' in paragraph (c)(1)(iii); and

■ c. Revise paragraph (d)(1)(ii).

The revisions and additions read as follows:

§ 274.8 Functional and technical EBT system requirements.

(a) *Functional requirements.* The State agency shall ensure that the EBT system is fully compliant with all Federal regulations as well as the SNAP EBT Operating Standards (see Appendix A to Part 274), and is capable of performing the following functional requirements prior to implementation:

(1) *Authorizing household benefits.*

(i) Issuing and replacing EBT cards to eligible households;

(ii) Permitting eligible households to select a personal identification number (PINs) at least four digits in length which complies with the PIN requirements in the SNAP EBT Operating Standards (see Appendix A to Part 274);

(iii) Establishing benefit cards and accounts with the central computer database;

(iv) Maintaining the master household issuance record file data and current authorization information;

(v) Training households and other users in system usage;

(vi) Authorizing benefit delivery;

(vii) Posting benefits to each household's account for regular and supplemental issuances;

(viii) Providing households with access to information on benefit availability;

(ix) Ensuring the privacy of household data and providing benefit and data security;

(x) Inventorying and securing accountable documents; and

(xi) Zeroing out benefit accounts and other account authorization activity.

(2) *Providing food benefits to households.*

(i) Verifying the identity of authorized households or authorized household representatives at issuance terminals or POS;

(ii) Verifying the PIN and/or PIN off-set, primary account number (PAN), terminal identification number, card security code (CSC) for card-not-present transactions, card expiration date for card-not-present transactions, and retailer identification number;

(iii) Determining the sufficiency of the household's account balance in order to debit or credit household benefit accounts at the point of sale;

(iv) Sending messages authorizing or rejecting purchases;

(v) Providing back-up purchase procedures when the system is unavailable;

(vi) Ensuring that benefits are available and carried over from month-to-month.

(vii) Responding to issuance problems in a timely manner.

(3) *Crediting retailers and financial institutions for redeemed benefits.*

(i) Verifying electronic transactions flowing to or from participating retailers' bank accounts;

(ii) Creating and maintaining a file containing the individual records of EBT transactions;

(iii) Totaling all credits accumulated by each retailer;

(iv) Providing balance information to retailers or third party processors from individual POS terminals, as needed;

(v) Providing each retailer information on total deposits in the system on a daily basis;

(vi) Preparing a daily tape in a National Automated Clearinghouse format or other process approved by FNA with information on benefits redeemed for each retailer and in summary;

(vii) Transmitting the ACH tape to a financial institution for transmission through the ACH or other method approved by FNA;

(viii) Transferring the information on the ACH tape or other process approved by FNA containing daily redemption activity of each retailer to the FNA Minneapolis Computer Support Center at least once weekly. Transmittal may be by tape, disc, remote job entry or other means acceptable to FNA.

(4) Managing retailer participation in accordance with § 274.3(e).

(b) *Performance and technical standards.* The State agency shall ensure that EBT systems comply with the X9.58 technical specification, the ISO 8583 technical specification, the ISO 7812 technical specification, and the SNAP EBT Operating Standards (see Appendix A to section 274) in the areas of system processing speeds, system availability and reliability, system security, system ease-of-use, minimum card and terminal requirements, performance bonding, and a minimum transaction set.

(1) *System processing speeds.*

(i) For leased line systems, 98 percent of EBT transactions shall be processed within 10 seconds or less and all EBT transactions shall be processed within 15 seconds. Leased line systems rent telecommunications carriers specifically to connect to the central authorizing computer. For dial-up systems, 95 percent of the EBT transactions shall be processed within 15 seconds or less and all EBT transactions shall be processed within 20 seconds or less. Dial-up systems utilize existing telecommunications lines to dial up and connect to the central computer at the time of the transaction. Processing response time shall be measured at the POS terminal from the time the 'enter' or 'send' key is pressed to the receipt and display of authorization or disapproval information. Third party processors, as defined in paragraph (h)(5) of this section, shall be required by the State agency to comply with the same processing response times required of the primary processor.

(ii) The EBT system shall provide reports, as determined by the State agency, that document transaction processing response time and the number and type of problematic transactions that could not be processed within the standard response time.

(2) *System availability and reliability.*

(i) The EBT system central computer shall be available 99.9 percent of scheduled up-time, 24 hours a day, 7 days per week. Scheduled up-time shall mean the time the database is available for transactions excluding scheduled downtime for routine maintenance. The total system, including the system's central computer, any network or intermediate processing facilities and cardholder authorization processors, shall be available 98 percent of scheduled up-time, 24 hours per day, 7 days per week. Scheduled downtime for routine maintenance shall occur during non-peak transaction periods. State certification procedures shall determine whether intermediate processing facilities and cardholder authorization processors are capable of complying with system availability standards prescribed herein prior to permitting the interface with the central computer system.

(ii) Reconciliation reports and other information regarding problematic transactions shall be made available to the State agency by the system operator, individual retailers, households or financial institutions as appropriate. Reports on problematic transactions, including inaccurate transactions shall be delineated by the source of the problem such as card failure, POS terminal failure, interruption of telecommunications, or other component failure. Errors shall be resolved in a timely manner.

(3) *System security.* As an addition to or component of the Security Program required of Automated Data Processing systems prescribed under § 277.18(m) of this chapter, the State agency shall ensure that the following EBT security requirements are established:

(i) Storage and control measures to control blank unissued EBT cards and PINs, and unused or spare POS devices;

(ii) Measures to ensure communication access control. Communication controls shall include the transmission of transaction data and issuance information from POS terminals to work-stations and terminals at the data processing center. The following specific security measures shall be included, as appropriate, in the system design documentation, operating procedures or the State agency Security Program:

(A) Computer hardware controls that ensure acceptance of data from authorized terminals only. These controls shall include the use of mechanisms such as retailer identification codes, terminal identifiers and user identification codes, and/or other mechanisms and procedures recognized by the industry;

(B) Software controls, placed at either the terminal or central computer or both, that establish separate control files containing lists of authorized retailers, terminal identifying codes, and user access and identification codes. EBT system software controls shall include separate checks against the control files in order to validate each transaction prior to authorization and limiting the number of unsuccessful PIN attempts that can be made utilizing standard industry practices before the card is deactivated;

(C) Communications network security that utilizes the Advanced Encryption Standard (AES) algorithm to encrypt the PIN, at a minimum, from the point of entry. Other security may include authentication codes and check-sum digits, in combination with data encoded on the EBT card such as the PIN and/or PIN offset, to ensure data security during electronic transmission. Any of the network security measures may be utilized together or separately and may be applied at the terminal or central computer as indicated in the approved system design to ensure communications control, and other levels of equivalent security may be permitted subject to FNA waiver request and approval;

(D) Manual procedures that provide for secure access to the system with minimal risk to household or retailer accounts. Manual procedures may include the utilization of manager identification codes in obtaining telephonic authorization from the central computer system; requirements for separate entry with audio response unit verification and authorization number; and/or the utilization of 24 hour hotline telephone numbers to authorize transactions.

(iii) Message validation shall include but shall not be limited to:

(A) Message format checks for completeness of the message, correct order of data, existence of control characters, number and size of data fields and appropriate format standards as specified in the approved system design;

(B) Range checks for acceptable date fields, number and valid account numbers, purchase and refund upper limitations in order to prevent and control damage to the system accounts;

(C) Reversal of messages that are not fully processed and recorded.

(iv) Administrative and operational procedures shall ensure that:

(A) Functions affecting an account balance are separated or dually controlled during processing and when requesting Federal reimbursement through a concentrator bank under the

provisions of paragraph (i) of this section. These functions may include but are not limited to the set up of accounts, transmittal of funds to and from accounts, access to files to change account records, and transmittal of retailer deposits to the ACH network or other means approved by FNA for crediting retailer bank accounts;

(B) Passwords, identity codes or other security procedures must be utilized by State agency or local personnel and at data processing centers, and be secured by multifactor authentication procedures;

(C) Software programming changes shall be dual controlled to the extent possible;

(D) System operations functions shall be segregated from reconciliation duties;

(v) A separate EBT security component shall be incorporated into the State agency Security Program for Automated Data Processing (ADP) systems where appropriate as prescribed under § 277.18(m) of this chapter. The periodic risk analyses required by the Security Program shall address the following items specific to an EBT system:

(A) EBT system vulnerability to theft and unauthorized use;

(B) Completeness and timeliness of the reconciliation system;

(C) Vulnerability to tampering with or creating household accounts;

(D) Erroneous posting of issuances to household accounts;

(E) Manipulation of retailers' accounts such as creation of false transactions or intrusion by unauthorized computer users;

(F) Capability to monitor systematic abuses at POS terminals such as debits for a complete allotment, excessive manual issuances, excessive balance inquiries, and multiple manual transactions at the same time. Such monitoring may be accomplished through the use of exception reporting;

(G) Tampering with information on the ACH tape or similar information utilized in a crediting method approved by FNA; and,

(H) The availability of a complete audit trail. A complete audit trail shall, at a minimum, be able to provide a complete transaction history of each individual system activity that affects an account balance. The audit trail shall include the tracking of issuances from the Master File and Issuance File, network transactions from POS terminals to EBT central computer database and system file updates.

(vi) The State agency shall incorporate the contingency plan approved by FNA into the Security Program.

(4) *System ease-of-use.*

(i) For all system users, the State agency shall ensure that the system:

(A) Minimizes the number of separate steps required to complete a transaction;

(B) Minimizes the number of codes or commands needed to make use of the system;

(C) Makes available clear and comprehensive account balance information with a minimum number of actions necessary;

(D) Provides training and instructions for all system users especially those persons with disabilities;

(E) Makes available prompts on POS terminals or balance only terminals, where appropriate;

(F) Identifies procedures for problem resolution;

(G) Provides reasonable accommodation for the needs of households with disabilities in keeping with the Americans with Disabilities Act of 1990.

(H) Provides to clients seeking their transaction history via online account management system or mobile account information application the following information regarding each transaction:

(*1*) Transaction date and time;

(*2*) Transaction amount;

(3) Type of transaction (online or in person);

(4) Retailer identifying information, such as name and location, excluding FNA retailer number.

(I) Provides clients utilizing online account management systems or mobile account information applications with a history of account activity including:

(*1*) Balance inquiries;

(*2*) Dates and times of changes to EBT card PIN;

(*3*) Changes to personal account information such as address, email address, or telephone number;

(4) Other account changes such as enabling or disabling specific account options

(ii) In addition to the requirements of paragraph (b)(4)(i) of this section, the State agency shall ensure that retailers utilizing the EBT system:

(A) Have available manual backup procedures;

(B) Can obtain timely information on daily credits to their banks;

(C) Have available deposit information in a format readily comparable to information maintained in the store; and

(D) Have available instructions on resolving problems with equipment and retailer accounts.

(5) *Minimum card requirements.*

(i) The address of the office where a card can be returned if found or no longer in use should be printed on the card.

(ii) State agencies that implement the photo EBT card option in accordance with paragraph (f) of this section must print on the EBT cards the text ''Any user with valid PIN can use SNAP benefits on card and need not be pictured.'' or similar alternative text approved by FNA.

(iii) FNA reserves the right to require State agencies to place a Department logo on the EBT card and/or sleeves or jackets.

(iv) EBT cards and/or sleeves or jackets shall not contain the name of any State or local official. EBT informational materials shall not indicate association with any political party or other political affiliation.

(v) State agencies may require the use of a photograph of one or more household members on the card. If the State agency does require the EBT cards to contain a photo, it must establish procedures to ensure that all appropriate household members or authorized representatives are able to access benefits from the account as necessary.

(vi) The primary account number (PAN) shall be printed on the rear of each EBT card.

(vii) Other features as required by the SNAP EBT Operating Standards (see Appendix A to Part 274), such as requirements regarding card security code (CSC), expiration date, and PAN.

(6) *POS terminals.* POS terminals shall meet the following requirements:

(i) Balance information shall not be displayed on the screen of the POS terminal except for balance-only inquiry terminals;

(ii) PINs shall not be displayed at the terminal; and

(iii) PIN encryption shall occur from the point of entry in a manner which prevents the unsecured transmission between any point in the system.

(7) *Transaction receipts.* Households shall be provided printed or electronic receipts at the time of transaction. At a minimum this information shall:

(i) State the date, merchant's name and location, transaction type, transaction amount and remaining balance for the SNAP account;

(ii) Comply with the requirements of 12 CFR part 205 (Regulation E) in addition to the requirements of this section; and

(iii) Identify the SNAP households member's account number (the PAN) using a truncated number or coded transaction number. The households' name shall not appear on the receipt except when a signature is required when utilizing a manual transaction voucher.

(8) *Performance bonding.* The State agency may require a performance bond in accordance with § 277.8 of this chapter or utilize other contractual clauses it deems necessary to enforce the requirements of this section.

(9) *Minimum transaction set.* At a minimum, the State agency shall ensure that the EBT system, including third party processors and retailers driving their own terminals, is capable of providing for authorizing or rejecting purchases, refunds or customer credits, voids or cancellations, key entered transactions, balance inquiries and settlement or close-out transactions. The system must be capable of completing this transaction set across State borders nationwide in accordance with standards specified in paragraph (b)(10) of this section.

(10) *Interoperability.* State agencies must adopt uniform standards to facilitate interoperability and portability nationwide. The term ''interoperability'' means the EBT system must enable benefits issued in the form of an EBT card to be redeemed in any State. The term ''portability'' means the EBT system must enable benefits issued in the form of an EBT card to be used in any State by a household to purchase food at a participating authorized retailer. The standards must include the following:

(i) *EBT system connectivity.* State agencies are responsible for establishing telecommunications links, transaction switching facilities and any other arrangements with other State agencies necessary for the routing of interoperable transactions to such other State EBT authorization systems. State agencies are also responsible for facilitating the settlement of such interoperable transactions and the handling of adjustments. These connections need not be direct connections between State authorization systems but may be facilitated through agreements and linkages with other designated agents or third party processors. All State agencies must agree to the timing and disposition of disputes, error resolution, and adjustments in accordance with Department regulations at § 273.13(a) and § 273.15(k) of this chapter and paragraph (f) of this section. State agencies or their designated agents must draw funds from State SNAP accounts for SNAP benefits transacted by that State's SNAP recipients, regardless of where benefits were transacted.

(ii) *Message format.* Each authorization system must use the message format required by the ASC X9.58 and ISO 8583 technical specifications, in a version mutually agreed to between the authorization agent and the party connected for all transactions. Each authorization system must process each financial transaction as a single message financial transaction, except for pre-authorized transactions and reversals, processed as paired transactions.

(iii) *Card Primary Account Number (PAN) Requirements.* Track 2 on each card shall contain the PAN. Each Government entity must obtain an Issuer Identification Number (IIN) from the American Banker's Association (ABA). The IIN should be included as the first six digits of the PAN. The PAN must comply with the ISO 7812 technical specification Each State agency must be responsible for generating, updating, and distributing IIN files of all States to each retailer, processor, or acquirer that is directly connected to the State's authorization system. Each terminal operator that uses a routing table for routing acquired transactions must, within 7 calendar days of receiving an IIN routing table update, modify its routing tables to reflect the updated routing information.

(iv) *Third Party Processor requirements.* Each Third Party Processor or terminal operator must have primary responsibility and liability for operating the telecommunications and processing system (including software and hardware) through which transactions initiated at POS terminals it owns, operates, controls or for which it has signed an agreement to accept EBT transactions, are processed and routed, directly or indirectly, to the appropriate State authorization system. Each terminal operator must maintain the necessary computer hardware and software to interface either directly with a State authorization system or with a third party service provider to obtain access to one or more State authorization systems. Each terminal operator must also establish a direct or indirect telecommunications connection for the routing of transactions to the State authorization system or to a processor directly or indirectly connected to the State authorization system.

(v) *REDE File.* The State agency must ensure that their EBT system verifies FNA retailer numbers for all interstate transactions against the National REDE file of all FNA EBT retailers to validate these transactions.

(c) * * *

(1) * * *

(iii) Initiating and accepting reimbursement from the appropriate U.S. Treasury account through the Automated Standard Application for Payments (ASAP) system or other payment process approved by FNA. At the option of FNA, the State agency may designate another entity as the initiator of reimbursement for SNAP redemptions provided the entity is acceptable to FNA and U.S. Treasury;

* * * * *

(d) * * *

(1) * * *

(ii) Re-presentation of manual vouchers shall not be permitted when the EBT card, magnetic stripe, electronic chip, PIN pad, EBT card reader, or POS terminal fails and connectivity to the central EBT system is possible. Manual transactions shall not be utilized to extend credit to a household via re-presentation when the household's account balance is insufficient to cover the planned purchase.

* * * * *

■ 9. After 274.8.

■ a. Add the Appendix A to part 274 Supplemental Nutrition Assistance Program Electronic Benefit Transfer Operating Standards to read as follows:

Appendix A to Part 274: Supplemental Nutrition Assistance Program Electronic Benefit Transfer Operating Standards

(a) Supplemental Nutrition Assistance Program (SNAP) Overview

(1) The Supplemental Nutrition Assistance Program (SNAP) is the largest nutrition assistance program in the United States.

(2) SNAP is a means-tested program, which means low-income households must apply to participate and will only be accepted if they meet the Program's income and asset requirements. If they meet those requirements, their application is approved, and they become a SNAP household (a SNAP household can include one or more people). 7 CFR 273.1, 7 CFR 273.8–273.11.

(3) SNAP households receive a monthly benefit, which can (1) only be used to buy SNAP-eligible foods, and (2) only be used at SNAP-authorized retailers. 7 CFR 274.7(a), 7 CFR 278.2(a).

(4) SNAP benefits are provided to SNAP households via an Electronic Benefits Transfer (EBT) card. The EBT card is a method to access benefits issued to a household member or authorized representative (the SNAP household) through the EBT system by a benefit issuer (the SNAP State agency, through its EBT host processor). This EBT card may be a magnetic stripe card; a card with an integrated electronic chip capable of conducting contact or contactless payments, by either being inserted into a card reader or via wireless Near Field Communication (NFC) protocols; a digital wallet with a stored virtual EBT card; or any other similar benefit access technology approved by FNA.

(5) An EBT system is an electronic payment system that allows SNAP households to pay for food using their SNAP benefits via an EBT card when shopping at a SNAP-authorized retail store. When a

participant makes such purchases, their SNAP EBT account is debited to reimburse the store for the food they bought. SNAP benefits are issued from, and stored in, a central database, which is maintained and managed by a State or its contractor EBT processor. Such EBT systems use electronic funds transfer technology for the delivery and control of SNAP benefits and other public assistance benefits.

(6) EBT is used in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. EBT has been the sole method of SNAP issuance in all States since June of 2004.

(b) Operating Standards Purpose

(1) The purpose of this document is to provide Operating Standards for SNAP EBT systems. These standards have been published as an appendix to Part 274 of the Code of Federal Regulations.

(2) The SNAP EBT operating standards are the rules that govern SNAP EBT systems and EBT transaction processing methods. This includes establishing system requirements, establishing the systems themselves, maintenance, operation, and interaction with such systems, transaction processing, documentation, and reporting. The Operating Standards define the technical environment of EBT systems, define the responsibilities of each entity that interacts with a SNAP EBT system, and help to ensure those systems operate consistently, successfully, and securely; and provide a framework for mitigating errors and assigning liabilities.

(3) The SNAP EBT Operating Standards are modeled on operating rules used by debit, ATM, and credit card payment networks. Ultimately, the standards will ensure consistency in program experiences for all SNAP households and SNAP-authorized retailers, reflect ongoing advancements made in the consumer payment industry, and safeguard SNAP program integrity.

(4) Legislative and Regulatory Authorities for SNAP EBT Operating Standards

(i) All State Agencies and SNAP EBT systems must comply with all applicable SNAP legislation, regulations, policies, and guidelines, including this document.

(ii) This Operating Standards document is created under the rulemaking authority authorized in the Food and Nutrition Act of 2008, as amended (7 U.S.C. 2011–2036), and the Consolidated Appropriations Act, 2023 (Pub. L. 117–328).

(iii) SNAP legislative requirements can be found in the United States Code (U.S.C.), at 7 U.S.C. 2011–2036d (the Food and Nutrition Act of 2008, as amended).

(iv) SNAP regulations can be found in the Code of Federal Regulations (CFR), at 7 CFR 271–283 (Title 7, Subtitle B, Chapter II, Subchapter C). These Operating Standards focus primarily on EBT issuance regulations that can be found at 7 CFR 274.

(v) Additionally, Regulation E, at 12 CFR 1005 plays a role in governing SNAP EBT Operating Standards (Title 12, Chapter X, Part 1005 Electronic Fund Transfers).

(vi) FNA also issues SNAP policy memoranda, technical assistance, and other guidance on an ongoing basis on the FNA Documents & Resources page of the FNA website.

(vii) EBT transaction message specifications follow the X9.58 standard. That standard is established by ANSI's Accredited Standards Committee X9. ANSI is the American National Standards Institute, the accredited organization responsible for developing technical standards, including exchanging EBT financial transaction messages. The published standard is available on the American National Standards Institute (ANSI) website.

(c) SNAP EBT Processing Overview

(1) SNAP EBT Systems Roles and Responsibilities

(i) This section describes entities that operate or interact with SNAP EBT systems, including those involved in processing SNAP transactions. Relevant entities in this environment include:

(A) SNAP Households: The person(s) who apply and are approved to participate in SNAP, receive SNAP benefits, and use a SNAP EBT card to purchase SNAP-eligible food. A SNAP household may authorize people who are not part of the household to use its SNAP EBT card to purchase food on its behalf. 7 CFR 273.1, 7 CFR 274.8(f)(10).

(B) SNAP-Authorized Retailers: A merchant that applies and is authorized to accept SNAP benefits from SNAP households in exchange for SNAP-eligible foods. SNAP-authorized retailers (''retailers'') are the only places where SNAP households can use their benefits.

(C) The United States Department of Agriculture (USDA) Food and Nutrition Administration (FNA): The government agency that administers SNAP at the Federal/national level, in partnership with SNAP State agencies, EBT host processors, SNAP-authorized retailers, and other entities.

(D) SNAP State agencies: The governmental agency that administers SNAP at the State and local level. SNAP State agencies (State agencies or States) in all 50 States, the District of Columbia, the Virgin Islands, and Guam operate statewide EBT systems to issue SNAP benefits.

(E) EBT host processors: A contractor that builds and operates SNAP EBT systems on behalf of States. This includes:

(1) Initial creation, maintenance, upgrading of EBT systems.

(2) Processing EBT transactions, managing individual SNAP benefit accounts.

(3) Reporting and data management.

(4) Enabling and disabling retailers.

(5) End-of-day processing, settlement, reconciliation, and (in some cases) providing Point-of-Sale (POS) devices to SNAP-authorized retailers.

(6) Certification of Third-Party Processors.

(F) Gateway: An entity that routes EBT transactions from Third-Party Processors to an EBT host processor based on the BIN of the EBT card.

(G) Third-Party Processor (TPP): Financial institution that receives EBT transactions from SNAP-authorized retailers and acquirers and subsequently transmits those transactions to an EBT gateway for further routing or directly to an EBT host processor for transaction approval. SNAP State agencies and their contracted EBT host processors must allow retailers to use EBT services provided by TPPs and acquirers, and must provide interface specifications and certification standards, in order for the TPPs to participate in the EBT system per 7 CFR 274.3 (d).

(1) The TPPs have contractual agreements to connect to all existing EBT processor systems, either directly or via gateways, in order to facilitate the approval/denial transactions anywhere SNAP is operated. TPPs typically provide EBT services and POS equipment directly to larger retailers (such as those with many locations) who may utilize other non-EBT services that the TPPs offer. Smaller retailers who are unable to contract directly with a TPP instead may rely on an acquirer to provide EBT services and POS equipment.

(H) Acquirer: A financial institution (or the agent of a financial institution) that facilitates the authorization of SNAP transactions by acquiring transaction-related data from SNAP-authorized retailers and transmitting that data to a Third-Party Processor for further routing. An acquirer may only need to contract with a single TPP, as the TPP would handle subsequent routing to gateways and EBT host processors.

(I) POS Service Provider: A financial institution (or its agent) that provides retailers with the equipment and technology needed to process SNAP benefits.

(2) SNAP EBT Transaction Flow

(i) This section describes how a SNAP EBT transaction flows through the EBT system and related financial systems.

(ii) See Figure 1 for a visual representation of the SNAP EBT transaction flow as of FY 2026. Please note that this figure is not comprehensive, as there may be other participants not represented in this figure, or participants who go by other names.

(iii) The left half of Figure 1 illustrates the flow of an EBT transaction:

(A) After being approved to participate in the Program, a SNAP household wants to buy SNAP-eligible food at a SNAP-authorized retailer. To pay for the food, the SNAP household swipes, inserts, or taps their EBT card—or uses another payment method, such as a mobile wallet—at the retailer's POS device. This generates an EBT transaction message, that is sent to the retailer's contracted TPP. The EBT transaction message is electronic data that contains information needed to process a transaction. The information contained in the transaction message is defined by the ANSI X9.58 specification.

(B) The TPP receives the transaction message from the retailer's POS device and forwards it to either a Gateway or directly to the EBT host processor, depending on the capabilities of the TPP. If the transaction message goes to a Gateway, the Gateway forwards it to the correct EBT host processor, based on the BIN of the card.

(C) Upon receipt, the EBT host processor reviews the information contained in the transaction message to ensure the transaction is valid, as defined in the processor's Business Rules (which are approved by the State and FNA). This includes:

(1) The SNAP household's Primary Account Number (PAN), to ensure the card number is valid;

(2) The PIN;

(3) Whether there are sufficient benefits in the household's account to cover the purchase;

(4) Whether the EBT card is statused/inactive;

(5) The retailer's FNA number, to ensure the retailer is authorized to participate in SNAP); and

(D) The retailer's store type, to determine whether it is a store type that has additional limitations/requirements (internet retailers, restaurants, etc.). The processor will impose such requirements as appropriate.

(E) The processor will then generate a transaction message response to send back to the retailer's POS device, approving or denying the transaction providing SNAP account balance information and, if applicable, the denial reason). The processor sends FNA the transaction data, per 7 CFR 274.4(b)(2) and the requirements outlined in their contract with the State.

(F) To get to the retailer's POS device, the transaction message response will follow the same path that was used to send the original transaction message (*i.e.,* through the TPP and then to the retailer; or through a Gateway, then a TPP, and then to the retailer).

(G) Once the transaction message response reaches the retailer's POS device, the retailer provides approval/denial information and a receipt to the SNAP household with the remaining account balance.

(iv) The right half of Figure 1 describes the settlement flow (*i.e.,* the transfer of funds which reimburses a SNAP-authorized retailer for a SNAP transaction):

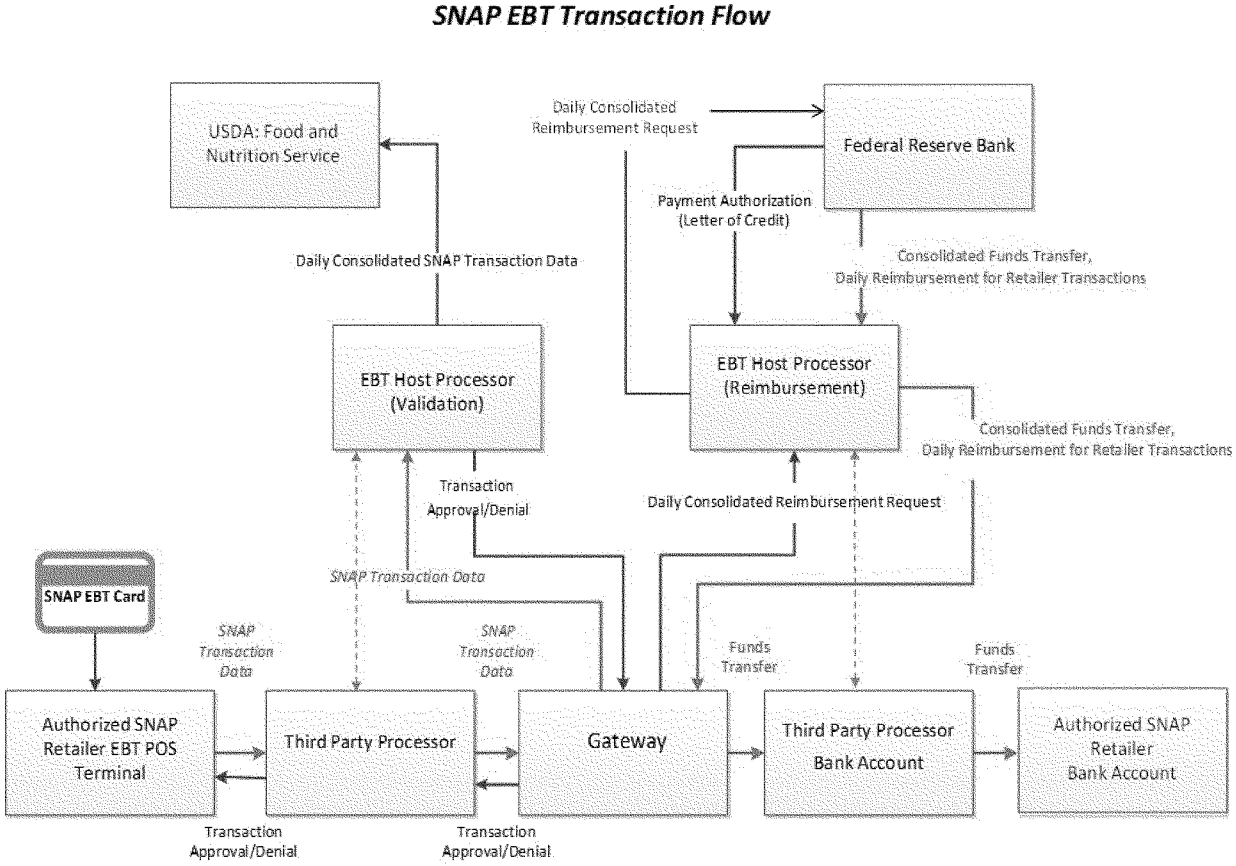
(A) TPPs request reimbursement from either the Gateway or the EBT host processor (depending on how a particular transaction message was routed).

(B) If a transaction message was routed through a Gateway, the Gateway then requests reimbursement from the EBT host processor.

(C) Upon receipt of reimbursement requests from TPPs or Gateways, the EBT host processor sends its own reimbursement request to the Federal Reserve Bank (FRB), which authorizes reimbursement to the EBT host processor from the appropriate SNAP State agency's Letter of Credit.

(D) FRB then transfers the funds to the EBT host processor, and the reimbursement funds flow down the chain and are settled—from the host processor to the Gateway/TPP, and finally to the retailer.

Figure 1 Transaction Flow (as of FY 2026)



(d) SNAP-Authorized Retailer Requirements

(1) SNAP-Authorized Retailers: EBT Card Acceptance

(i) The following are rules for SNAP-authorized retailers regarding EBT card acceptance.

(A) SNAP EBT cards must be interoperable. This means that all SNAP-authorized retailers must be able to accept SNAP EBT cards from any of the 53 States and Territories that operate SNAP, in accordance with interoperability standards specified in 7 CFR 274.8(b)(10).

(B) SNAP EBT cards must be presented at the time of purchase, except for purchases from internet retailers.

(C) The SNAP household member (or their authorized representative) must enter the Personal Identification Number (PIN) associated with the card at the POS device.

(D) For SNAP online purchasing, the SNAP household member (or their authorized representative) must key-enter the card number and PIN. Once chip card technology is implemented, it will be a best practice for each retailer or eCommerce provider to update their online payment platform (website, app, etc.) to collect the card expiration date and Card Verification Value (CVV)/Card Security Code (CSC). PIN solution providers or others in the transaction flow may also need to update their systems. Ecommerce refers to an online sales platform that allows customers to make online purchases, such as a website or mobile app.

(E) SNAP-authorized retailers must never store (*i.e.,* maintain a record of) a SNAP household's card number (unless tokenized), PIN, expiration date, or CVV/CSC.

(2) SNAP-Authorized Retailers: EBT Training

(i) The following are the rules for SNAP-authorized retailers regarding effective EBT training for employees (7 CFR 278.6(i)(2)):

(A) SNAP-authorized retailers must ensure that all managers and employees whose work brings them into contact with SNAP benefits—or who are assigned to a location where SNAP benefits are accepted, handled, or processed—are effectively trained on the correct acceptance and use of SNAP benefits.

(B) Such training must be designed to establish a level of competence that ensures compliance with federal requirements.

(C) Training must include written, program-specific material, such as SNAP regulations, relevant guidance issued pursuant to those regulations (policy memoranda, fact sheets, training presentations, etc.), and correct use of POS devices and related equipment.

(D) Training materials must clearly state that trafficking is prohibited, as it violates the Food and Nutrition Act of 2008 and SNAP regulations. Trafficking is the exchange or attempted exchange of SNAP benefits for anything other than SNAP-eligible food.

(E) Employees at previously authorized SNAP retailers must be trained within 30 days of being hired.

(F) After their initial EBT training, employees must periodically have refresher training.

(ii) SNAP State agencies are required to provide training that meets these requirements, including the provision of appropriate written and program-specific materials. However, retailers have the option to waive the State-provided training. In cases where a retailer waives the State-provided training, the SNAP State agency must direct retailers to confirm their waiver in writing (7 CFR 274.3(e)(7)).

(e) EBT Host Processor Requirements

(1) EBT host processors are contractors that build and operate SNAP EBT systems on behalf of States. Processors are also sometimes referred to as ''card issuers'' since they issue EBT cards to SNAP households on behalf of SNAP State agencies.

(2) EBT Host Processors: Processing Standards

(i) Card processing standards create and enforce a level of service for the SNAP EBT processing environment, ensuring that users receive a consistent level of service, regardless of the technology used or the entities involved. FNA establishes card processing standards, in cooperation with entities that operate in the SNAP EBT environment.

(ii) The following are card processing standards that all processors must adhere to, and which must be incorporated into contractual agreements with processors (or their agents) (7 CFR 274.8(b)):

(A) Processors must maintain computer hardware and software necessary to interface directly with data processing facilities required to accommodate transaction and file processing.

(B) Processors must establish direct or indirect telecommunications connections to route transactions and to retrieve and deliver files to/from other processors and TPPs.

(C) System uptime is required 99.9% of the time, 24 hours a day, 7 days a week. States may negotiate more rigorous uptime requirements in their contracts with processors.

(D) Processors may schedule downtime for system maintenance, repairs, upgrades, etc., provided the processor provides prior notice to all network participants, including FNA.

(1) Outages must be scheduled to occur during non-peak transaction periods.

(2) Scheduled outages must not be included when calculating whether the monthly 99.9% system uptime requirement has been met.

(3) In the instance of emergency downtime, the processor must promptly inform all network participants.

(E) Processors must initiate a response to a SNAP EBT transaction request within two seconds from the time such a request is received by the processor's system, 98% of the time, per month.

(1) Data transmission times between the processor and the acquirer must not be included when calculating whether the monthly 98% transaction request response requirement has been met.

(F) No more than two in every 10,000 transactions processed by a processor's system shall lead to an adjustment resulting from processor error.

(G) Processors must ensure that SNAP transactions originate from a SNAP-authorized retailer by validating the retailers against the Retailer EBT Data Exchange (REDE) file.

(H) Processors must ensure their International Organization for Standardization (ISO) message specifications are aligned with the most recent version of the ANSI X9.58 standards.

(I) Processors must provide all required data, such as redemption and transaction data, to FNA in accordance with the most up-to-date file specifications.

(J) When updates are made to the ISO 8583 or ANSI X9.58 specification, or other applicable specifications, State agencies shall ensure that EBT systems comply with the new version of the specification within 180 days from the publication of the updated specification.

(3) Issuer Identification Number (IIN)/Bank Identification Number (BIN)

(i) Issuer Identification Numbers (IIN), formerly called Bank Identification Numbers (BIN), are six-digit to eight-digit numbers that identify the bank, financial institution, or other entity that issued a card. IINs are issued by American Bank Association (ABA), and are placed on credit, debit, and other types of payment cards worldwide, including SNAP EBT cards. The ABA no longer issues six-digit IINs and is moving towards adopting eight-digit IINs.

(ii) The first digit in an IIN is the Major Industry Identifier (MII), which is determined according to the numbering scheme specified in the ISO 7812—Part 1 standard.

(iii) Each SNAP State agency via their EBT host processor must apply for and maintain its own IIN. The IIN is registered to the SNAP State agency rather than their EBT host processor.

(f) TPP and Acquirer Responsibilities

(1) Each acquirer or TPP shall enter into an agreement with an EBT Host Processor, gateway, or other relevant party, stating it will comply with FNA Regulations and EBT technical specifications, as outlined in ANSI X9.58. These EBT Operating Standards do not negate any terms or conditions of TPP or acquirer agreements, as long as the conditions of said agreement do not conflict with FNA regulations. A TPP or acquirer may enter into agreements with more than one EBT Host Processor, Gateway, or other connection point.

(2) Each acquirer must ensure that the POS terminals it owns, operates, controls, or for which it has signed an agreement to accept EBT transactions, must do so in accordance with FNA regulations.

(3) Each TPP and acquirer must settle all authorized transactions in accordance with FNA regulations and EBT Host Processor standards.

(4) Only a retailer that has received authorization from FNA to participate in SNAP may accept EBT cards for SNAP transactions. Each acquirer for a retailer that seeks such participation must make efforts to ensure EBT fraud is not occurring under their platform. Each acquirer must promptly ensure that it does not process SNAP transactions for a retailer following receipt of notice that authorization for that retailer has been revoked, rescinded or otherwise eliminated.

(g) Required EBT Transactions

(1) Minimum Transaction Set

(i) At minimum, every entity that interacts with the SNAP EBT system is capable of processing the following SNAP EBT transactions:

(A) Authorizations and denials,

(B) Refunds,

(C) Voids or cancellations,

(D) Key-entered transactions,

(E) Settlement or close-out transactions, and

(F) Balance inquiries (does not apply to SNAP-authorized internet retailers).

(ii) Each of these required transaction types is explained in more detail below. State agencies must ensure that their EBT systems are capable of completing this transaction set and be able to do so in every State nationwide, in accordance with interoperability standards specified in 7 CFR 274.8(b)(10).

(iii) Lastly, all SNAP EBT transactions are electronically processed and recorded. FNA has access to all SNAP EBT transaction records including the date, time, and dollar amount.

(iv) Authorization or Denial of SNAP Purchases: A SNAP household selects SNAP-eligible food at a SNAP-authorized retailer and goes to check out. The cost of the food items is totaled, and the purchase price is displayed by the POS device. The EBT card is presented to the POS device (inserted, tapped, swiped etc.), and the household must enter their PIN. The POS device then processes the transaction.

(A) If the purchase is approved, the retailer must provide the household with a receipt that shows the purchase and remaining SNAP balance. The purchase amount is deducted from the household's SNAP account and credited to the retailer's bank account generally within two banking days.

(v) Refunds: Refund transactions are when SNAP benefits are returned to a household's

account. Refunded SNAP benefits must only be returned to the household's SNAP card/account. Refunding SNAP benefits in any other form (cash, gift cards, etc.) constitutes trafficking and would subject both the retailer and household to sanctions.

(A) In-Person Refunds:

(1) In-person refund transactions are conducted on a retailer's POS device.

(2) The SNAP households must enter their PIN to authorize the refund.

(B) Internet Refunds:

(1) Internet refund transactions do not require SNAP households to enter their PIN.

(2) Whole or partial refunds may occur automatically for internet refunds. This may occur if an item is no longer in stock, if the order is cancelled, if the SNAP household does not receive all the items they ordered, or if an item is priced by weight and the final weight (and therefore the price) is different from the weight estimated at the time of purchase.

(3) If the original payment was a split tender transaction, the refund will be issued to the card that was used to pay for the refunded items.

(4) Refunds cannot occur after 90 days of the original transaction.

(C) Refund transactions differ from reversals because they are generally customer-initiated (except for automatic internet refunds) rather than retailer-initiated.

(vi) Void Or Cancellation: Void or cancellation transactions are used when an incorrect purchase amount is processed through a retailer's POS device. The void/cancellation must be done immediately after the purchase transaction and on the same POS device.

(vii) Key-Entered Transactions: If a POS device cannot read an EBT card, the SNAP household and retailer may conduct a key-entered transaction. To do so, the retailer must manually enter the EBT PAN into the POS device. Thereafter, the household must enter its PIN into the POS device, to authorize and process the transaction. Key-entered transactions must only be used as a last resort, when the POS device cannot read the EBT card.

(A) States may request a temporary waiver from FNA to prohibit some key-entered transactions as an EBT theft prevention measure.

(viii) Settlement: For SNAP-authorized retailers, this is the transaction where they are paid for the SNAP benefits redeemed at their store in exchange for food. Generally, SNAP-authorized retailers must receive payment for approved SNAP transactions within two business days of the transaction.

(ix) Balance Inquiries: Balance inquiries are used when a household wants to check the amount of benefits currently in its SNAP account.

(A) In-Person Balance Inquiries: In-person (or ''brick-and-mortar'') SNAP-authorized retailers must provide SNAP households the ability to conduct balance inquiries. The SNAP household must present its EBT card to the POS device, enter their PIN, and follow the prompts to obtain the account balance.

(B) Online Balance Inquiries: SNAP-authorized internet retailers are not required to provide the ability to conduct balance inquiries, and FNA strongly recommends they do not do so (7 CFR 274.7(d)(1)).

(1) However, internet retailers are allowed to provide balance inquiries. If an internet retailer allows balance inquiries, FNA requires them to do the following to mitigate fraudulent inquiries:

(i) Remove the ''guest checkout'' option from its online sales platform (website, app, etc.).

(ii) Limit the number of times a SNAP household can change the EBT card they are using to make purchases within a specific time period.

(iii) Limit the number of balance inquiries a SNAP household can conduct within a specific time period. FNA recommends a maximum of two balance inquiries per hour.

(C) Balance Inquiries in Cardholder Portal/Mobile Apps: All SNAP households have the ability to log into their State's online SNAP cardholder portal to conduct balance inquiries. Processors in some States also offer households the ability to conduct balance inquiries in their mobile application. These platforms are protected with a User ID and password functionality.

(D) Interactive Voice Response (IVR) SNAP Balance Inquiry Requirements: Households can conduct balance inquiries by calling the EBT host processer's IVR number. Previously, households were able to conduct IVR balance inquiries by entering only their PAN. However, that practice has proven highly susceptible to fraud.

(1) To prevent fraudulent balance inquiries by unauthorized users, States must work with their processor to ensure that all telephonic methods for conducting balance inquiries utilize an approved form of verification (7 CFR 274.7(d)(4)). Verification methods must use information only available to the household, such as a CVV/CSC printed on the card, and must not use personally identifiable information (PII).

(2) Reversals

(i) A reversal, sent to an EBT host processor by a retailer, acquirer, or TPP, is a partial or complete nullification of the effects of a previous transaction which cannot be processed as intended, *i.e.,* is undeliverable, is cancelled, or the previous transaction has timed out waiting for a response. The voiding of a transaction at the point of sale, when initiated by a retailer, is processed using a reversal message. Reversals should be processed per the ANSI X9.58 standards.

(ii) Reversals are a valid transaction type for internet transactions and must be processed according to the standard reversal specifications. Reversals must only be used in cases as described above, with one exception for internet transactions: in the event that a SNAP internet transaction occurs with mixed tender, and the additional payment type (cash/credit/debit) was rejected, the original SNAP transaction can be reversed so that the transaction can be attempted again. PINs are not required in reversal messages.

(iii) If the customer is unable to find a payment method with sufficient funds to cover the balance, and the website needs to cancel the original SNAP transaction, the retailer must submit a reversal to their processor.

(3) Adjustments

(i) An adjustment is a change to the balance of a household's SNAP benefit account, implemented by a State SNAP agency (and/or by their contracted EBT host processor) in response to an incorrect account balance caused by a system error during the redemption process (7 CFR 274.2(g)). Adjustments may increase the balance of a SNAP account (''credit adjustment'') or decrease the balance of an account (''debit adjustment'').

(ii) A system error is an error resulting from a malfunction at any point in the SNAP benefit redemption process, such as an error made by a retailer's host computer or POS device, a TPP, the Gateway, or processor. System errors should be rare. Adjustments must only be used to correct system errors and must never be used to correct a human error. Examples of system errors include:

(A) A State agency review of documentation shows that a household's benefit account was charged a different amount than the amount submitted by the retailer, or

(B) A charge submitted by a retailer to the EBT processor is erroneously deducted from the wrong household's benefit account.

(iii) When investigating a potential adjustment, the State should not rely solely on a retailer disputing a proposed credit adjustment as the sole evidence to for rejecting that proposal. The State must investigate the transaction(s) involved thoroughly, and determine if a valid system error occurred, regardless of the retailer's response to an inquiry.

(iv) Adjustments should not be utilized in response to household reports of retailer errors. Adjustments can only be used to correct system errors. Households must seek corrections to retailer errors (via refund and returns, for example) with the retailers themselves. Some examples of retailer errors (which are not true system errors) follow:

(A) Retailer Errors (must be done as returns, NOT as adjustments):

(1) A retailer clerk erroneously scans a single item multiple times,

(2) A clerk erroneously charges a household for one type of food item when a different type was purchased,

(3) A retailer charges a different amount for a SNAP item at the register than was advertised,

(4) A retailer attempts to input a refund to a household's benefit account, but erroneously charges a household a second time for the same amount,

(5) A SNAP internet retailer delivers SNAP items that a household has already paid for, but they arrive damaged or with items missing,

(6) A client returns items accidentally purchased with SNAP benefits, and/or

(7) A client is unhappy with the quality of the product they received.

(B) Additionally, adjustments should not be used to replace stolen SNAP benefits.

(v) SNAP Household-Initiated Adjustments

(A) In order to be timely, SNAP households must request adjustments to their benefit account within 90 calendar days of an alleged system error transaction (7 CFR 274.2(g)(2)(i)). Households most often request

credit (*i.e.,* upward) adjustments but may request debit (*i.e.,* downward) adjustments. Household-initiated adjustment requests that are made over 90 days from the date of an alleged error transaction must be denied as untimely.

(B) If a household-initiated adjustment request is timely, the SNAP State agency has 15 calendar days from the date the household reports the alleged error to investigate the transaction(s) involved, reach a decision, and either move funds into the household's account or issue a written denial of the request to the household (7 CFR 274.2(g)(2)(i)).

(C) Approvals:

(1) To approve a household-initiated adjustment request, the State agency must determine that a system error occurred and document that the system error was reviewed and verified. The State agency must make this determination prior to notifying the SNAP-authorized retailer involved and prior to adjusting the household's benefit account.

(2) For credit adjustments, States must not give a provisional credit to the household while the State is determining whether their claim should be approved or denied.

(D) Denials:

(1) If the State cannot verify the household's claim that a system error occurred, the State must deny the adjustment request.

(2) If the State denies a household-initiated adjustment request, they must send the household a denial notice. This notice explains the action being taken, the reason for the action, and fair hearing rights, so the household can appeal the determination. The denial notice must be sent by the 15th calendar day after the adjustment was requested by the household.

(3) Households must be granted a fair hearing if the request for hearing is submitted within 90 calendar days from the date of the denial notice. If the 90-day adverse notice period ends on a weekend or holiday, and a request for a fair hearing is submitted the next business day after the weekend or holiday, the State agency must consider the request timely.

(4) For credit adjustments, States must not give a provisional credit to the household pending a fair hearing for a denied adjustment request.

(vi) Retailer-Initiated Adjustments

(A) In order to be timely, SNAP-authorized retailers must submit adjustment requests no later than 15 calendar days after an alleged system error occurred (7 CFR 274.2(g)(2)(ii)). Retailers typically submit debit (*i.e.,* downward) adjustment requests to household benefit accounts, seeking additional payment (which they would receive upon settlement) related to an alleged system error, but it is possible they may request credit (*i.e.,* upward) adjustments as well.

(B) To proceed with a debit adjustment request, the State must first review relevant data/documents, maintain documentation of its investigation, and validate that a system error did occur.

(C) The State has 15 calendar days from the date the retailer reports the alleged error to investigate the transaction(s) involved and reach a decision. If the State cannot validate that a system error (not a retailer error) occurred, the State must deny the request. In addition, if the State cannot validate the requested debit adjustment within 15 calendar days of the request, the request must be denied. The State (or their EBT processor) is not required to notify households of adjustment requests that were initiated by the retailer and subsequently denied if no hold was placed on the household's account.

(D) States can choose between following the standard procedure for debit adjustments (274.2(g)(2)(ii)(A)) or an alternative no-hold procedure (274.2(g)(2)(ii)(B)):

(1) Standard procedure: If the State determines there is a timely and valid request for a debit adjustment, the State may choose to place a hold on the household's account in the amount of the requested adjustment. If the State validates the adjustment request and places such a hold, it must immediately notify the household that it has done so.

(i) If there are insufficient benefits in the account to cover the entire proposed adjustment, the State may also place a hold on all or part of the next month's issuance, to make up the difference (but only the next month's issuance).

(ii) If the household appeals the adjustment by requesting a fair hearing within 15 calendar days of being notified, the State must—within 48 hours—make a provisional credit to the household's account (by releasing the hold on the adjustment balance), pending resolution of the fair hearing. If no request for a hearing is made within 15 calendar days of the notice, the hold is released on the adjustment balance, and this amount is credited to the retailer's account.

(2) Alternative No-Hold Procedure: Alternatively, the State agency may instead choose to act on requests for debit adjustments without placing a hold on the household's account. Under this procedure, the State must first notify the household of the proposed adjustment and then allow the household 15 calendar days to appeal by requesting a fair hearing before implementing the adjustment. In such cases, the State must not take any further action until the 15-day window for appeal expires. If the household does timely request a fair hearing, the State should not adjust the household's account until the fair hearing decision is rendered.

(E) Household Notice: Household adjustment notices must:

(1) Clearly state the proposed full adjustment amount,

(2) The reason for the action, including documentation of the system error,

(3) If the State places a hold, it must give the household adequate notice regarding the details of the hold, and advise the household that any amount owed, above and beyond the hold amount, is subject to collection from the household's next month's benefits.

(4) Inform households that they have the right to request a fair hearing within 90 days of the date of the notice.

(vii) State-Initiated Adjustments

(A) In cases where the State agency identifies a possible system error, the State has 15 calendar days to investigate and, if appropriate, adjust the household's account (7 CFR 274.2(g)(2)(i)). If the State cannot validate that a system error occurred, they do not need to notify the household or the retailer because the adjustment was initiated by the State.

(B) If the State validates that a system error occurred and the adjustment results in a debit (*i.e.,* reduction) to a household's account, the State must notify the household and allow them to request a fair hearing.

(C) In cases where SNAP benefits are erroneously issued to a household, the State agency may adjust benefits issued to household accounts after the issuance process is complete, but prior to the availability date for household access (7 CFR 274.2(g)(1)).

(h) Clearing, Settlement, and Reconciliation

(1) In general, clearing, settlement, and reconciliation describe the processes through which different entities interact with each other to pay amounts owed to each other for conducting and processing EBT transactions.

(2) Clearing is when retailers send transaction information to the SNAP State agency or the EBT host processor to request payment. This can be done directly by the retailer or through their contracted TPP or acquirer.

(3) Settlement processing is when a State or processor creates and transmits a payment to a retailer's bank for approved, cleared SNAP transactions.

(4) Reconciliation is the process States must follow to account for all SNAP issuance and transaction activity. This is done to ensure accuracy and consistency, and to identify and rectify any discrepancies.

(5) Clearing EBT Transactions

(i) Retailers clear transactions by submitting SNAP claim files containing transaction information. The standards for SNAP claim file processing are as follows:

(A) Retailers must submit SNAP claim files each business day no later than 48 hours after the date and time of the oldest transaction in the file.

(B) Retailers may submit a single claim file for multiple store locations. The retailer must identify the specific store where each transaction occurred in the SNAP claim file using the numeric identifier assigned by FNA.

(C) If the State or processor approves a retailer to submit a corrected claim file or corrected transactions, the retailer must submit the correction within 60 days of the date of the original file submission, unless the State approves a longer timeframe.

(6) Settlement Processing

(i) The standards for settlement processing are as follows:

(A) The State must set a standard daily cut-off time for transaction processing and inform retailers and TPPs about this cut-off time.

(B) The State must ensure that retailers receive payment at their financial institution for approved, cleared EBT transactions, within two business days of the settlement day of the transaction. The State, processor, TPP, or acquirer must pay retailers as soon as payments are ready to be transmitted.

(C) The processor must request payment from the Federal Reserve Bank. Then, the Federal Reserve Bank verifies the request and

sends an Automated Clearinghouse (ACH) payment file to the State's bank account (which is managed by the processor) directing the bank to pay the processor for all settled transactions.

(1) On behalf of the State, the processor directs its bank to pay the first authorized downstream entity in the EBT system for all authorized transactions that were processed by the entity on first authorized downstream will be a processor. Downstream entities might include TPPs and acquirers, who then pay further downstream entities. The final downstream entity is the retailer.

(D) The processor is responsible for meeting the settlement cutoff timeframe established by the State. When submitting transactions for settlement to a TPP, the processor must provide a standard settlement cutoff timeframe to the TPP. Any differences in these settlement cutoff timeframes are the responsibility of the processor.

(7) Reconciliation

(i) SNAP State agencies must account for all SNAP benefit issuances and transactions through a reconciliation process. Reconciliation must be conducted and records kept as follows:

(A) Reconciliation of SNAP benefits issued to household accounts against benefits on the Issuance Authorization File;

(B) Reconciliation of individual household account balances against account activities on a daily basis;

(C) Reconciliation of each retail store's SNAP transactions, per POS terminal and in total to deposits on a daily basis;

(D) Verification of retailer's credits against deposit information entered into the ACH network;

(E) Reconciliation of total funds entered into, exiting from, and remaining in the system each day;

(F) Maintenance of audit trails that document the full cycle of issuance, from benefit allotment posting to the State issuance authorization file, through posting to POS transactions at retailers, through settlement of retailer credits.

(i) End of Day Cut-Off and Processing

(1) The following are the rules for SNAP State agencies, EBT host processors, retailers, and TPPs regarding end-of-day cut-off and processing:

(i) Each SNAP State agency must designate a standard daily cut-off time for SNAP EBT transaction processing by TPPs interacting with the State's EBT system.

(ii) That cut-off time must not be earlier than 12:00 p.m. (noon) local time at any POS device accepting SNAP EBT transactions for the TPP.

(iii) Transactions conducted during a business day must be settled on the next business day after the next cut-off time.

(iv) Most cut-off times are at 2:00 p.m. Central Time. For example, transactions that occur before 2:00 p.m. on a Wednesday will be settled on Thursday (the next business day). Transactions that occur after 2:00 p.m. on a Wednesday will be settled on Friday (the business day after the next cut-off time).

(2) If retailers, TPPs, and/or acquirers establish their own cut-off times, which are different from the State's, they must maintain appropriate suspense accounts for such purposes.

(j) Manual Vouchers

(1) Manual vouchers are paper forms completed by the retailer with information about the cardholder and the transaction. Manual vouchers should only be used when the POS system is down or cannot connect to the EBT processor (*e.g.,* no connection can be established, transactions are not processing; or when the POS device displays messages such as ''No MSG from Host,'' ''Host Sent NAK,'': ''Lost Carrier,'' ''No Answer,'' etc.), or in certain situations where a POS terminal cannot be used (*e.g.,* remote delivery).

(2) Because manual vouchers do not require a PIN, they are highly susceptible to fraud. In addition, the Agricultural Act of 2014 (2014 Farm Bill) amended Section 7(f) of the Food and Nutrition Act to prohibit the use of manual vouchers for benefit redemption, except in specific cases where FNA determines they are necessary. For this reason, FNA prohibits the use of manual vouchers as a common day-to-day practice in SNAP (7 CFR 274.3(a)(1)(i)). FNA only grants exemptions/waivers to allow the use of manual vouchers as a regular business practice in the following situations:

(i) In rural areas where retailers do not have internet connectivity,

(ii) For retailers eligible for free State-provided EBT equipment (direct-marketing farmers and farmers' markets),

(iii) In designated Tribal areas.

(3) Retailers that wish to seek an exemption/waiver to conduct manual voucher transactions as a regular business practice must contact their TPP to confirm they have the capability to accept and clear vouchers and will be able to provide the retailer with the paper forms used for the voucher process. Once approved to accept manual vouchers, retailers must request a supply of paper forms to keep on hand.

(4) Retailers must adhere to the following procedure for processing manual vouchers:

(i) Manual vouchers require a customer signature. The clerk or manager must then call the State's retailer customer service line and enter the following data: the store's FNA authorization number, the card number, transaction type (purchase/refund), dollar amount and the pre-printed voucher number.

(ii) If approved, the EBT system places the funds on hold so that the customer cannot use them elsewhere and gives the retailer a six-digit authorization number to record on the form.

(iii) Retailers must clear vouchers using the method required by their TPP within ten calendar days. Some TPPs require the retailer to mail the original copy of the paper voucher to the TPP, and the TPP converts it to an electronic transaction themselves.

(iv) If the retailer fails to clear the voucher on time, they are not paid, and the system releases the held funds back to SNAP client.

(5) EBT host processors should process manual voucher transactions as follows:

(i) A voucher authorization is required when the retailer calls to validate that the amount of the transaction is available.

(ii) If the household account has the amount required for the transaction, the retailer will receive an approval code and confirmation.

(iii) For a purchase, the amount of the voucher will be placed on hold in the household's account.

(iv) The retailer must later call to clear the voucher.

(v) Once the voucher is cleared, the benefits will be removed from the household account.

(vi) In the case of a voucher return, the amount of funds to be returned to the household will not be credited to the household's account until the voucher is cleared.

(6) If a voucher authorization remains open without an associated voucher clear, the voucher authorization will be reversed no later than 30 days after the authorization.

(k) Store-and-Forward Processing

(1) Store-and-forward transactions are a very limited exception to the rule that retailers cannot store EBT card numbers and PINs, described in 7 CFR 274.8(e)(1). In cases where an EBT system is not functioning or is otherwise inaccessible (*i.e.,* during a power outage, natural disaster, etc.), SNAP-authorized retailers are allowed to temporarily store SNAP EBT transaction data (including EBT card numbers and PINs) and forward them for processing later, when EBT system functionality has been restored.

(2) Per 7 CFR 274.8(e)(1), only the SNAP State agency has the authority to allow retailers to accept store-and-forward transactions. The decision to accept store-and-forward is entirely the retailer's, and retailers assume 100% of the liability for such transactions.

(3) The standards for store-and-forward transactions are as follows:

(i) The retailer may choose to set a maximum amount that they will accept on a store-and-forward.

(ii) Store-and-forward transactions, when processed, must comply with regular rules for processing SNAP EBT transactions, including:

(A) Validation of card number,

(B) Validation of PIN,

(C) Validation of retailer, and

(D) Benefit balance availability.

(iii) The card acceptor is responsible for securely storing the transaction information with the encrypted PIN. The stored purchase information is later forwarded to the Card issuer for approval as a Financial Presentment transaction.

(iv) The retailer must forward such transactions for processing within 24 hours of the EBT system becoming accessible; and may only forward those transactions for processing one time.

(v) After the retailer forwards those transactions for processing, the retailer must delete all data regarding EBT card numbers and PINs.

(vi) A store-and-forward transaction may be partially approved, if the SNAP household's benefit account balances are insufficient to cover the purchase.

(vii) The retailer is liable for any portion of a store-and-forward transaction that does not comply with these rules.

(l) Transaction Data Retention

(1) The following are the rules for SNAP State agencies, EBT host processors, and SNAP-authorized retailers regarding

retention of data on SNAP EBT transactions. SNAP-authorized retailers must be able to comply with the requirements of this section at the time they become authorized.

(i) States must retain data on SNAP EBT transactions for at least three years.

(ii) SNAP-authorized retailers must maintain records of all SNAP EBT transactions for a minimum of seven calendar days.

(iii) Upon request from the State's SNAP agency or EBT host processor, retailers must provide records of such transactions within seven business days.

(2) Transaction Response Codes and Declined Transactions

(i) The EBT transaction response code is a sequence of letters and numbers that indicate whether a transaction was approved or denied. EBT transaction response codes display on a retailer's POS device after they attempt to conduct an EBT transaction. All transactions must be date- and time-stamped (using the retailer's location) and must be settled in U.S. dollars currency.

(ii) EBT transaction message specifications follow the X9.58 standard. That standard is established by ANSI's Accredited Standards Committee X9. ANSI is the American National Standards Institute, the accredited organization responsible for developing technical standards, including exchanging EBT financial transaction messages. The published standard is available on the American National Standards Institute (ANSI) Notice of Proposed Rulemaking (NPRM) Review Area. ANSI NPRM Review Area's landing page is accessible at *https://www.surveymonkey.com/r/DQVJYMK.*

(iii) A successful transaction will return a code of ''00—Approved.'' The following response codes indicate a declined transaction.

(iv) Values that are not included in Table 1 below are reserved for future use. Information in Table 1 is adapted from the X9 Standards at *https://www.surveymonkey.com/r/DQVJYMK.* In addition, please note that the exact wording displayed on the POS device or receipt for each code may vary:

TABLE 1 TO APPENDIX A SECTION (I)(2)

Codes	Short description (from X9 standards)	Long description
A1	Invalid voucher ID	The manual voucher ID is not valid.
A2	Approval code doesn't match voice approval code.	Manual voucher approval code input during attempt to clear does not match code issued during voice authorization process.
A3	Amount greater than original voice authorization.	Manual voucher amount input during attempt to clear is greater than the amount authorized during voice authorization process.
A4	Original voice authorization not found for cardholder.	Manual voucher clear being attempted without any corresponding voice authorization.
A5	FNA number does not match original voice authorization.	FNA number used during attempt to clear manual voucher does not match FNA number used during voice authorization process.
A6	Item already cleared	Manual voucher clear being attempted but voucher has already been cleared.
TL	Invalid HIP amount	Incentive amount exceeds purchase amount.
S5	PIN not selected	The PIN for this card has not yet been selected.
S6	PIN already selected	The PIN for this card has already been selected.
S7	Unmatched voucher information	The voucher information entered during the voucher clear process does not match the record on file.
02	Bad FNA status for merchant	There is an issue between the retailer and FNA (most often, this means the retailer's SNAP authorization has lapsed).
03	Invalid merchant	The retailer processing the transaction is invalid. This means there is an issue with the retailer's account or their ability to process the transaction (most often they were never an authorized SNAP retailer).
05	General denial	A generic response code that has several possible causes. It typically indicates a card error, rather than an error with the retailer, and indicates the system declined the EBT card for an unspecified reason.
06	Invalid transaction	The transaction cannot be approved because the processor flagged it. This could occur because the card has been restricted, blocked, or a hold has been placed on it for potential security issues or suspected fraud.
10	Partial approval	This code indicates the processor only approved a portion of the requested payment.
12	Invalid transaction type	The processor will not accept the transaction. This could be because: • The card number was entered incorrectly, • The card is invalid or has been cancelled, • The expiration date is incorrect, or the card has expired, or • The merchant is trying to make a unique request, like a refund, that the system doesn't recognize.
13	Invalid amount field	The transaction cannot be processed due to an error with the amount field.
14	Invalid card number	The EBT card number is invalid (*e.g.,* too many digits).
19	Re-enter transaction	The transaction was not processed and should be attempted again.
23	Unacceptable transaction fee	The attempted transaction included a transaction fee that is not permitted.
30	Format error	The processor is unable to recognize the transaction details.
31	Card has invalid International Organization for Standardization (ISO) prefix.	The card is not a valid EBT card and cannot be used to conduct a SNAP transaction.
40	Function not available	Function cannot be performed.
41	Lost card	This card has been marked/reported as lost, and the transaction is being blocked.
42	No account	The processor has declined the transaction because the account type selected is not valid for the EBT card number.
43	Lost/stolen card	The card has been marked/reported as lost or stolen. The customer should be advised to contact the processor or use a different payment method.
51	Insufficient funds	The household's account does not have enough funds to cover the transaction.
52	No account on file	The card is not linked to a SNAP EBT account.
54	Expired card	The card is past its expiration date.
55	Invalid PIN	Incorrect PIN entered.
56	Card number not found	Card number does not exist in the processor's system.

TABLE 1 TO APPENDIX A SECTION (l)(2)—Continued

Codes	Short description (from X9 standards)	Long description
57	Transaction not permitted to cardholder	Transaction not defined.
58	Invalid transaction	The transaction attempted is not permitted.
59	Fraud (return card)	Transaction or card appears to be fraudulent.
61	Return exceeds benefit authorization	Refunds cannot exceed the amount of benefits that have been spent.
62	Restricted card	Card declined due to restrictions placed on the card.
75	PIN tries exceeded	The EBT card has been locked after too many incorrect PIN attempts. The card is blocked from use for 24 hours.
76	Key synchronization error	Transaction cannot be processed.
80	Voucher expired	Manual voucher has expired.
86	Invalid security code	The card authentication value (CAV) cannot be verified.
89	CVV verification failed, no pick up	The CSC/CVV entered does not match the information on file with the processor.
90	Processor not logged on	Host not available.
91	Authorizer not available (time-out)	Host not available.
92	Transaction destination cannot be found for routing.	Host not available.
96	System malfunction	Indicates a temporary issue with the payment processor or POS device.

(m) SNAP Data Security Requirements

(1) SNAP Data: For purposes of this document, SNAP data means any data generated as a result of a household's or retailers' participation in SNAP and application to participate in SNAP. This includes:

(i) Information in household and retailer applications, including personally identifiable information, such as name, address, Social Security number, etc.

(ii) Information regarding individual SNAP transactions,

(iii) SNAP card/account numbers,

(iv) Retailers' FNA numbers,

(v) Retailer SNAP redemption data.

(2) The following are the data security rules for SNAP State agencies, EBT host processors, SNAP-authorized retailers, TPPs, acquirers, Gateways, and any other entity that handles SNAP data:

(i) Such entities may exchange data other than the PIN for the purposes of processing transactions if they enter agreements to do so and if they follow transaction processing specifications and requirements.

(ii) SNAP EBT transactions must generally conform to the Payment Card Industry (PCI) Data Security Standard. The only exception is that processors must comply with federal requirements for sharing PAN data.

(n) Electronic SNAP Benefit Theft

(1) Electronic SNAP benefit theft occurs when criminals use electronic methods to steal a SNAP household's benefits and/or take control of their benefit account.

(2) To provide context for FNA requirements regarding EBT card security, this section summarizes the most common electronic SNAP theft and/or EBT fraud schemes currently in use by criminals.

(i) *Card skimming:* Card skimming is when a criminal places a card reading device on a retailer's POS equipment. The reader collects key card information—such as the PAN and PIN—when a client swipes or inserts their card during a transaction. Criminals then use this card information to steal a household's benefits.

(ii) *Algorithmic attacks:* Criminals can use bots or artificial intelligence (AI) to exploit internet vulnerabilities, by conducting a high number of rapid and repeated inquiries to steal key card information. For example, criminals have used this technology to exploit balance inquiry features of SNAP internet retailers and Interactive Voice Response (IVR) systems, to identify valid PANs and PINs and determine whether accounts have positive balances.

(iii) *Phishing scams:* Criminals use scams on text, email, phone, and social media to deceive households into providing key EBT card information. For example, in some States, scammers have spoofed, or imitated, the phone number of a government agency or the EBT processor customer service number to obtain key card information from households.

(iv) *Card cloning:* After key card information has been stolen through methods like skimming or phishing, criminals can use equipment to encode stolen card information onto blank magnetic stripe cards. Criminals then use cloned cards to steal SNAP benefits, after the SNAP State agency reloads benefits to the household accounts.

(A) While some cloned cards are physical cards, criminals can also use stolen information to complete transactions without an actual physical card (such as internet purchases, also known as ''card-not-present'' transactions).

(3) Required EBT Theft Prevention Options

(i) This section summarizes the EBT theft prevention account options that State agencies must offer to SNAP households, in order to protect their SNAP benefits from electronic theft and fraud.

(ii) States are required to educate SNAP households about how these options work (7 CFR 274.2(e)(15), must ensure all households have the ability to use these options, and are not excluded from using these options based on a disability or because they speak a primary language other than English (7 CFR 274.8(b)(4)).

(iii) Households must be able to opt in or opt out of using these options through each of the following interfaces (7 CFR 274.7(k)):

(A) EBT cardholder internet portal

(B) Mobile application

(C) Telephone request

(D) In-person request

(iv) EBT Card Blocking

(A) States must provide households with the ability to block and unblock (*i.e.,* freeze/unfreeze, lock/unlock) their EBT card from processing transactions, which protects benefits while the card is not in use. Households must be able to turn these options off and on instantaneously, as needed. For example, households should be able to unblock their card while they are checking out at a cash register and re-block it immediately afterwards.

(B) Currently, there are three types of blocks: card freeze, out-of-State transactions block, and internet transaction block. When any of these three blocking types are activated, purchases and balance inquiries will be blocked, but benefits can still be loaded onto the card and returns/refunds must still be processed.

(C) States must offer households the option to use each of the following types of blocking:

(1) Card Freeze: Households must have the option to ''freeze'' their EBT card, which prevents it from being used for purchases (either online or at brick-and-mortar retailers) or balance inquiries.

(2) Out-of-State Transactions Block/Freeze/Lock: When criminals obtain EBT card information, they often make unauthorized transactions outside of the household's home State. Households must have the option to block some or all out-of-State transactions (*e.g.,* blocking all transactions that do not occur in the household's home State, blocking transactions in certain States with high rates of theft).

(i) When implementing out-of-State blocking, States should be aware that internet transactions may appear to be out-of-State transactions, if the internet retailer is located or headquartered outside of the household's home State. For example, when out-of-State blocking is activated, a SNAP household who lives in one State should not be blocked from buying food on a large retailer's website, even though that retailer's headquarters is in another State, as long as the purchase is delivered or picked up in the household's home State.

(ii) States may choose to consider internet purchases that are delivered or picked up out-of-State to be ''out-of-State transactions''

for the purposes of this card block. For example, when out-of-State blocking is activated, a State agency may choose to block a household's transaction on a large retailer's website if they set the purchase or delivery address to one within a neighboring State.

(3) Internet Transactions Block/Freeze/Lock: Households must have the option to block their EBT card from being used for internet (''card-not-present'') transactions. Specifically, households must be able to unblock their card before making an internet purchase and re-block it afterwards.

(i) Note: This option should block all internet purchase transactions and balance inquiries, regardless of where the internet retailer is located or where the delivery/pickup address is located.

(D) Currently, States are not allowed to completely freeze EBT cards by default, due to interoperability requirements at 7 CFR 274.8(b)(10).

(E) States are allowed to implement a default block on out-of-State transactions and/or internet transactions. States are only permitted to implement these default blocks if they comply with relevant statute and regulations and provide a way for households to unblock transactions. States that implement default transaction blocking must ensure that all SNAP clients maintain access to their benefits, including those clients with disabilities.

(v) Maximum Amount Per Transaction Limit

(A) States must provide households with the option to set a maximum purchase amount per transaction limit, so that transactions over that limit are automatically blocked.

(vi) Limits on Returns

(A) States may choose to provide households with the option to set a limit on the number of returns that can be conducted within a period of time (*e.g.,* no more than five returns per day) or a maximum dollar amount per return.

(B) States may choose to enable this option as the default setting for all SNAP households for brick-and-mortar purchases only. States should not enable this option for internet purchases. States do not have to allow households to remove returns limits.

(vii) Alerts

(A) States must provide households with the capability to receive transaction alerts, similar to alerts that are standard in the commercial banking industry. Households must be able to opt into these alerts, which will be delivered via email and/or text message. The required alerts are the following:

(1) Purchases on the account, including rejected purchases (*e.g.,* insufficient funds purchases, blocked purchases due to card restrictions). These alerts should include information on the purchase method (*e.g.,* point-of-sale transaction, internet transaction) and date and time of the purchase.

(2) Specific account activity, including PIN changes and balance inquiries. These alerts should include information on the activity method (*e.g.,* point-of-sale transaction, internet transaction, IVR) and date and time of the activity.

(3) Changes to personal account information such as address, email address, and telephone number.

(B) States may choose to enable this option as a default setting for all SNAP households. States must allow households to turn off the alerts if desired.

(viii) Transaction History

(A) For purposes of preventing EBT benefit theft, households must have up-to-date information on their account activity. To that end, States must provide SNAP households with access to 12 months of transaction history for their EBT account through an online account management system and mobile account information system (7 CFR 274.7(d)(2), 7 CFR 274.8(b)(4)(i)(H), 274.8(b)(4)(i)(I)). This must include the following information:

(1) EBT transaction dates, times, and amounts. This must include information on whether the transaction was approved or rejected, and why (*e.g.,* insufficient funds purchases, blocked purchases due to card restrictions).

(2) Type of transaction (card-not-present or card present).

(3) Identifying information for retailer, excluding FNA numbers.

(4) History of balance inquiries made.

(5) Dates and times of PIN changes.

(6) History of other personal account information changes including address, email address, and telephone number.

(7) Other account changes such as enabling or disabling specific account options.

(B) This information must be made available to SNAP households in real time.

(ix) CAV Validation

(A) States must work with their processors to require Cardholder Authentication Value (CAV) validation (7 CFR 274.8(5)(vii).

(B) CAVs are encoded in the magnetic stripe of EBT cards and are not printed on the card. Criminals can obtain CAVs through card skimming, but not through other methods (*e.g.,* phishing, algorithmic attacks). Thus, CAV validation can prevent benefit theft from cards that are cloned via methods other than skimming, since they will not be encoded with the correct CAV information.

(4) PIN Security

(i) The Personal Identification Number (PIN) is a number that is connected to a particular SNAP EBT card and is assigned to or chosen by a SNAP household. The PIN is used as a password, to verify a household's identity, granting them authorization to conduct SNAP transactions and otherwise access the SNAP account.

(ii) This section describes the requirements for PINs used with SNAP EBT cards/accounts. SNAP State agencies—working through their EBT host processor—must ensure these requirements are met.

(iii) Blocking Easy-to-Guess PINs

(A) States must prohibit SNAP households from having PINs that are easy for criminals to guess (7 CFR 274.2(f)(2)). Specifically, States must prohibit PINs that are comprised:

(1) Entirely of sequential digits (with zero considered sequential to both one and nine),

(2) Entirely of reverse sequential digits (with zero considered sequential to both one and nine),

(3) Entirely of one repeated digit,

(4) Of the last four digits of the associated EBT card's PAN,

(5) Entirely of alternating digits (*e.g.,* 1212, 8989, or 5454),

(6) Of a number that has 19 or 20 as the first two digits,

(7) Of the sequential digits 2580, 8520, 0852, or 0258 (these sequences are commonly chosen for PINs because they reflect the vertical digits of a numeric keypad in order).

(iv) Activation of Newly Issued EBT Cards

(A) States must ensure that new and replacement EBT cards are issued to households in inactive status (7 CFR 274.2(f)(3)). This means the EBT card is not functional until the SNAP household activates the card (*e.g.,* by calling into the IVR). After activation, households can select their own PIN.

(v) PIN Security Requirements

(A) The following standards apply to PIN security:

(1) PIN security and management must conform to the most current version of technical standards at ANSI X9.8 and ISO 9564.

(2) When selecting or changing their PINs, SNAP households must do so at the State agency office or via a secure electronic process approved by FNA and the State agency (*e.g.,* an online cardholder portal, a mobile application, a phone or interactive voice response [IVR] process),

(3) EBT cards must not contain any data which could be used to identify PINs.

(4) POS devices used for SNAP must:

(i) Accept and securely encrypt a PIN of at least four digits,

(ii) Not display PIN in plain text,

(iii) Not print, electronically record, or otherwise create or maintain a record of PINs.

(5) PINs must be encrypted at minimum from the point of entry, in accordance with requirements at 7 CFR 274.8(b)(3)(ii)(C). This protects PINs, both when the household is initially selecting a PIN, and afterwards, when using it to make a purchase at a retailer's POS device.

(i) PIN data must be encrypted and represented as packed binary data, (*i.e.,* eight binary bits shall be represented as 16 hexadecimal characters). The PIN must be formatted into a PIN block consistent with the most current version of standards at ANSI X9.8/ISO 9564–1 before encryption.

(6) SNAP households commonly choose their PIN by calling into an Interactive Voice Response (IVR) telephone system. The IVR PIN-selection process is not as secure as an encrypted in-office PIN selection device, but aligns with common practice in the commercial banking industry (7 CFR 274.2(f)(2)). States and their processors must adhere to the following requirements, to ensure the IVR PIN-selection process is as secure as possible:

(i) The IVR PIN-selection process must be completely automated, without involving any customer service representatives,

(ii) When households select their PIN via IVR, they must enter two elements of their personally identifiable information (PII), such as birth date, last four of the social security number, zip code, case number, etc., to confirm their identity,

(iii) States are 100% liable for losses resulting from the IVR PIN-selection process,

including the replacement of the stolen SNAP benefits due to unauthorized transactions, security breaches, or incorrect identification of the person setting a PIN via IVR.

(7) States may request exemptions to these PIN encryption methods by proposing an alternative that is at least as effective, which FNA may consider and grant on a case-by-case basis.

(vi) Online PIN Entry Method

(A) SNAP regulations at 7 CFR 274.8(b) require that PINs be entered only through ANSI-compliant POS devices. 7 CFR 274.8(b)(3)(ii)(C) and 274.8(b)(6)(iii) require that PINs must be encrypted, at a minimum, from the point of entry.

(B) FNA has waived those requirements for internet retailers, instead, they must comply with the following requirements:

(1) Secure, implement, and enforce a contract for secure PIN-entry services to be used on their SNAP online purchasing website.

(2) Online SNAP transactions must go through a secure PIN-entry TPP. Currently, the only approved TPPs for SNAP online are Fiserv, WorldPay, and Forage. FNA is willing to work with any TPP an applicant chooses to partner with, assuming they meet the technical requirements for securely processing EBT payments online.

(3) Retailer's website and mobile application must conform to all PIN-entry requirements and standards required by FNA regulations and applicable industry standards.

(4) The website, mobile application, and/or any other intermediary service provider(s) responsible for use of SNAP EBT card numbers must continue to maintain PCI certification.

(5) Retailers must maintain a secure system that ensures the security and privacy of EBT customer data.

(vii) Transactions that do not require a PIN

(A) Manual Voucher Clear (previously known as ''Voice-Authorized Manual Voucher''): This is a request to clear a previously voice-authorized manual voucher, where a voucher clear, voucher number, and a voice approval code were assigned, and the SNAP household is no longer present. To clear a voucher, the retailer must use the same voucher number and card number that was used on the voucher authorization, and the approval number that was given for the voucher authorization.

(B) PIN-less Refunds for SNAP-Authorized Online Retailers: Because SNAP households—and therefore their PINs—will typically not be present when a SNAP-authorized online retailer processes a refund, such retailers have a blanket waiver from the 7 CFR 274.8(a)(2) requirement that PINs be present for refunds. The following conditions apply:

(1) All PIN-less refund transactions must be processed by a secure PIN-entry TPP.

(2) Retailers must maintain a secure method for entering and authorizing PIN-less refunds.

(3) While a PIN is not required for an internet return, if the household does enter a PIN it must match the card PIN.

(4) PIN-less refunds for internet transactions must return the funds to the household's account, even if the card has been ''statused'' (*e.g.,* cancelled, de-activated, or reported as lost).

(5) Retailers must use the PIN-less refund process when items are out of stock or to refund an amount that was overestimated for weighted items.

(6) Due to the PIN-less refund functionality, internet retailers must not use manual adjustments for this purpose.

(o) SNAP EBT Chip Cards

(1) EBT Chip Card Requirements

(i) EBT chip cards are payment cards that have a computer chip embedded in them, providing security features that are superior to payment cards which only utilize a magnetic stripe. An EBT chip card can be insert-only or dual interface. A dual-interface card can be inserted (a.k.a., ''contact'' payment) or ''tapped'' (a.k.a., contactless payment) at a point-of-sale device. The contactless payment technology in an EBT chip card utilizes Near Field Communication (NFC). NFC is a protocol that enables wireless communication over short distances (a few inches) between payment cards and POS devices. Chip cards that are capable of conducting NFC contactless transactions are generally considered more secure than chip cards that must be inserted into POS devices.

(ii) All States must issue SNAP benefits via NFC-enabled chip cards (7 CFR 274.1(a)). Generally, States will begin implementation by piloting chip cards in limited geographic areas. States must provide adequate notification to households and retailers before making this transition. States must ensure that chip cards continue to include a magnetic stripe to ensure that SNAP households have a fallback payment option in case the chip card does not work at a certain retailer.

(iii) FNA recommends that States issue new EBT chip cards in phases, in order to minimize disruption for SNAP households, and to provide an opportunity to troubleshoot any issues that arise. Retailers, processers, TPPs, and Gateways must work with their SNAP State agencies to conduct testing as soon as possible, to ensure the new chip cards work as intended. If retailer POS systems have not yet been programmed to accept EBT chip cards, retailers (or their acquirer or TPP) must conduct testing to confirm the card will ''fallback'' to use the magnetic stripe on the card until the retailer's POS system can process chip card payments. Retailers should contact their POS service provider or TPP for help conducting the fallback testing.

(2) Retailer Upgrades to Support SNAP EBT Chip Cards

(i) The following are the requirements for SNAP-authorized retailers to support NFC-enabled SNAP chip cards.

(A) SNAP chip cards will include a new service code (220), informing the POS terminal that the card has a chip.

(B) The payment application on the chip will use a new Application ID (AID): A0000000044542. POS providers, acquirers, and TPPs must assist retailers in updating their POS devices and systems accordingly.

(C) The application identifier (AID) encoded in the chip indicates to the POS terminal what type of card is being used. POS terminals are also coded to accept specific AIDs. For a chip card transaction to be successful, the card and the terminal need matching AIDs, meaning that all POS terminals must be updated with the new EBT chip AID in order to process EBT chip card transactions.

(D) The AID is composed of two parts, the registered application provider identifier (RID) and the proprietary application identifier extension (PIX). EBT chip cards will include the unique AID A0000000044542. The unique AID will allow POS terminals to support SNAP processing rules (*e.g.,* PIN entry required, fallback rules) via standard terminal action codes (TACs).

(3) Empty Candidate List Fallback Process

(i) Most retailers currently accept other NFC-enabled chip cards (*e.g.,* credit and debit cards issued by a bank or credit union), but their POS devices do not yet support the new AID for SNAP EBT. In such cases, when a SNAP household tries to use a SNAP chip card at the POS device, the device will recognize that the card has a chip but will not recognize the SNAP AID. When this occurs, the POS device must allow the card to proceed with a magnetic stripe transaction. The technical name for this process is Empty Candidate List (ECL) fallback. The specific steps for an ECL fallback transaction are as follows:

(A) If a household with an NFC-enabled SNAP chip card attempts a magnetic stripe transaction before attempting a chip transaction, the POS device will direct the household to insert or tap the card instead.

(B) If the retailer's POS device has been updated with the new chip card AID, the chip transaction will process successfully.

(C) If the POS device has not been updated, attempts to conduct EBT chip card transaction will fail. The POS device will then prompt the client to swipe their card.

(D) It is important that retailers train all employees working at checkout on this new ECL fallback process.

(ii) Magnetic stripe EBT cards that do not contain a chip have a service code (120) in the magnetic stripe indicating that they are magnetic stripe only and should continue to function as usual.

(iii) SNAP households should follow the same process to select the tender type (*e.g.,* SNAP or cash) and enter their PIN, regardless of whether they process the transaction by swiping, inserting, or tapping their EBT card.

(4) Household Notification for Changes in Payment Technology

(i) States must notify SNAP households before they implement a new payment method, including integrating electronic chips into EBT cards. This may include notifications about an upcoming transition issued via press releases; updates to their websites, apps, or client portals; posters in certification and issuance offices; through outreach partners; and/or notices mailed to households in advance of a payment technology transition. States must also send households detailed individual notifications containing the information necessary to make the transition without suffering loss of access to their benefits (*e.g.,* directing households to activate their new EBT card).

(ii) FNA also expects States to notify and work with SNAP-authorized retailers and

retailer associations to ensure that as many SNAP retailers as possible prepare to accept EBT transactions via new methods before States begin the process of replacing existing SNAP cards. This will simplify the transition for SNAP households, who might otherwise face confusion over which transaction methods they should use at individual retailers. States should also educate households about the security benefits of new transaction methods, so that households understand the benefits of selecting retailers who have made the necessary upgrades to accept more secure payment systems.

(5) Key Management

(i) State master keys utilized for EBT chip card personalization and transaction processing must be transferable in the event of a state conversion to another EBT processor. EBT processor contracts for EBT chip card services must include a transition plan detailing how master keys for EBT chip card personalization and transaction processing will be transferred to an incoming EBT processor in the event that services from the incumbent EBT processor are discontinued. Impacts to and preservation of EBT chip card stock for over-the-counter issuance should also be considered and detailed in the transition plan.

(p) SNAP EBT Card Design and Requirements

(1) SNAP EBT cards issued by States must comply with the requirements of this section, which reflect the requirements in 7 CFR 274.8(b)(5).

(i) Required (printed on the card):

(A) Address of the office where the card can be returned if it is lost or no longer in use.

(B) Text that says ''[a]ny user with valid PIN can use SNAP benefits on this card and need not be pictured . . .'' or similar text approved by FNA.

(ii) Prohibited:

(A) EBT cards—as well as their sleeves, jackets, buck slips, and the like—must not contain the name of any State or local official.

(B) EBT informational materials must not indicate any political affiliation (with a party or otherwise).

(iii) Allowed: State agencies may require that EBT cards include photographs of household members. However, if the State agency does so, it must establish procedures to ensure that all appropriate household members and authorized representatives are able to access benefits from the account.

(iv) FNA reserves the right to require State agencies to place a Department logo on the EBT card, sleeves, jackets, buck slips, and the like.

(2) SNAP regulations at 7 CFR 271.2 define the various types of EBT cards:

(i) Magnetic stripe,

(ii) Integrated electronic chip capable of conducting transactions by either being inserted into a card reader or via wireless Near Field Communication (NFC) protocols,

(iii) Contactless digital wallet with a stored virtual card, and

(iv) Any other similar benefit access technology approved by FNA.

(3) Newly issued EBT cards can no longer rely solely on a magnetic stripe as a method to conduct transactions (7 CFR 274.1(a)). The primary method of conducting EBT transactions must be a physical card with an integrated electronic chip that is capable of conducting transactions both by being inserted into a card reader and via wireless NFC protocols.

(4) EBT cards may continue containing magnetic stripes to conduct transactions as a fallback method and must not permit a transaction to be conducted via magnetic stripe until there has been at least one failed attempt to conduct the transaction via electronic chip.

(5) Card Verification Value/Card Security Code

(i) Validation of a Card Verification Value (CVV)/Card Security Code (CSC) is a method used to confirm that an internet transaction is being conducted by a SNAP household in possession of their physical/actual SNAP EBT card. For the purposes of this document, we will refer to these as CSC. All EBT cards must have a three-digit number for the CSC, printed or stamped onto the back of physical SNAP EBT cards, which must not be electronically stored on the card itself in any form (7 CFR 274.8(b)(5)).

(ii) The CSC must be input by the SNAP household when they conduct an internet SNAP transaction, thereby proving that the person conducting the transaction has possession of the actual/physical card.

(iii) SNAP internet retailers must ensure that their EBT systems are capable of requiring input of a card's CSC and verifying the content of the input along with verification of other transaction details. Retailers must not store the CSC in any form.

(6) Card Expiration Date

(i) EBT cards must utilize an expiration date (7 CFR 274.8(b)(5)). The card expiration date is specifically related to the physical card and does not refer to the expiration of client benefits. The expiration date must be set for a length of time that ensures the card must be replaced before degradation of electronic components in the EBT card which would affect the use of the card begins. The card expiration date is also an important fraud prevention strategy, as it relates to internet purchases, as it is another data point that households must input when making a purchase.

(ii) State SNAP agencies must establish an effective replacement procedure for expiring EBT cards in order to ensure that SNAP clients do not experience interruption to the continued use of their EBT cards.

(iii) States must not charge a fee for an EBT card that is being replaced due to expiration, or an EBT card being replaced due to a change in benefit delivery method (*e.g.,* a move to chip cards). States also must not count these card replacements toward the excessive replacements threshold as described in 7 CFR 274.6(b)(6).

(iv) See Section (t) on household training requirements regarding the card expiration date.

(q) SNAP Online EBT Processing

(1) *The Agricultural Act of 2014* directed FNA to implement a pilot to allow the use of SNAP benefits to purchase SNAP-eligible food from SNAP-authorized internet retailers. Today, SNAP online purchasing is available in every State. For households to make online purchases, the SNAP online shopping and payment process must be secure, private, easy to use, and provide similar support to that found for SNAP transactions in a physical ''brick-and-mortar'' retail store.

(2) EBT Processing Requirements for Internet Retailers

(i) Retailers that want to accept SNAP benefits for online purchases must apply to become a SNAP-authorized internet retailer. Such authorizations are separate from the authorization that brick-and-mortar stores must submit.

(ii) To be approved, retailers must already have an existing online eCommerce presence. In other words, they must have an online sales platform that allows customers to make online purchases. Retailers' online sales platform (*e.g.,* website, mobile app, etc.) must meet the requirements for SNAP online purchasing, including functionality for:

(A) Securely integrating online PIN-entry through a TPP's Application Programming Interface (API).

(B) Handling errors with appropriate codes.

(C) Processing SNAP payments and refunds.

(D) Processing variable and estimated item pricing (*e.g.,* buying items that are priced by weight, meaning that the final weight and cost may vary).

(E) Allowing only one SNAP EBT card to be saved to a household account.

(F) Ensuring only SNAP-eligible foods can be purchased with SNAP benefits.

(G) Allowing split-tender transactions.

(H) Collecting and transmitting the EBT card's CVV/CSC and expiration date when conducting an internet transaction.

(I) Preventing fraud either by not allowing balance inquiries or doing all of the following:

(1) Remove the ''guest checkout'' option from its eCommerce platform.

(2) Limit the number of balance inquiries a SNAP household can conduct within a specific time period. FNA recommends a maximum of two balance inquiries per hour.

(3) Limit the number of times a SNAP household can change the EBT card they are using to make purchases within a specific time period.

(J) Ensuring that API information is secure and protected from unauthorized access. If a retailer has blocked balance inquiries from its website and balance inquiries are still occurring, it could mean that the retailer-side API connection to its secure online PIN solution may have been hacked.

(iii) SNAP-authorized internet retailers must be capable of conducting many of the same EBT transactions as other SNAP-authorized retailers: authorizations/denials, refunds, cancellations, and settlement.

(3) Internet Shopping Customer Fees

(i) The 2014 Farm Bill prohibits the use of SNAP benefits to pay for any fees for delivery, pickup, shipping, ordering, convenience, handling, or other charges related to a SNAP online purchase. When households conduct a SNAP internet purchase, retailers must provide clear notification that these fees cannot be paid with SNAP benefits. The notice must display as soon as the household selects SNAP EBT

as the payment method. The household must also be given the opportunity to terminate the purchase or select a different form of payment before the sale is finalized.

(4) Internet Purchases

(i) Purchases from SNAP-authorized internet retailers do not generate a printed receipt at the time of sale. However, internet retailers must still comply with regulations on receipts per 7 CFR 274.8(b)(7).

(ii) For all approved purchases, internet retailers must:

(A) Display a confirmation screen that appears immediately after the purchase, which the household can print, screenshot, or download, and

(B) Email or text an order confirmation within 24 hours of the purchase time.

(iii) In addition to the receipt requirements applicable to all SNAP-authorized retailers, internet retailers must also include the following items in the purchase confirmation screen and email/text confirmation:

(A) Retailer phone number (or other contact information),

(B) Pickup location or delivery address, and

(C) Actual or estimated delivery/pickup date (and time, if known)

(iv) Alternatively, instead of the emailed or text message order confirmation, the retailer may maintain a secure online order history for customers to easily see their orders.

(5) Internet Refunds

(i) Internet refund policies differ by retailer. Internet retailers can only process returns/refunds up to 90 days after an internet purchase. FNA does not require that PINs be present for SNAP internet refund. Retailers must have the capability of initiating a refund without a direct request or input from the SNAP household being refunded.

(ii) For internet refunds, retailers must issue an electronic notice to the customer within 24 hours, containing, at a minimum, the transaction date and time, retailer name, retailer phone number (or other contact information), pickup location or delivery address, actual or estimated delivery/pickup date (and time, if known), EBT program type (*e.g.,* SNAP, Summer EBT, or cash EBT), SNAP purchase amount, remaining EBT balance(s), and the truncated PAN (last four digits).

(iii) Instead of an electronic receipt for refunds processed after the initial purchase (*e.g.,* refunds for out-of-stock items), the retailer may choose to provide a paper refund receipt containing the above information with the order (*e.g.,* in the box with the delivered items). This may be combined with the final itemized order listing or on a separate paper receipt.

(iv) Shipping costs, including fees for returns, may not be paid for using SNAP benefits. The full value of any returned item purchased with SNAP benefits must be refunded back to the household's SNAP account. Internet retailers must cover return shipment costs themselves or ask the household to pay those costs with an alternate form of tender (*e.g.,* EBT cash, credit/debit card).

(v) Internet retailers must ensure that refunds for internet purchases are returned to the account associated with the internet retailer's FNA number rather than the brick-and-mortar retailer's FNA number, even if the return physically takes place at the brick-and mortar location.

(vi) Refunds for returned items or other customer-initiated events must be processed within two company business days.

(6) Denied Internet Transactions

(i) EBT host processors must ensure that internet transactions are properly received, processed, transmitted, and settled. Processors must ensure that internet transactions are denied in the following situations:

(A) Internet purchases from any internet retailer not authorized by FNA,

(B) PINless refunds from any internet retailer not authorized by FNA, and

(C) Purchases from an internet retailer that are being made from a POS device.

(ii) If an internet transaction is denied, the internet retailer must provide a reason for the denial (*i.e.,* a denial code). Specifically, the platform (website, app, etc.) must immediately provide the household with an onscreen explanation of the denial reason, so they have a chance to correct the issue. The most common reasons for denial are invalid card number, invalid PIN, and insufficient funds.

(iii) The customer must be offered the opportunity to perform the transaction again, select a different payment method, or opt out of the sale.

(iv) If a transaction is denied for insufficient funds, the household should be given the opportunity to perform the transaction for a lesser amount or select different tender. The website may opt to:

(A) Provide a message indicating to the client that they do not have sufficient funds to complete the transaction, but the balance does not need to be included in this error message display.

(B) Use the remaining SNAP account balance to pre-fill the amount entered for the new transaction attempt.

(C) Require the household to delete individual items from their purchase cart or move items to a non-SNAP cart for payment with another tender (*e.g.,* cash), until they reach a subtotal less than or equal to the remaining SNAP balance.

(7) Prepayment and Deliveries

(i) FNA regulations at 7 CFR 274.7(b) prohibit retailers from accepting SNAP ''prepayment'' (*e.g.,* payment before an EBT card is presented to the retailer). This regulation is waived for internet retailers. However, internet retailers must comply with the following prepayment and delivery timeframe standards:

(A) Internet retailers must not allow households to use multiple delivery addresses for a single SNAP EBT transaction.

(B) Internet retailers are required to deliver and/or prepare all orders for pickup within seven calendar days, unless the household specifically selects a later delivery or pickup date.

(C) If a retailer allows split orders (*e.g.,* multiple separate deliveries for a single SNAP EBT purchase), all portions of the order must be received by the household within the mandatory timeframe.

(D) Prior to submitting the transaction for authorization, internet retailers must clearly explain the delivery process and timeframe to the household.

(E) Internet retailers that do not allow households to select their own delivery or pickup time must provide the estimated delivery/pickup date and allow the household to cancel the transaction before the sale is finalized.

(F) Retailers must not allow the use of EBT cards for standing-subscription orders (*e.g.,* automatic monthly food deliveries).

(G) If, by the fifth day after the transaction, it is clear the seven-day delivery/pickup limit will be exceeded, the retailer must notify the household of the new expected delivery/pickup date—by email, text, or phone—and offer the opportunity for an immediate and full refund instead.

(H) Refunds that result from overestimated weighed products, substitutions, or out-of-stock items must be made to the client immediately after fulfillment of the order.

(8) Payment Card Industry Compliance

(i) All SNAP-authorized internet retailers must be compliant with the Payment Card Industry (PCI) Data Security Standards. PCI standards address the secure encryption and handling of sensitive data, such as card numbers and PINs while ''at rest'' (*i.e.,* being stored temporarily or permanently). Before a retailer can be authorized to accept debit or credit transactions, they must be certified as PCI-compliant by their acquiring institution. This certification is performed annually and covers a wide spectrum of security and privacy issues. FNA requires that every SNAP-authorized internet retailer be PCI-certified and maintain that certification on an ongoing basis.

(ii) Because there is no single way to become PCI compliant, the payment security industry uses several best practices to safeguard sensitive data and customer privacy. The PCI Security Standards Council offers a variety of standards which can be used to achieve PCI compliance. Ultimately, the specific methods used by any given organization to achieve compliance will vary. Each organization must identify and document the methods they will use to achieve PCI compliance, and must continually upgrade and improve their methods.

(iii) Generally, best practices to achieve PCI compliance include:

(A) Tokenization (replacing sensitive data like card numbers with unique, random strings of digits to protect against data breaches during transactions).

(B) Device fingerprinting (comparing current hardware/software characteristics to a user's previous usage, including comparing their physical device, browser version, internet Protocol [IP]) address, app vs. browser usage, etc.).

(C) Use of secure sockets layer (SSL) technology or other strong firewall configurations.

(D) Minimum browser standards (requiring certain browser versions, 128-binary digit (bit) encryption, etc.).

(E) Required use of login IDs and passwords for internal and external access to website.

(F) Strong policies for ID and password format and handling of forgotten IDs and passwords.

(G) Establishing system user roles that restrict users from updating or extracting PII and card data, based on whether they legitimately need to access such information.

(H) Use of sitekeys or other customer site authentication (a security system that verifies both the user and the website itself, and displays a unique image or phrase when users attempt to log in).

(I) Use of commercial security and encryption products for both data in transit and at rest.

(J) Trust seal certification (a visual stamp or badge displayed on a website or data repository to indicate that it has undergone security and verification checks by a trusted third party, demonstrating a commitment to data protection and compliance).

(K) Stringent information security policies for all company and contractor personnel.

(L) Regular use and update of anti-virus software or programs.

(M) Restricted physical access to personal data stored on the system.

(9) Card Must Be Present

(i) In regular brick-and-mortar transactions, the EBT card must always be present when a household performs a transaction, whether the card is swiped, tapped, inserted, key-entered, or processed by manual voucher. However, it is not possible for internet retailers to determine if households have their EBT card in hand when they enter the card number to make an internet purchase. Therefore, FNA automatically waives the ''card must be present'' requirement for all approved internet retailers. The following conditions apply:

(A) Internet retailer payment systems must always code internet transaction messages as ''card not present'' transactions.

(B) The internet retailer must notify FNA whenever significant changes are made to its online shopping/payment platform policies and practices regarding refunds, customer complaints, privacy, or security. Retailers must provide FNA with a copy of or link to the revised information.

(10) Equal Treatment

(i) FNA regulations at 7 CFR 274.7(f) and 278.2(b) require that SNAP-authorized retailers treat SNAP households equally to other customers. This is generally referred to as the equal treatment rule. In other words, retailers may generally not treat SNAP households differently (either positively or negatively), in any way.

(ii) There are some exceptions to the equal treatment rule: First, retailers must never charge sales tax on eligible foods purchased with SNAP benefits. There are some additional exceptions that automatically apply to SNAP-authorized internet retailers:

(A) Internet retailers may offer to waive or discount delivery and in-store pickup fees for SNAP households.

(B) Internet retailers may offer to waive or discount fees in their membership or discount clubs for SNAP households.

(r) Mobile Payments

(1) A digital wallet (or electronic wallet) is a software-based system or an application that runs on any connected device. It stores your payment information and passwords of numerous payment methods and websites. Digital wallets run primarily on smartphones, but may be accessible from a computer—mobile wallets, which are a subset, are primarily used on mobile devices.

(2) Mobile payments require the use of a Token Service Provider (TSP) that manages and issues payment tokens, which are unique identifiers that replace the PAN with a Device Primary Account number (DPAN) which is a token that is stored on the device after the card is provisioned (*i.e.,* added, saved, or stored) to the wallet.

(3) Mobile payments work using similar technology as ''contactless'' or ''tap'' cards (*i.e.,* NFC-enabled chip cards). The same AID will be used for chip cards and mobile payments.

(4) Adding a Card

(i) When a card is added to Wallet, a digital representation (token) of that card is created and linked to a single device. Tokenization masks the underlying card number, helping to protect the cardholder from data breaches and criminals trying to steal benefits.

(ii) The wallet provider performs cardholder verification in conjunction with the EBT host processor, allowing the card issuer to verify that the individual provisioning the card matches the identity of cardholder/household before a card can be added to the wallet. This may be through the use of the processor's client portal or other means.

(s) EBT System Project Implementation

(1) The implementation of new State EBT systems and updates/modifications to existing EBT systems require thorough testing by States prior to implementation (*i.e.,* ''go-live''). As part of this testing, each State must successfully pass a Federal Acceptance Test with FNA prior to implementation, in accordance with FNA policy. Federal Acceptance Testing is required for changes caused by updates to the X9.58 standards; implementation of new programs, projects, or pilots; and the addition of significant new features or tools for the State or households. FNA will decide the level of its involvement in system testing based by conducting a risk assessment. When there is minimal risk—for example, there is no host processor or platform change and no major changes in functionality—FNA oversight of testing is likely not required.

(2) User Acceptance Testing (UAT) is the testing performed by the State (*i.e.,* the system user). Testing may take several weeks. Typically, States require the EBT contractor to provide them with test equipment (POS terminals) and software (access to a test environment for the administrative terminal and POS simulator), sufficient for performing preliminary testing prior to a UAT. This section discusses UAT specifically as it relates to SNAP EBT.

(3) System changes that require User Acceptance Testing (UAT) include:

(i) State's initial implementation of EBT

(ii) Change in a State's contracted EBT host processor (database conversions)

(iii) Transition to EBT chip cards

(iv) Nutrition incentive program implementation

(v) Mobile Payment Pilot implementation

(vi) Any modifications to the system due to updates to the X9.58 standards; implementation of new programs, projects, or pilots; and the addition of new features or tools for the State or households.

(4) UAT must include end-to-end testing, conducted by the SNAP State Agency, in conjunction with their EBT host processor and FNA, in order to ensure that system changes work as expected throughout every component of the EBT system.

(i) The processor is responsible for conducting preliminary performance testing to simulate large transaction volumes, to determine how the system responds to various conditions, to gauge response time, and identify processing errors.

(ii) The remaining functional areas are tested by the State, processor, and FNA during the UAT.

(iii) UAT can be hosted by the State or the processor.

(iv) FNA must be involved with UAT planning and attend all testing, either in person or virtually. Additionally, FNA may have a technical assistance contractor participate in the UAT as well.

(v) Before the UAT:

(A) The State should provide the test plan and test scripts for review and comment before finalized. These documents should be made available to FNA at least 60 days before testing begins.

(B) FNA will also provide suggested ''what-if'' tests to the State before the UAT.

(5) Conversion is the movement of data from an old EBT system to a new EBT system. Most typically, it is necessary when a State awards an EBT contract to a processor that is not their incumbent. If the State selects a new EBT contractor, the transition process is very complex, because it usually involves both database and retailer conversion. Database conversion involves the movement of data from one system or platform to another and implementation of a new administrative terminal system. Retailer conversion involves the State's new EBT host processor issuing new EBT-only POS equipment to retailers who previously received EBT-only POS equipment from the State's outgoing EBT host processor, since that existing equipment connects directly to the outgoing EBT host processor.

(i) The incumbent processor must cooperate fully with the State and the new processor.

(ii) During conversions (which generally take months to complete), States must continue using their outgoing processors' system while the incoming processor is building a new EBT system.

(A) As discussed in the sub-section above, the State, new processor, and FNA will conduct UAT prior to implementing the new EBT system.

(iii) States are responsible for communication regarding EBT Database Conversion to households and retailers. FNA will often assist the State in sending out retailer notifications.

(iv) The final steps in a conversion are typically conducted during a weekend (conversion weekend).

(v) During conversion weekend (and in the days leading up to that weekend),

participants follow an hour-by-hour schedule of events.

(A) The incoming processor is responsible for creating that schedule, with input from the State, incumbent contractor, and FNA. Preparation of this schedule typically takes several weeks, so incoming processors must plan accordingly.

(B) The completion of tasks in the hour-by-hour schedule typically begins several days before conversion weekend and runs through the Monday after conversion weekend.

(C) The conversion weekend schedule must include all tasks required for the conversion and their estimated timeframes that were based on the mock runs. The schedule must also include all conversion conference call and the required attendees for those calls. The status of each task on the schedules is updated as conversion weekend progresses, which informs participants about next steps to be taken.

(t) Household Training on EBT

(1) States are required to educate SNAP households on SNAP participation including use of the EBT system (including all elements listed in 7 CFR 274.2(e)). Household training must be incorporated into the SNAP household certification process. States may choose various methods to convey this required information, as long as households receive training on all required. States should design their household education to ensure that SNAP households are not overwhelmed with information that prevents them from absorbing the most important knowledge.

(2) States may use a variety of training materials including:

(i) EBT card brochure

(ii) SNAP policy manual

(iii) Information available on the State agency's web portal

(iv) Information available through the State agency's mobile application

(v) Training videos posted online or displayed in State field offices

(vi) Verbal information provided during initial interview or re-certification

(A) If this method is used as a household training method, it should be documented in the State agency's eligibility system.

(3) The following sub-sections provide more detailed information on two important topic for elements household training.

(4) Household Training: EBT Theft Prevention

(i) States must provide household training that informs SNAP households about EBT card security best practices that will reduce their chances of being a victim of benefit theft.

(ii) FNA recommends that household training include the following elements:

(A) The appropriate utilization and security of the EBT card's PIN. Specifically:

(1) Households should change their PIN frequently (at least monthly), ahead of benefit issuance dates.

(2) Households should be informed that they are not allowed to choose simple or easy-to-guess PINS (*e.g.,* 1111, 1234).

(3) Households should not share their PIN or card number with anyone outside your household.

(4) Households should cover the keypad when they enter their PIN on a machine.

(5) Cardholders should avoid writing their PIN on their card or anywhere that could easily be found.

(B) Common methods of EBT theft and how to avoid them. States should keep this training material up to date as fraud methods change.

(1) This training should include education on card skimming and phishing schemes. States should inform households that neither the State nor EBT processors will ever call or text to ask for their PIN or card number.

(C) Households should check their EBT account regularly for unauthorized charges.

(D) States must educate households on how to report unauthorized use of their EBT card or unauthorized use on their EBT account, including suspected fraudulent activity.

(1) If a household suspects that their account has been compromised by EBT theft, they should change their PIN, contact the State, and request a replacement card.

(E) States must inform households about all EBT theft prevention tools available to them. This includes options to freeze their account, block out-of-State or internet transactions, set up purchase and PIN change alerts, or set up transaction limits.

(F) States must educate households on the benefit of freezing and unfreezing their EBT card to prevent benefit theft, and inform them that benefits can still be loaded to an account that is frozen.

(G) States must inform households about any EBT theft prevention features that the State has enabled by default (*e.g.,* default block on out-of-State or internet transactions).

(H) States should educate households about transaction and return limits. This should include training on any limits the State puts in place by default and any options for the household to enable or disable for themselves.

(I) If a household's EBT card includes a chip, the household should always attempt to tap or insert their card and should only swipe their card if the retailer's POS device is not capable of conducting a chip transaction. Households should minimize their risk of EBT theft by choosing retailers that can process more secure payment methods.

(J) Household should inspect ATMs, POS terminals, and other card readers before using. Look for anything loose, crooked, damaged, or scratched. Do not use any card reader if you notice anything unusual.

(1) Pull at the edges of the keypad before entering your PIN. Then, cover the keypad as fully as possible when you enter your PIN to prevent cameras from recording your entry. Keep in mind that a pinhole camera may be present anywhere on or around the terminal.

(2) Households that access TANF benefits via ATM should use ATMs in a well-lit, indoor location whenever possible. These may still be compromised but are less vulnerable targets.

(3) Be especially alert for skimming devices in tourist areas, since these are popular targets.

(5) Household Training: Expiration Dates on EBT Cards

(i) As States implement chip card technology, they must add an expiration date to the new EBT cards. States must educate household on the difference between the expiration date on the card, timelines for benefit expungement, and certification or recertification end dates.

(ii) States must ensure that household training includes the following elements:

(A) The expiration date on the new EBT cards is a new feature, indicating when the card will need to be replaced.

(B) Card expiration date has no relation to benefit expungement.

(C) Card expiration date has no relation to certification or recertification end date.

(1) When a household receives an EBT chip card, this does not mean they do not have to certify or recertify for benefits upon receipt of the card.

(D) State agencies should work with their EBT host processor to update the card sleeve mailed with the EBT card. The new card sleeve should explain:

(1) The expiration date on the card and where it is located.

(2) The CVV/CSC digits on the card and where it is located.

(3) Any additional new items listed on the card.

Definitions

For the purposes of this appendix, the following additional terms and definitions apply.

Acquirer: A financial institution (or the agent of a financial institution) that facilitates the authorization of SNAP transactions by acquiring transaction-related data from SNAP-authorized retailers and transmitting that data to a Third-Party Processor for further routing. An acquirer may only need to contract with a single TPP, as the TPP would handle subsequent routing to gateways and EBT host processors.

Adjustment: A change to the balance of a household's SNAP benefit account, implemented by a SNAP State agency and/or by their contracted EBT host processor in response to an incorrect account balance caused by a system error during the redemption process. Adjustments may increase the balance of a SNAP account (''credit adjustment'') or decrease the balance of an account (''debit adjustment'').

Algorithmic Attacks: Attacks that use bots, artificial intelligence (AI), or similar automated electronic means to exploit internet and IVR vulnerabilities. For example, some criminals use algorithmic attacks to conduct a high number of rapid and repeated balance inquiries to steal key card information.

Application ID (AID): The application identifier (AID) encoded in the chip indicates to the POS device what type of card is being used. POS devices are also coded to accept specific AIDs. For a chip card transaction to be successful, the card and the device need matching AIDs, meaning that all POS devices must be updated with the new EBT chip AID in order to process EBT chip card transactions.

The AID is composed of two parts, the registered application provider identifier (RID) and the proprietary application identifier extension (PIX). EBT chip cards will include the unique AID

A0000000044542. The unique AID will allow POS terminals to support SNAP processing rules (*e.g.,* PIN entry required, fallback rules) via standard terminal action codes (TACs).

Application Programming Interface (API): A set of rules or protocols that enable software applications to communicate with each other to exchange data, features, and functionality.

Automated Clearinghouse (ACH): A financial network that is part of the Federal Reserve banking system and is used to process electronic funds transfers. Funds are credited to the receiving financial institution on the morning of the next business day after submission of the ACH file; the ACH does not operate on weekends or Federal holidays. The ACH network is used by the EBT processor to disburse credits for both food and cash programs from their own bank accounts to the various financial institutions holding the retailer and TPP bank accounts. The EBT processor/State may also request that funds be transferred between ASAP and their disbursement account through the ACH network. The EBT processor may hold its disbursement accounts at different banks for different States. Only financial institutions may submit ACH files to the FRM. Therefore, EBT processors must contract with a concentrator bank for this service. The concentrator bank may or may not be the same bank which holds the EBT processor's disbursement account.

Balance Inquiries: When a household checks the amount of benefits in its SNAP account. There are four types: In-person, via brick-and-mortar retailers; internet, via internet retailers; internet, via each State's cardholder portal/mobile app, and; Phone, via EBT host processors' IVR systems.

Brick-and-Mortar: In the context of SNAP retailers, this means a physical retailer (as opposed to an internet retailer).

Card Cloning: After key card information has been stolen through methods like skimming or phishing, criminals can use equipment to copy stolen card information onto blank magnetic stripe cards. Criminals then use cloned cards to steal SNAP benefits.

Card Issuer: Financial institution or agency (or their agent) that issues the card to the cardholder.

Card Skimming: A method of electronically stealing SNAP EBT benefits. Card skimming occurs when a criminal places a card reading device on a retailer's POS equipment. The reader collects key card information—such as the PAN and PIN—when a client swipes or inserts their card during a transaction. Criminals then use this card information to steal a household's benefits.

Card Verification Value (CVV)/Card Security Code (CSC): A three-digit number that is printed or stamped onto the back of all SNAP EBT cards, and is not electronically stored on the card, and is a method of mitigating the electronic theft of SNAP EBT benefits. Specifically, when a SNAP household is conducting an internet transaction, they are required to enter the CVV/CSC to complete their transaction, thereby confirming that they are in possession of the physical/actual SNAP card.

Cash Benefit/Cash Benefit Program: A Federal or State government benefit program that provides households with benefits on an EBT card in the form of cash. Unlike SNAP benefits, cash benefits can be used to purchase items other than SNAP eligible food. Examples of cash benefit programs include Temporary Assistance for Needy Families and Aid for the Aged, Blind, and Disabled.

CAV (Card Authentication Value): A security component used by card associations to authenticate the validity of cards during transactions. It is embedded in the magnetic stripe of the card.

Chip Cards: Payment cards that have a computer chip embedded in them. Such chips provide security features that are superior to payment cards which only utilize a magnetic stripe. A chip card can be insert-only or dual interface. A dual interface card can be inserted (a.k.a., ''contact'' payment) or ''tapped'' (a.k.a., contactless payment) at a POS device. The contactless payment technology in an EBT chip card utilizes Near Field Communication (NFC). NFC is a protocol that enables wireless communication over short distances (a few inches) between payment cards and POS devices. Chip cards that are capable of conducting NFC contactless transactions are generally considered more secure than chip cards which must be inserted into POS devices.

Clearing: Clearing is when retailers send information to the SNAP State agency or the EBT host processor to request payment. This can be done directly by the retailer or through their contracted TPP or acquirer.

Database Conversion: The movement of data from an old EBT system or platform to a new EBT system or platform, and implementation of a new administrative terminal system.

Electronic Benefit Theft: This occurs when criminals use electronic methods to steal a SNAP household's benefits.

EBT Transaction Message: EBT transaction messages are comprised of the electronic data needed to process a transaction as defined by the ANSI X9.58 specification. Transaction messages flow from the retailer's POS to a TPP, (possibly) to a Gateway, and finally to the EBT host processor.

EBT Transaction Response Code: A sequence of letters and numbers that indicate whether a transaction was approved or denied. EBT transaction response codes display on a retailer's POS device after an attempted EBT transaction.

Empty Candidate List (ECL) Fallback: Most retailers currently accept other NFC-enabled chip cards (*e.g.,* credit and debit cards issued by a bank or credit union), but do not yet support the new AID for SNAP EBT chip cards. In such cases, a SNAP household will try to use a SNAP chip card in the POS device, and the device will recognize that the card has a chip but will not recognize the SNAP AID. When this occurs, the POS device must allow the card to proceed with a magnetic stripe transaction. The technical name for this process is Empty Candidate List (ECL) fallback.

End-to-End Testing: A part of the UAT process, conducted by the SNAP State Agency, in conjunction with their EBT host processor and FNA, in order to ensure that system changes work as expected throughout every component of the EBT system.

Equal Treatment: FNA regulations at 7 CFR 274.7(f) and 278.2(b) require that SNAP-authorized retailers treat SNAP households equally to other customers. This is generally referred to as the equal treatment rule. In other words, retailers may generally not treat SNAP households differently (either positively or negatively), in any way.

Federal Acceptance Test: The implementation of new State EBT systems and updates/modifications to existing EBT systems requires thorough testing by States prior to implementation (*i.e.,* ''go-live''). As part of this testing, each State must successfully pass a Federal Acceptance Test with FNA prior to implementation, in accordance with FNA policy.

Federal Reserve Bank (FRB): The central bank of the United States, responsible for implementing and adjusting monetary policy, overseeing the largest U.S. banks, and providing financial services to the U.S. government. In the context of SNAP, FRB operates the ACH, which is a crucial component in reimbursing SNAP-authorized retailers, EBT processors, and TPPs for redeemed SNAP benefits.

Gateway: An entity that routes EBT transactions from TPPs to an EBT host processor based on the BIN of the EBT card. A Gateway is a combination of hardware and software which allows transactions to be supported between and among network switches, TPPs, EBT processors, and/or retailers driving their own terminals.

Inactive Status: An EBT card that is not functional upon receipt. To be made functional, the household has to take additional steps. Most often, those steps involve interacting with the State's processor IVR, and inputting a password, PIN, etc.

Interactive Voice Response (IVR): An automated phone system—operated by a State's EBT processor or their contracted entity—that allows SNAP households to navigate a menu of options using their voice or by pressing numbers to access information, complete tasks (*e.g.,* change their PIN), or be routed to other phone numbers.

Issuer Identification Number: A 6–8 digit number that identifies the bank, financial institution, or other entity that issued a card.

Key-Entered Transaction: A transaction when the card number is manually entered into a POS device, as opposed to tapping, inserting, or swiping an EBT card. Typically, key-entered transactions occur when a POS device cannot read an EBT card.

Letter of Credit: The document by which an official of FNA authorizes a State agency to draw funds from the United States Treasury to reimburse SNAP-authorized retailers for SNAP benefits they redeem (through their TPPs, EBT processors, etc.).

Near Field Communication (NFC): Protocols that enable wireless communication over short distances (a few inches) between payment cards and POS devices, which allows the use of contactless payments (also called ''tap-to-pay'').

Packed Binary Data: PIN data must be encrypted and represented as packed binary data, (*i.e.,* eight binary bits shall be represented as 16 hexadecimal characters). The PIN must be formatted into a PIN block consistent with the most current version of standards at ANSI X9.8/ISO 9564–1 before encryption.

Payment Card Industry (PCI) Data Security Standards: Security standards that address the secure encryption and handling of sensitive data, such as card numbers and PINs while ''at rest'' (*i.e.,* being stored temporarily or permanently). Before a retailer can be authorized to accept debit or credit transactions, they must be certified as PCI-compliant by their acquiring institution.

Phishing Scams: Scams on text, email, phone, and social media to deceive households into providing key EBT card information.

Point-of-Sale Service Provider: A financial institution (or its agent) that provides retailers with the equipment and technology needed to process SNAP benefits.

Processing Code: A series of digits used to describe the effect of a transaction on the SNAP household's account and identify the accounts affected (*e.g.,* SNAP benefits, cash benefits, or regular cash).

Reconciliation: The process States must follow to account for all SNAP issuance and transaction activity, in accordance with 7 CFR 274.4(a). This is done to ensure accuracy and consistency, and to identify and rectify any discrepancies.

Refund/Return: In this context, a transaction where SNAP benefits are returned to a household's account. Most often (but not always), these are the result of an error at the POS device being corrected on-the-spot or the customer returning a purchased item to the store.

Service Code: A code encoded in EBT cards that communicates information to the POS terminal (including informing the POS terminal whether the card has a magnetic stripe or a chip).

Settlement: When a State or processor creates and transmits a payment to a retailer's bank for approved, cleared SNAP transactions.

Settlement Day: The day when a SNAP-authorized retailer gets reimbursed for an approved, cleared SNAP transaction.

Settlement Flow: The transfer of funds through different accounts held by different parties involved in processing SNAP transactions that ultimately reimburse a SNAP-authorized retailer for a SNAP transaction.

SNAP Online Purchasing: The Agricultural Act of 2014 directed FNA to implement a pilot to allow the use of SNAP benefits to purchase SNAP-eligible food from SNAP-authorized internet retailers. SNAP online shopping and payment processes must be secure, private, easy-to-use, and provide similar support to that found for SNAP transactions in a physical ''brick-and-mortar'' retail store.

SNAP-Authorized Internet Retailer (also referred to as ''internet retailer''): A store that accepts SNAP benefits in exchange for SNAP-eligible foods on their website. A separate FNA authorization is required in order to participate in SNAP online purchasing.

SNAP Data: Any data generated as a result of a household's or retailers' participation in SNAP and application to participate in SNAP.

SNAP Household: The person(s) who apply and are approved to participate in SNAP, receive SNAP benefits, and use a SNAP EBT card to purchase SNAP-eligible food.

SNAP State Agency: The governmental agency that administers SNAP at the State and local level.

Split Tender Transaction: When a household chooses to pay for its purchase of SNAP-eligible food partly with SNAP benefits and partly through some other means (cash, credit card, etc.).

Statused: An EBT card is referred to as ''statused'' if it is not active (*e.g.,* it has been cancelled, de-activated, or reported as lost, stolen, or damaged).

Store-and-Forward: The process where a retailer electronically stores a SNAP EBT transaction with an encrypted PIN when an EBT system is not functioning or is otherwise inaccessible (*i.e.,* during a power outage, natural disaster, etc.). The retailer then forwards the transaction for processing later, when EBT system functionality has been restored.

System Error: An error resulting from a malfunction at any point in the SNAP benefit redemption process, such as an error made by a retailer's host computer or POS device, a TPP, the Gateway, or processor.

Third-Party Processors (TPPs): Financial institution that receives EBT transactions from SNAP-authorized retailers and acquirers and subsequently transmits those transactions to an EBT gateway for further routing or directly to an EBT host processor for transaction approval. SNAP State agencies and their contracted EBT host processors must allow retailers to use EBT services provided by TPPs and acquirers, and must provide interface specifications and certification standards, in order for the TPPs to participate in the EBT system per 7 CFR 274.3(d). The TPPs have contractual agreements to connect to all existing EBT processor systems, either directly or via gateways, in order to facilitate the approval/denial transactions anywhere SNAP is operated.

TPPs typically provide EBT services and POS equipment directly to larger retailers (such as those with many locations) who may utilize other non-EBT services that the TPPs offer. Smaller retailers who are unable to contract directly with a TPP instead may rely on an acquirer to provide EBT services and POS equipment.

Token: A digital representation of sensitive data (such as a PAN on an EBT card), most often created and linked to a specific device. Tokens replace sensitive data with unique, random strings of digits to protect against data breaches during transactions.

Token Service Provider (TSP): Entity that manages and issues payment tokens.

Transaction Message Response: Upon receipt of an EBT transaction message, the processor reviews the information contained in the message to ensure the transaction is valid. The processor will then generate a transaction message response to send back to the retailer's POS device, approving or denying the transaction and (if applicable) providing the denial reason and SNAP account balance information. The processor sends FNA the transaction data, per 7 CFR 274.4(b)(2) and the specifications as outlined in the State's contract.

User Acceptance Testing (UAT): Testing of new State EBT systems and updates/modifications to existing EBT systems performed by the State (*i.e.,* the system user).

Voucher Clear: The process where a POS transaction is completed by obtaining a voice authorization and manually processing a pre-numbered voucher that is later forwarded to the card issuer electronically.

Void: Void or cancellation transactions are used when an incorrect purchase amount is processed through a retailer's POS device. The void/cancellation must be done immediately after the purchase transaction and on the same POS device.

TABLE 2 TO APPENDIX A—ACRONYMS

ABA	American Bank Association.
ACH	Automated Clearing House.
AI	Artificial Intelligence.
AID	Application ID.
ANSI	American National Standards Institute.
API	Application Programming Interface.
BIN	Bank Identification Number.
bit	Binary-digit.
CAPK	Certificate Authority Public Key.
CAV	Card Authentication Value.
CD	Consumer Device.
CFR	Code of Federal Regulations.
CSC	Card Security Code.
CVM	Cardholder Verification Method.
CVV	Card Verification Value.
DPAN	Device Primary Account Number.
EBT	Electronic Benefit Transfer.
ECL	Empty Candidate List.
FNA	Food and Nutrition Administration.
FRB	Federal Reserve Bank.
ID	Identity or Identification.
IIN	Issuer Identification Number.
ISO	International Organization for Standardization.
IVR	Interactive Voice Response.
MII	Major Industry Identifier.
NFC	Near Field Communications.
PAN	Primary Account Number.
PCI	Payment Card Industry.
PII	Personally Identifiable Information.
PIN	Personal Identification Number.
PIX	Proprietary Application Identifier Extension.
POS	Point of Sale.
REDE	Retailer Electronic Data Exchange.
RID	Registered Application Provider Identifier.
SNAP	Supplemental Nutrition Assistance Program.
SSL	Secure Sockets Layer.
TAC	Terminal Action Code.
TPP	Third-Party Processor.
TSP	Token Service Provider.
UAT	User Acceptance Testing.
USC	U.S. Code.
USDA	United States Department of Agriculture.

Stephen A. Vaden,

Deputy Secretary.

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Part III

Department of the Treasury

Office of the Comptroller of the Currency

12 CFR Parts 3, 6, et al.

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; Final Rule

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Parts 3, 6, 8, 15, and 19

[Docket ID OCC–2025–0372]

RIN 1557–AF41

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

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Final rule.

SUMMARY: The Office of the Comptroller of the Currency (OCC) is issuing regulations implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.

DATES: The final rule is effective on January 18, 2027.

FOR FURTHER INFORMATION CONTACT: Sarah Turney, Assistant Director, Henry Barkhausen, Special Counsel, Kevin Korzeniewski, Special Counsel, Mark O'Horo, Special Counsel, Daniel Borman, Counsel, or Collin Berger, Attorney, Chief Counsel's Office, 202–649–5490, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Background and Summary of the Final Rule

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act or the Act) was enacted on July 18, 2025. The Act establishes a regulatory framework for payment stablecoin activities.[1] Stablecoins are digital assets, *i.e.,* digital representations of value recorded on a cryptographically secured distributed ledger,[2] such as a blockchain.[3] The Act sets forth various regulatory and licensing requirements for permitted payment stablecoin issuers and foreign payment stablecoin issuers. In many instances, the Act states that the specific requirements applicable to these entities (*e.g.,* those related to capital, liquidity, or operational risk management) will be established by regulations issued by the relevant primary Federal payment stablecoin regulator, in coordination with other relevant agencies, as appropriate.[4] On March 2, 2026, the OCC issued a notice of proposed rulemaking (proposal or proposed rule) proposing, and seeking comment on, the regulations that would apply to permitted payment stablecoin issuers and foreign payment stablecoin issuers under the OCC's jurisdiction (including subsidiaries of insured national banks or Federal savings associations, Federal qualified payment stablecoin issuers, certain nonbank State qualified payment stablecoin issuers, and foreign payment stablecoin issuers) as well as certain custody activities conducted by OCC-supervised entities.[5]

The OCC received approximately 328 comments in response to the proposal from a wide variety of commenters, including crypto-focused companies, trade groups, banks, non-profit organizations, academics, and individuals.[6] Commenters had diverging views on several of the proposal's key provisions. The final rule addresses these comments, as discussed below. However, as discussed in the proposal, the OCC anticipates that these implementing regulations will be updated, as necessary, in the years following the effective date of the GENIUS Act as the business practices of permitted payment stablecoin issuers and foreign payment stablecoin issuers continue to evolve and develop and the OCC gains experience regulating and supervising permitted payment stablecoin issuers. Likewise, the OCC will supplement this final rule with guidance documents, as appropriate. As is its practice in other areas, the OCC will continue to track market developments and meet with interested parties to discuss the regulation and supervision of permitted payment stablecoin issuers, foreign payment stablecoin issuers, national banks, Federal savings associations, and Federal branches under the final rule in the coming years to understand the application of the rule in practice. At a high level, many commenters held differing views with respect to the proposal's approach concerning reserve asset management, liquidity, and diversification; the prohibition against a permitted payment stablecoin issuer paying interest or yield to a payment stablecoin holder solely in connection with the holding, use, or retention of such payment stablecoin (yield prohibition); redemption; and the proposal's capital requirements.

With respect to reserve asset management, liquidity, and diversification, commenters differed as to how prescriptive the final rule should be. Several commenters advocated setting principles-based requirements, either with or without a quantitative safe harbor concerning diversification requirements, and making certain changes to the proposed quantitative diversification safe harbor. Other commenters advocated for more prescriptive and quantitative reserve asset management, liquidity, and diversification requirements.

Many commenters opposed the proposal's approach with respect to the yield prohibition. The proposal included a rebuttable presumption that would have presumed certain transactions with affiliates and related third parties violated the prohibition. Many commenters generally favored a strong prohibition that would address a permitted payment stablecoin issuer using a third party to pay interest or yield. Of these commenters, several favored broadening the rebuttable presumption. Others said that a presumption was inadequate, and certain transactions that implicated indirect payments should be

[1] Under section 2(22) of the Act (12 U.S.C. 5901(22)), ''payment stablecoin'' means ''a digital asset—(i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which—(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value[.]'' The term does not include a digital asset that is (i) a national currency; (ii) a deposit (as defined in 12 U.S.C. 1813), including a deposit recorded using distributed ledger technology; or (iii) a security, as defined in 15 U.S.C. 77b, 78c, or 80a–2.

[2] 12 U.S.C. 5901(6).

[3] White House, ''Strengthening American Leadership in Digital Financial Technology,'' at 15 (July 17, 2025), (hereinafter, Digital Financial Technology Report), *https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf.* A cryptographically secured ledger uses cryptography to maintain the integrity of the ledger. *See also* E.O. No. 14178, *Strengthening American Leadership in Digital Financial Technology,* 90 FR 8647 (January 31, 2025) (defining blockchain to mean ''any technology where data is: (i) shared across a network to create a public ledger of verified transactions or information among network participants; (ii) linked using cryptography to maintain the integrity of the public ledger and to execute other functions; (iii) distributed among network participants in an automated fashion to concurrently update network participants on the state of the public ledger and any other functions; and (iv) composed of source code that is publicly available'').

[4] *See, e.g.,* 12 U.S.C. 5903(a)(4), (b), (h).

[5] *See 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,* 91 FR 10202 (March 2, 2026).

[6] Although the comment period closed on May 1, 2026, the OCC continued to accept and consider late comments until July 1, 2026.

conclusively prohibited. In contrast, many commenters advocated for a narrow prohibition and either eliminating or narrowing the rebuttable presumption. Many of these commenters voiced concerns that the proposed rebuttable presumption could capture certain payments to related third parties that were not made solely in connection with the holding, use, or retention of payment stablecoin.

Concerning redemption, many commenters argued against imposing a freeze on (or extension of) redemption when there is a spike in redemption requests. Commenters argued that including these types of provisions could accelerate a run. With respect to capital, many commenters generally favored the flexible approach afforded by the proposed rule. Nevertheless, other commenters advocated a more quantitative and standardized approach. Commenters also addressed several other issues, including definitions; permitted activities; redemption; risk management; audits, reports, and supervision; State issuers; custody; foreign issuers; applications and registration requirements, among other issues. Each of these subjects is addressed in greater detail below.

Commenters also provided input concerning requirements relating to Bank Secrecy Act/Anti-Money Laundering (BSA/AML) and sanctions evasion. These comments will be addressed in a separate rulemaking.[7] Likewise, some comments on that separate rulemaking are best addressed in this final rule. Some commenters stated that the OCC should delay finalizing the rule due to uncertainties in stablecoin markets, ongoing legislative efforts, the complexity of the Act and rule, or to facilitate issuance of a joint rule.[8] Some commenters requested that the OCC re-propose any aspects that are inconsistent with the proposals of other agencies that issue rules under the GENIUS Act. The GENIUS Act will be effective on January 18, 2027, and it is important that the OCC's implementing regulations be effective as of that date. With respect to legislation, the OCC will revise the final rule, as appropriate, in response to any enacted legislation impacting the OCC's implementation of the GENIUS Act.

In addition, several commenters requested an extension of the comment period or to avoid finalizing the rule until certain legislative clarity was provided or to ensure that the effective date of the Act would be no sooner than January 18, 2027. Commenters also raised concerns regarding interagency coordination and advocated for ensuring that there is alignment among the rules issued by the agencies tasked with implementing the GENIUS Act. Balancing the need to have final rules implementing the GENIUS Act in advance of the statutory effective date against commenters' desire for additional time to comment on the proposal, the OCC elected not to extend the comment period but did accept and consider comments submitted after the close of the formal comment period. With respect to interagency coordination, the OCC has coordinated closely with the other Federal agencies consistent with section 13 of the GENIUS Act. The OCC has taken seriously its obligation to coordinate with other agencies, as appropriate, and does not believe that it is necessary to do so through a joint rule. The OCC will continue to coordinate appropriately.

Commenters provided suggestions on amendments to regulations that should be made in coordination with the GENIUS Act rulemaking. For example, a few commenters noted that the OCC should coordinate with the other Federal banking agencies to amend the standardized bank capital and liquidity requirements to provide for appropriate treatment for payment stablecoins and reserve assets, including that because reserve assets are not available to meet the obligations of a parent entity of a permitted payment stablecoin issuer, they should not be included in parent-level capital and liquidity requirements. Other commenters stated that the agencies implementing the GENIUS Act should revise their liquidity rules to accommodate the GENIUS Act framework, including the liquidity coverage ratio and net stable funding ratio. These comments are beyond the scope of this rulemaking, and the final rule therefore does not revise existing regulations to address them.

Several commenters raised other issues that are also beyond the scope of this rulemaking. Some commenters requested that the OCC apply certain other statutes to permitted payment stablecoin issuers by rule. The OCC has not done so in this final rule. The scope of statutes that apply to permitted payment stablecoin issuers cannot change by regulation. Thus, the final rule neither subjects permitted payment stablecoin issuers to statutes that would not otherwise apply nor excludes them from the scope of statutes that do apply to their activities. Some commenters stated that the OCC should coordinate with the Board of Governors of the Federal Reserve System (Federal Reserve) concerning designation of certain permitted payment stablecoin issuers as systemically important. Such designation is beyond the scope of this rulemaking, and therefore the final rule does not address such designations. In addition, one commenter requested that the OCC address the tax treatment of payment stablecoins. This issue is outside the scope of this rule and the OCC's authority and is not addressed in the final rule. Likewise, some commenters brought up antitrust concerns that are outside the scope of this rulemaking. Some commenters raised issues concerning non-payment stablecoins, decentralized finance (DeFi),[9] and crypto-assets more broadly that also fall outside the scope of this rulemaking.

Many commenters suggested that the OCC apply various existing consumer protection laws and regulations to permitted payment stablecoin issuers. For example, several commenters pointed to Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) pursuant to section 1031 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5531), Unfair or Deceptive Acts or Practices (UDAP) under section 5 of the Federal Trade

[7] *See* P*ermitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism and Sanctions Compliance Risk Management,* 91 FR 37840 (June 24, 2026). On December 8, 2025, the OCC received a petition for regulatory action from Peter Tang at Stablecoin Standards Authority requesting (1) clear, risk-based supervisory expectations for national banks that participate in payment stablecoin activities with the GENIUS framework, (2) consistent application of Federal standards to large offshore U.S.-dollar referenced stablecoin arrangements with a material United States nexus, and (3) a targeted rulemaking to ensure that stablecoin settlement infrastructure is identifiable and subject to ongoing compliance accountability through on-chain node KYC and a Federally administered node registry. The OCC is addressing BSA/AML provisions of the GENIUS Act in a separate rulemaking, and the proposal related to that separate rulemaking was published in the **Federal Register** on June 24, 2026. The OCC is issuing the final rule consistent with the GENIUS Act and denies Stablecoin Standards Authority's petition for a separate rulemaking given the BSA/AML proposal.

[8] On September 9, 2024, the OCC received a petition for rulemaking from Dmitry Shkipin at *HomeOpenly.com* requesting that the OCC repeal OCC Interpretive Letters 1170 (July 22, 2020), 1172 (September 21, 2020), and 1174 (January 4, 2021). The petition asserts that virtual currencies are unlawful. The OCC is issuing the final rule consistent with the GENIUS Act and denies *HomeOpenly.com's* petition for a rulemaking because these activities are lawful, as explained in the letters, and because many of the stablecoin activities permissible under OCC Interpretive Letters 1170, 1172, and 1174 were expressly affirmed by the GENIUS Act.

[9] DeFi generally refers to the use of blockchain technology to provide financial services on a peer-to-peer basis. *Digital Financial Technology Report* at 20.

Commission Act (15 U.S.C. 45), the Electronic Fund Transfer Act of 1978 (15 U.S.C. 1693 *et seq.*) (EFTA), the Truth in Lending Act of 1968 (15 U.S.C. 1601 *et seq.*) (TILA), and the Gramm-Leach-Bliley Act (15 U.S.C. 6801 *et seq.*) (GLBA) as existing consumer protection laws that should apply to permitted payment stablecoin issuers. Commenters argued that consumers should not receive different protections based solely on the technological form of a payment instrument. Some commenters suggested that new consumer protection requirements for permitted payment stablecoin issuers should be drafted rather than simply applying existing statutes and regulations. For example, a few commenters suggested that consumer protection should be addressed in the application and supervisory framework under the GENIUS Act. A few commenters suggested that permitted payment stablecoin issuers should be required to maintain frameworks for managing risks arising from redemption failures, misleading disclosures, or inadequate customer communication. Other commenters suggested that, in addition to traditional fraud risks, specific operational risks such as transaction delays, rejections, and account restrictions should be addressed in the case of permitted payment stablecoin issuers. In contrast, a few commenters argued that consumer protection currently has its own regulatory framework and should not be duplicated. It would be outside the scope of this rulemaking to opine on all the statutes that may be applicable to permitted payment stablecoin issuers. The OCC's final rule does not alter the scope of the consumer protection laws that apply to permitted payment stablecoin issuers.

Several commenters also requested that the OCC take additional action to clarify the treatment of reserve assets upon an issuer's insolvency. For example, commenters suggested that the rule clarify that reserve assets are held for the benefit of the holders of the issuer's payment stablecoin or that the assets are not assets of the issuer's estate. Another commenter suggested that the OCC rely on its fiduciary rulemaking powers to require that reserve assets be held in a statutory trust or other equivalent legal structure. As discussed in greater detail below, the OCC has made changes in the final rule to accommodate certain structures, including the use of special purpose vehicle (SPV) issuers designed to protect the rights of payment stablecoin holders.

One commenter emphasized that it is appropriate to recognize the United States Federal framework already applicable to foreign banks' United States presence when operationalizing the permitted payment stablecoin framework. Although the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*) applies to the United States operations of foreign banks, the GENIUS Act includes additional, specific requirements related to foreign issuers of payment stablecoins in the United States.

The OCC is adopting this final rule with certain modifications from the proposal in light of the comments received. At a high level, the final rule makes several changes to the provisions concerning reserve asset management. These changes provide more flexibility to permitted payment stablecoin issuers while still maintaining core liquidity, diversification, and concentration requirements to ensure that permitted payment stablecoin issuers remain sufficiently reserved and capable of meeting redemption requests in a timely manner. The final rule provides additional clarity with respect to a permitted payment stablecoin issuer's permitted activities, redemption requirements, and risk management obligations. It also includes clarifications concerning the OCC's supervision of permitted payment stablecoin issuers, custody, and licensing and registration. In addition, the final rule includes capital and operational backstop requirements that are more detailed than, but consistent with, the proposal. The capital elements have also been simplified relative to the proposal. The final rule, like the proposal, imposes requirements consistent with the GENIUS Act that are tailored to the business model and risk profile of permitted payment stablecoin issuers. For example, as described below, the agency is implementing flexible risk management standards in § 15.13 that scale based on the nature, scope, and risk of a permitted payment stablecoin issuer's activities. Consistent with certain comments received on the proposal, the final rule facilitates an approach to supervision that focuses on activities over institution type.

In addition, other regulations beyond those addressed in this rulemaking may need to be updated in light of the passage of the GENIUS Act. For example, the OCC intends to incorporate references to permitted payment stablecoin issuers and foreign payment stablecoin issuers, as appropriate, into 12 CFR part 4 [10] and is considering updates to 12 CFR part 28.

These implementing regulations will be effective on January 18, 2027.

A. Self-Executing Provisions

The proposal discussed certain self-executing provisions of the GENIUS Act but did not propose rule text for these self-executing provisions.[11] For example, the Act includes several provisions addressing the applicability of State law to permitted payment stablecoin issuers. Specifically, section 4(b)(1) of the GENIUS Act (12 U.S.C. 5903(b)(1)) states that, notwithstanding certain Federal law addressing preemption standards for OCC-regulated institutions,[12] and certain State laws, a Federal qualified payment stablecoin issuer ''shall be licensed, regulated, examined, and supervised exclusively by the Comptroller.'' This provision provides the OCC with the exclusive authority to exercise visitorial powers with respect to Federal qualified payment stablecoin issuers, consistent with the agency's authority in 12 U.S.C. 484.[13] This exclusivity generally prevents other regulators from subjecting these entities to additional oversight, which can be unduly burdensome, duplicative, or inconsistent.[14] In addition, based on the exclusivity granted to the OCC, section 4(b) of the Act preempts certain State laws with respect to Federal qualified payment stablecoin issuers.

Section 5(h) of the GENIUS Act (12 U.S.C. 5904(h)) expressly preempts ''any State requirement for a charter, license, or other authorization to do business with respect to a Federal qualified payment stablecoin issuer or [a] subsidiary of an [OCC-regulated] insured depository institution . . . that is approved . . . to be a permitted payment stablecoin issuer.'' As a result, these entities are only required to obtain authorization to do business from the OCC, which reduces the complexity that

[10] *See OCC Rules Regarding the Availability of OCC Information,* 91 FR 50610 (August 5, 2026).

[11] 91 FR at 10203–04.

[12] Specifically, 12 U.S.C. 25b and 1465 respectively address the preemption standards applicable to national banks and Federal savings associations and their subsidiaries.

[13] Although the GENIUS Act does not specifically use the term ''visitorial powers,'' its plain language is consistent with the Supreme Court's description of visitorial authority. *See Cuomo* v. *Clearing House Ass'n, L.L.C.,* 557 U.S. 519, 526 (2009) (describing visitation as the exercise of ''general *supervision*'') (emphasis added); *see also* 12 CFR 7.4000(a)(2) (describing the OCC's visitorial powers with respect to national banks).

[14] Twelve U.S.C. 484 would also continue to apply to uninsured national banks and Federal branches that become permitted payment stablecoin issuers.

would result from requiring these entities to also obtain a charter, license, or other authorization from one or more States.[15] Finally, section 7(f)(4) of the GENIUS Act (12 U.S.C. 5906(f)(4)) provides that nothing in the GENIUS Act preempts State consumer protection laws.[16]

Together, these GENIUS Act provisions establish a framework for assessing the applicability of State law to a Federal qualified payment stablecoin issuer or a subsidiary of an OCC-regulated insured depository institution approved to be a permitted payment stablecoin issuer.[17]

The OCC received several comments on these self-executing provisions. Some commenters requested that the OCC more specifically address whether the GENIUS Act preempts licensing requirements in certain circumstances (*e.g.,* when third parties provide services to certain permitted payment stablecoin issuers, when a foreign payment stablecoin issuer is authorized to issue stablecoins in the U.S., or when a Federal qualified payment stablecoin issuer or subsidiary of an OCC-regulated insured depository institution engages in activities other than those addressed in section 4(a)(7)(A) (12 U.S.C. 5903(a)(7)(A)). Commenters also recommended that the OCC state that it has exclusive visitorial powers over subsidiaries of insured national banks that are permitted payment stablecoin issuers, similar to the proposal's statement regarding the OCC's exclusive visitorial powers for Federal qualified payment stablecoin issuers. With respect to State consumer protection laws, commenters had several suggestions, including that the OCC specifically address compliance with applicable State consumer protection laws in its final regulation. Commenters also recommended that the OCC further explain how it will approach certain preemption issues.

After carefully considering the comments received, the OCC determined that the issues raised by commenters do not require regulatory changes, are outside the scope of this rulemaking, or are better evaluated on an individualized basis. The section of the preamble to the proposal discussing these self-executing provisions was intended to provide stakeholders with a general understanding of the GENIUS Act's preemption and visitation framework. Because this framework is self-executing, however, the OCC did not propose any implementing regulation text, nor is it including any in the final rule. While commenters raised several interpretive issues that may warrant clarification at the appropriate time, the OCC has concluded that the agency should retain the flexibility to address such issues as they arise. This will ensure that the OCC's analysis is appropriately informed by, and tailored to, the relevant facts and circumstances. Stakeholders may contact the OCC with questions as they arise, and the OCC will provide additional clarification if appropriate.[18]

Among other self-executing provisions, section 4(g) of the GENIUS Act (12 U.S.C. 5903(g)) provides that a Federal savings association established under the Home Owners' Loan Act (12 U.S.C. 1461 *et seq.*) that holds a reserve that satisfies the requirements of section 4(a)(1) of the GENIUS Act shall not be required to satisfy the qualified thrift lender test under section 10(m) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)) [19] with respect to such reserve assets. Because this provision is self-executing, the OCC did not propose regulatory text to implement section 4(g). The OCC received no comments on this aspect of the Act and, consistent with the proposal, is not including any regulatory text to implement section 4(g) of the Act.

II. Description of the Final Rule

The final rule, like the proposal, addresses the majority of the OCC's implementation of the GENIUS Act through new 12 CFR part 15. In addition, like the proposal, the final rule makes updates to 12 CFR parts 3 (Capital Adequacy Standards), 6 (Prompt Corrective Action), 8 (Assessment of Fees), and 19 (Rules of Practice and Procedure). For each subpart, or substantive subsection, of 12 CFR part 15, an overview of the changes from the proposed rule to the final rule is provided, followed by a detailed description of the proposed rule, relevant comments, and final rule.

A. Subpart A—Purpose, Scope, Definitions, Severability, and Reservation of Authority

Consistent with the proposal, subpart A of 12 CFR part 15 provides the purpose and scope and defines terms used throughout the final rule.

1. Overview of Changes From Proposed Rule to Final Rule for Subpart A

As described below, the OCC is adopting § 15.1, which provides the scope and purpose of part 15, as proposed.

The OCC is adopting many of the part 15 definitions in § 15.2 as proposed, but several definitions are being added, removed, or changed. The agency is adopting the following definitions as proposed: affiliate, Bank Secrecy Act, control, deposit, digital asset, director, distributed ledger, executive officer, fair value, FDIC, Federal branch, Federal qualified payment stablecoin issuer, Federal Reserve, foreign payment stablecoin issuer, GAAP, immediate family, insider, insured credit union, insured depository institution, monetary value, money, national currency, nonbank entity, OCC, payment stablecoin, permitted payment stablecoin issuer, person, principal shareholder, publicly available information, registered public accounting firm, related interest, reserve asset, Stablecoin Certification Review Committee, State, State payment stablecoin regulator, and subsidiary. The agency is adding to § 15.2 new definitions for business day, payment stablecoin holder, reserve asset value, sensitive customer information, share account, and tokenized form. Additionally, the agency is removing from § 15.2 the definitions of distributed ledger protocol, State-chartered depository institution, and trading volume.

The agency is finalizing the following § 15.2 definitions with differences from the proposed definitions: board of directors, customer, depository institution, eligible financial institution, nonpublic personal information, outstanding issuance value, private key, State qualified payment stablecoin issuer, and United States customer.

As described below, the OCC is adopting § 15.3, providing for the severability of part 15 provisions, as proposed.

[15] *See also* Section 4(b)(1) (12 U.S.C. 5903(b)(1)).

[16] Depending on the circumstances, other Federal law, such as the National Bank Act and the Home Owners' Loan Act, may also be relevant in assessing the applicability of State law, including a State consumer protection law, to certain permitted payment stablecoin issuers, such as uninsured national banks.

[17] The GENIUS Act also addresses the applicability of State law to State qualified payment stablecoin issuers. *See, e.g.,* section 7(f) of the Act (12 U.S.C. 5906(f)).

[18] At least one commenter observed that the proposal did not explain how the OCC will comply with 12 U.S.C. 25b, which imposes procedural requirements on certain OCC preemption actions. The OCC has complied, and will continue to comply, with all applicable legal requirements.

[19] A Federal savings association is generally required to be a qualified thrift lender. A Federal savings association is a qualified thrift lender if it meets one of the following qualified thrift lender tests: (1) it qualifies as a domestic building and loan association as defined in 26 U.S.C. 7701(a)(19); or (2) its qualified thrift investments equal or exceed 65 percent of its portfolio assets, and its qualified thrift investments continue to equal or exceed 65 percent of its portfolio assets on a monthly average basis in nine out of every 12 months.

The OCC is adding § 15.4 on the reservation of authority that was not in the proposed rule.

2. Purpose and Scope (§ 15.1)

Proposed § 15.1 set forth the purpose and scope of the stablecoin-related regulations. Paragraph (a) described the purpose, which is to implement the GENIUS Act, 12 U.S.C. 5901 *et seq.,* with respect to entities for which the OCC is authorized to issue regulations or exercise its enforcement authority under the Act. These entities were listed in the proposed scope provision in paragraph (b), which provided that proposed part 15 would apply to activities related to payment stablecoins and certain custody activities of (1) national banks and their subsidiaries; (2) Federal savings associations and their subsidiaries; (3) Federal branches and their subsidiaries; (4) foreign payment stablecoin issuers; (5) nonbank entities that seek to be or are approved as Federal qualified payment stablecoin issuers; and (6) State qualified payment stablecoin issuers for whom the OCC has regulatory or enforcement authority pursuant to proposed § 15.15 or § 15.16. Thus, except where otherwise noted, references in part 15 to permitted payment stablecoin issuers would only apply to these types of listed entities despite the broader scope of the term in the GENIUS Act.

As described in the section-by-section analysis below, proposed subparts B and E would apply to permitted payment stablecoin issuers that are subsidiaries of insured national banks, subsidiaries of Federal savings associations, uninsured national banks, Federal branches or subsidiaries thereof, nonbank entities that are not State qualified payment stablecoin issuers, and State qualified payment stablecoin issuers for which the OCC has regulatory or enforcement authority. Proposed subpart C would apply to national banks, Federal savings associations, Federal branches, Federal qualified payment stablecoin issuers, and State qualified payment stablecoin issuers with a total consolidated outstanding issuance value of more than $10 billion subject to supervision and regulation by the OCC that provide custodial or safekeeping services for payment stablecoins, reserve assets, and other ''covered assets'' (described in detail in subpart C). The application and registration sections in proposed subpart D would apply to insured national banks, Federal savings associations, or Federal branches that seek to issue payment stablecoins through a subsidiary; nonbank entities that seek to be Federal qualified payment stablecoin issuers, uninsured national banks, and uninsured Federal branches that seek to be Federal qualified payment stablecoin issuers; and entities that seek to register as foreign payment stablecoin issuers. The capital requirements detailed in proposed subpart E would apply to subsidiaries of insured national banks, subsidiaries of Federal savings associations, uninsured national banks, Federal branches or subsidiaries thereof, nonbank entities that are not State qualified payment stablecoin issuers, and State qualified payment stablecoin issuers for which the OCC has regulatory authority.

Several commenters sought greater clarity about which entities would become subject to the proposed regulation because of their activities. These commenters were concerned that a broad scoping of stablecoin issuer activities and digital asset service provider activities might result in an overly broad set of entities becoming subject to the OCC's regulations, including entities engaged in blockchain infrastructure, technology-service providers, vendor support function providers, and companies that facilitate businesses' adoption of stablecoin technology. Related to this scope issue, one commenter suggested that the rule should require a standardized certification under Federal oversight for core service providers, which would alter the scope of entities affected by the rule. Several commenters suggested the OCC follow a regulatory approach based on the activity type and not the institution type. Commenters suggested such an approach increases fair competition and decreases the risk of regulatory arbitrage.

The scope of the final rule is consistent with the text of the GENIUS Act and the OCC's jurisdiction. The OCC's part 15 applies to national banks and their subsidiaries, Federal savings associations and their subsidiaries, Federal branches and their subsidiaries, foreign payment stablecoin issuers, nonbank entities that seek to be or are approved as Federal qualified payment stablecoin issuers, and State qualified payment stablecoin issuers over which the OCC has regulatory or enforcement authority. To the extent that an entity falls under one of these categories, it is subject to part 15. Otherwise, the entity is not captured by the rule. Therefore, to the extent a blockchain infrastructure or technology service-provider issues a payment stablecoin and is a type of entity subject to the OCC's jurisdiction, it is covered under part 15. Additionally, entities that are covered custodians as that term is defined in subpart C of part 15 are also subject to part 15. Otherwise, part 15 does not apply.

The OCC received no additional comments concerning proposed § 15.1 and is adopting § 15.1, with one technical change. Paragraph (b)(6) of the proposed rule referred to State qualified payment stablecoin issuers for whom the OCC has regulatory or enforcement authority. The final rule replaces ''for whom'' with ''for which.''

3. Definitions (§ 15.2)

Section 15.2 contains the following definitions of terms used throughout part 15, many of which are included in or based on the definitions in the GENIUS Act.[20] A description of the proposed definitions, comments received, and final definitions is below.

Acting in concert. The OCC did not propose to define ''acting in concert'' but requested comment on whether to do so, including whether to incorporate any of the presumptions for acting in concert under 12 CFR 5.50. One commenter stated that the term did not need to be defined. Another recommended defining the term in a manner based on 12 CFR 5.50. Another commenter stated that the definition should not be so broad as to inadvertently capture arm's-length commercial relationships between stablecoin issuers and their technology, custody, clearing, or compliance providers. Another commenter recommended adapting the definition in 12 CFR 5.50 to require knowing and purposeful coordination. The definition of ''acting in concert'' is pertinent to the definition of ''principal shareholder,'' which, in turn, is relevant to the definition of ''insider'' and to certain application requirements. The definition of ''principal shareholder'' is based on the definition in 12 CFR 5.20. The definition of ''insider'' is based on the definition in Regulation O (12 CFR 215). Both 12 CFR 5.20 and Regulation O use the terms ''acting in concert'' or ''acting through or in concert'' but do not define the terms. After considering the comments received, the OCC has concluded that it is unnecessary to define the term for purposes of 12 CFR part 15 because the term would serve the same purpose as in 12 CFR 5.20 and Regulation O, and the existing regulations are well established and understood. While the OCC is not defining the term for purposes of 12 CFR part 15, the OCC expects that any

[20] The definitions in § 15.2 describe only terms used in part 15. These definitions do not interpret terms for purposes of any other statute or regulation and are not issued pursuant to section 3(d) of the GENIUS Act (12 U.S.C. 5902(d)).

person that would be deemed to be acting in concert for purposes of 12 CFR 5.50 would also be acting in concert for purposes of § 15.14(m), which applies the requirements of 12 CFR 5.50 in the context of permitted payment stablecoin issuers. Because the term ''acting in concert'' serves a different purpose in 12 CFR part 15 than in 12 CFR 5.50, the OCC has not, however, incorporated the definition in 12 CFR 5.50 or incorporated any of the presumptions therein.

Affiliate. The OCC proposed to define the term ''affiliate'' consistent with the definition in the Bank Holding Company Act, 12 U.S.C. 1841(k), but modified to use the defined term ''person'' in place of the term ''company.'' Under the proposed rule, the term ''affiliate'' would have meant a person that controls, is controlled by, or is under common control with another person.

Commenters generally supported or did not opine on the definition of ''affiliate'' (but, as discussed below, the OCC did receive comments concerning the definition of control, which has implications for the definition of affiliate). The OCC is adopting the definition of affiliate as proposed. This approach aligns the definition with the definition in the Bank Holding Company Act with which market participants are generally familiar. As discussed in the proposal, the definition of ''affiliate'' is consistent with the definition in the Bank Holding Company Act, and the OCC generally expects that it will interpret questions regarding the definition of ''affiliate'' consistent with the provisions of 12 CFR part 225 as of the date of the issuance of this final rule.

Bank Secrecy Act. The OCC proposed to define the term ''Bank Secrecy Act'' consistent with the definition provided in the GENIUS Act, 12 U.S.C. 5901(2). Under the proposal, the term ''Bank Secrecy Act'' would have meant: (1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b); (2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and (3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*). The proposal added the phrase ''and notes thereto'' as a clarification. The OCC received no comments addressing the definition of ''Bank Secrecy Act.'' The OCC is adopting the definition as proposed.

Board of directors. Under the proposed rule, ''board of directors'' would have meant a permitted payment stablecoin issuer's or applicant's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of the issuer or applicant. The proposed definition captured the persons responsible for certain requirements under proposed part 15, including for permitted payment stablecoin issuers that do not have a board of directors as that term is commonly understood. The OCC received no comments addressing the definition of ''board of directors.'' The OCC is adopting the definition with one technical change replacing ''serve'' with ''serves.''

Business day. One commenter requested that the OCC clarify the meaning of ''business day,'' including whether Saturdays, Sundays, and national holidays are excluded, for purposes of the timely redemption requirement in § 15.12. Alternatively, the commenter stated that the OCC could impose a requirement that issuers disclose how they calculate the two-business-day period under § 15.12. To provide clarity, the OCC is defining ''business day'' to mean any day other than a Saturday, Sunday, or Federal holiday.

Conspicuous. One commenter requested that the OCC define ''conspicuous'' for purposes of relevant disclosures. The OCC declines to do so in this final rule because whether disclosures are conspicuous depends heavily on context. The OCC generally expects that disclosures that would be considered conspicuous under 12 CFR part 328 would generally be considered conspicuous under 12 CFR part 15.

Control. The OCC proposed to define ''control'' such that a person would have controlled another person if: (1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person; (2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or (3) the OCC determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person. Like the definition of ''affiliate,'' the proposed definition of ''control'' was generally consistent with the Bank Holding Company Act. The OCC noted that proposed § 15.14 included certain provisions regarding changes in control that would refer to the use of that term under 12 CFR 5.50, rather than under the Bank Holding Company Act. Thus, for purposes of those provisions, permitted payment stablecoin issuers would refer to 12 CFR 5.50.

The OCC received several comments addressing the definition of ''control.'' Several commenters requested that the OCC clarify the definition of control, including by expressly incorporating the presumptions of control in the Bank Holding Company Act and the Federal Reserve's Regulation Y. Other commenters argued for narrowing the definition of control by providing that ''controlling influence'' should be assessed based on actual decision-making authority and economic control, rather than formal or theoretical influence. One commenter advocated for a blend of Bank Holding Company Act and Change in Bank Control Act concepts. Some stated that a framework based on the Bank Holding Company Act is useful but should be adapted or clarified. Some commenters advocated for a narrower definition and for assessing controlling influence based on actual economic and legal control, rather than theoretical influence. Another stated that control encompasses not only ownership and voting power, but also the ability to direct or materially influence governance, operational decision-making, or risk-bearing functions, whether exercised directly or indirectly.

After considering the comments received, the OCC is adopting the definition as proposed. This approach aligns with the definition in the Bank Holding Company Act, with which market participants are generally familiar. Consistent with a statement in the proposal, the OCC generally expects that it will interpret questions regarding the definition of ''control'' consistent with the provisions of 12 CFR part 225, including those relating to controlling influences and to the presumption of control, as of the date of the issuance of this final rule. The interpretations of control under the Bank Holding Company Act, including 12 CFR part 225, generally have been developed after consideration of the same or similar comments received in response to the proposal. Moreover, the OCC may provide additional clarity through guidance and interpretations, as necessary. The OCC believes that this approach will provide clarity to market participants.

Customer. The OCC proposed to define the term ''customer'' to mean a person that purchases (through any consideration) the products or services of another person. Among other provisions, the definition of ''customer'' was relevant to certain information protection and notification requirements.

The OCC received several comments addressing the definition of ''customer.'' Several commenters regarded the proposed definition of ''customer'' as

overly broad because it could capture indirect relationships between stablecoin holders and permitted payment stablecoin issuers. These commenters generally argued in favor of requiring a contractual relationship between a permitted payment stablecoin issuer and a counterparty for the counterparty to be covered by the definition of customer. Other commenters generally favored a broad definition that would include persons who acquired payment stablecoins in the secondary market. One commenter advocated not defining the term.

The final rule modifies the definition by defining customer (except in the context of the custody provisions, where the term ''covered customer'' is used) to mean a person that purchases (through any consideration) the products or services of a permitted payment stablecoin issuer or foreign payment stablecoin issuer directly from the issuer or that makes a request directly to the issuer that the issuer convert, redeem, or repurchase a payment stablecoin. This definition focuses on the relationship between the issuer and its direct counterparties. Thus, for example, if a payment stablecoin holder acquired its payment stablecoin from a third-party distributor (including a distributor that is associated with the payment stablecoin, for example, as part of a white-label arrangement) that did not act as agent for the permitted payment stablecoin issuer, the payment stablecoin holder would not be a customer of the permitted payment stablecoin issuer unless and until the holder sought to redeem the payment stablecoin from the permitted payment stablecoin issuer (or otherwise purchased products or services directly from the permitted payment stablecoin issuer).

The OCC believes that this narrower definition is appropriate in light of additional changes, described below, including adopting a definition of ''payment stablecoin holder'' and clarifying how certain notification requirements in the final rule apply to customers. The OCC believes that these changes will help ensure that the term is neither overly broad nor overly narrow. The OCC believes that this revised definition will result in a set of customers that is easily identifiable by permitted payment stablecoin issuers. This definition does not affect the definition of customer for purposes of other laws and regulations, including privacy laws and the Bank Secrecy Act and its implementing regulations.[21]

Deposit. The OCC proposed to define the term ''deposit'' to have the same meaning as deposit in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)). The OCC received no comments addressing the definition of ''deposit.'' The OCC is adopting the definition as proposed.

Depository institution. The OCC proposed to define the term ''depository institution'' to mean a depository institution as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)) or a credit union. The OCC proposed this definition because, although the GENIUS Act uses the term ''depository institution,'' it is not defined in section 2 of the Act (12 U.S.C. 5901). Section 11(g) of the Act (12 U.S.C. 5910(g)) does, however, refer to the Federal Deposit Insurance Act's definition.[22] Under the Federal Deposit Insurance Act, the term ''depository institution'' means any bank or savings association, both of which are defined terms under that statute and would be incorporated to determine whether an institution is a depository institution for purposes of proposed part 15. The OCC also proposed to include a reference to credit unions consistent with the approach that the GENIUS Act took with respect to the definition of ''insured depository institution,'' defined below, and which explicitly includes insured credit unions. This term is particularly relevant with respect to the OCC's jurisdiction over certain nonbank entities under sections 2(25), 4(d), and 7(e) of the Act (12 U.S.C. 5901(25), 5903(d), and 5906(e)).

The OCC received several comments addressing the definition of ''depository institution.'' Some commenters stated that privately insured credit unions should be excluded from the definition so that they could apply to be Federal qualified payment stablecoin issuers.

One commenter suggested that the OCC clarify whether ''depository institution'' refers strictly to FDIC-insured institutions or extends to other charter types with deposit-like authorities. One commenter suggested that the OCC should make clear that the term ''depository institution'' also includes the uninsured State branches of foreign banks.

The final rule includes certain modifications to the definition. Under the final rule, the term ''depository institution'' would mean a depository institution, as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)), or an insured credit union as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752) (*i.e.,* a credit union that is not an insured credit union under section 101 of the Federal Credit Union Act would not be included in the definition of depository institution). Absent this change, there could have been ambiguity as to which agency is the primary Federal payment stablecoin regulator for a non-Federally insured credit union. Such a credit union would not meet the definition of ''State depository institution'' under section 2(29) of the GENIUS Act (12 U.S.C. 5901(29)) but, if the credit union were a depository institution, it would not be a nonbank entity. In other words, the proposed definition could have the effect of excluding non-Federally insured credit unions from being regulated by the OCC as permitted payment stablecoin issuers. The amended definition makes clear that a non-Federally insured credit union is a nonbank entity and that the OCC is the primary Federal payment stablecoin regulator for such entities. In response to other comments, the OCC does not believe that it is appropriate to limit the definition of ''depository institution'' strictly to insured depository institutions. The statute uses both terms, and it is appropriate to regard each term as having a separate meaning. In light of the GENIUS Act's frequent references to the Federal Deposit Insurance Act, the most faithful reading of the statute would incorporate the Federal Deposit Insurance Act's definition, with the modification described above to address the fact that the GENIUS Act addresses credit unions while the Federal Deposit Insurance Act does not. Thus, institutions that are depository institutions under the Federal Deposit Insurance Act (*i.e.,* national banks, savings associations, State banks, Federal branches, and insured branches) would be depository institutions for purposes of 12 CFR part 15. The OCC further notes that ''insured depository institution'' is defined separately (discussed below).

Digital asset. The OCC proposed to define the term ''digital asset'' as provided in section 2(6) of the GENIUS Act (12 U.S.C. 5901(6)). Under the proposed rule, the term ''digital asset'' would have meant any digital representation of value that is recorded

[21] *See generally* 91 FR 37840; *Permitted Payment Stablecoin Issuer Customer Identification Program,* 91 FR 37234 (June 22, 2026).

[22] The proposed definition of ''depository institution'' for purposes of part 15 would not affect the meaning of the term under section 11(g) of the GENIUS Act (12 U.S.C. 5911).

on a cryptographically secured distributed ledger.

The OCC received several comments addressing the definition of ''digital asset.'' Several commenters supported the proposed definition but asked the OCC to clarify that application of this definition within the proposed rule remains limited to the activities and obligations expressly contemplated by the GENIUS Act. Some commenters suggested that the OCC ensure that the definition clearly distinguishes between (i) payment stablecoins covered by the rule, (ii) tokenized deposits and certain other bank liabilities, and (iii) digital representations of traditional financial assets that do not function as standalone mediums of exchange. One commenter stated that the definition does not cover non-fungible loyalty points, to the extent they are not recorded on a cryptographically secured distributed ledger.

The OCC is adopting the definition as proposed. The regulatory definition matches the statutory definition. In response to comments, other definitions, including the definition of ''payment stablecoin,'' appropriately distinguish different types of digital assets from one another. The definition of ''payment stablecoin'' distinguishes a payment stablecoin from a deposit, including a tokenized deposit, without any need to revise the broader definition of ''digital asset.'' In addition, the OCC confirms that the definition applies for purposes of implementing the GENIUS Act under part 15 and does not necessarily apply in other contexts. The OCC also confirms that, under the definition in part 15, a representation of value that is not recorded on a cryptographically secured distributed ledger is not a digital asset.

Digital asset service provider. The proposed rule did not include the term ''digital asset service provider'' but sought comment on whether to include such a term. The OCC received several comments on the term. Many of these comments sought clarifications around the scope of the term. Some sought to distinguish digital asset service providers from permitted payment stablecoin issuers. Others requested that the OCC clarify that the term does not include providers of blockchain infrastructure or DeFi activities. Others stated that the statutory definition was sufficiently clear or that the OCC had no authority to interpret the term.

The final rule, like the proposal, does not use the term, which is generally more relevant to section 3 of the GENIUS Act (12 U.S.C. 5902) than the sections that part 15 implements. The OCC therefore found it unnecessary to define the term for purposes of part 15. The OCC does note that certain provisions of the GENIUS Act (*e.g.,* 12 U.S.C. 5902) apply to digital asset service providers and that permitted payment stablecoin issuers may also be considered digital asset service providers. Accordingly, permitted payment stablecoin issuers should ensure compliance both with the rules that apply to permitted payment stablecoin issuers and the rules that apply to digital asset service providers, as applicable.[23]

Director. The OCC proposed to define the term ''director'' for purposes of proposed part 15 to mean an individual who serves on the board of directors of a permitted payment stablecoin issuer or applicant, except an advisory director who does not have the authority to vote on matters before the board of directors or any committee of the board of directors and provides solely general policy advice to the board of directors or any committee. The OCC based the proposed definition on the definition included in 12 CFR 5.51. The proposed definition was modified from that in 12 CFR 5.51 to remove the exclusion for a director of a foreign bank that operates a Federal branch. The OCC determined that this language was unnecessary in light of the proposed definition of the term ''board of directors.'' As described above, to address the various organizational forms used by permitted payment stablecoin issuers and applicants, including those that do not have a traditional board of directors, the OCC proposed to define the term ''board of directors'' in proposed part 15 to include a group of individuals that serve the nearest equivalent function of acting as the governing body of the issuer or applicant. For a Federal branch, individuals who would meet the proposed definition of ''director'' would include individuals that are part of that group. Further, a director of a foreign bank is not a director of the branch unless the director serves on the board of a Federal branch (or serves in an equivalent capacity with respect to the branch).

The OCC received a few comments addressing the definition of ''director.'' A commenter suggested that: (i) branch-level senior officers should not automatically be considered ''directors'' solely because they exercise local management authority and (ii) for Federal branches seeking to issue stablecoins through a subsidiary, ''director'' should mean members of the subsidiary's board with binding governance authority, not the branch's country officer or regional manager.[24] The OCC is adopting the definition as proposed. The OCC believes the proposed definition was appropriately scoped in light of the definition of ''board of directors,'' which includes the group of individuals that serves the nearest equivalent function of acting as the governing body of the issuer or applicant. This definition focuses on persons with actual authority with respect to an entity. This functional definition of ''director'' appropriately captures persons serving the actual governance function associated with serving on the board of directors, regardless of formal structure or title.

Distributed ledger. The OCC proposed to define the term ''distributed ledger'' as provided in the GENIUS Act, 12 U.S.C. 5901(8), with certain technical edits. The proposed rule defined the term ''distributed ledger'' to mean technology in which (1) data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and (2) cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions. The proposed definition reformatted the definition in the GENIUS Act by using numbering to distinguish between the two components of the definition. The formatting changes were technical and did not substantively affect the definition.

The OCC received several comments addressing the definition of ''distributed ledger.'' Commenters generally supported the proposed definition but suggested making clarifications or including definitions of additional terms. For example, commenters had varying views on whether the term should include or exclude public ledgers, private ledgers, or semi-private ledgers.

The OCC is adopting the definition as proposed. This approach aligns with the statute. The OCC may address future innovations and developments through interpretations or additional rulemaking, as appropriate.

Distributed ledger protocol. The OCC proposed to define the term ''distributed

[23] *See* Department of the Treasury, *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale,* 91 FR 53368, 53371 (August 18, 2026) (stating that permitted payment stablecoin issuers are also digital asset service providers under the GENIUS Act).

[24] The commenter also stated that independent directors required for audit and risk committees should not need to be United States citizens but must be subject to United States jurisdiction for enforcement purposes. The OCC confirms that a director need not be a United States citizen but is subject to the enforcement provisions of the GENIUS Act.

ledger protocol'' as provided in the GENIUS Act, 12 U.S.C. 5901(9). The term ''distributed ledger protocol'' would have meant publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts. The OCC received no comments separately addressing the definition of ''distributed ledger protocol.'' The final rule, however, does not use the term. Accordingly, the OCC is not including a definition of the term in the final rule.

Eligible financial institution. The OCC proposed to define ''eligible financial institution'' to mean (1) a person that (a) is eligible to hold reserve assets in custody under section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)); (b) complies with the applicable requirements in section 10(b), (c), and (d) of the GENIUS Act (12 U.S.C. 5909(b), (c) and (d)), including with applicable implementing regulations issued by a relevant primary Federal payment stablecoin regulator as defined in 12 U.S.C. 5901(25), primary financial regulatory agency described in 12 U.S.C. 5301(12)(B) or (C), State bank supervisor, or State credit union supervisor; and (c), if applicable, enters into a custody agreement with a permitted payment stablecoin issuer documenting the person's compliance with paragraph (2) of the definition of eligible financial institution; or (2) a Federal Reserve Bank.

The term ''eligible financial institution'' is relevant to the reserve asset diversification and concentration requirements in § 15.11(c) of the rule. Under section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)), a person may only engage in the business of providing custodial or safekeeping services for the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys used to issue payment stablecoins if the person meets certain requirements, including being subject to supervision or regulation by a primary Federal payment stablecoin regulator, primary financial regulatory agency, or supervision by a State bank supervisor or a State credit union supervisor if such State bank supervisor or State credit union supervisor makes available to the Federal Reserve certain information. Such a person must also comply with the requirements under section 10(b) of the GENIUS Act (12 U.S.C. 5909(b)), unless the person holds such property in accordance with similar requirements as required by a primary Federal payment stablecoin regulator, the Securities and Exchange Commission, or the Commodity Futures Trading Commission.

Eligible financial institutions would have included insured depository institutions and national banks regardless of whether the entities engaged in stablecoin activities or provided custody services to permitted payment stablecoin issuers because these entities are subject to supervision or regulation by a primary Federal payment stablecoin regulator. Thus, for example, under proposed § 15.11(c) a permitted payment stablecoin issuer could hold reserves as deposits at a national bank regardless of whether the national bank acted as custodian for the permitted payment stablecoin issuer's other reserve assets.

To meet the proposed definition, a financial institution would have also needed to comply with the applicable requirements of section 10 of the Act (12 U.S.C. 5909), and the relevant custody agreement would have needed to reflect compliance with section 10 as well as policies and procedures to ensure such compliance.[25] These criteria help ensure compliance with section 10 of the Act.

The OCC recognized that multiple agencies will regulate permitted payment stablecoin issuers and the entities that may permissibly custody reserve assets. The proposed rule would have imposed requirements on where and how OCC-regulated permitted payment stablecoin issuers may hold reserve assets in § 15.11. Proposed subpart C would have separately imposed the requirements of section 10 of the GENIUS Act (12 U.S.C. 5909) on OCC-regulated institutions that hold reserve assets on behalf of payment stablecoin issuers, including on behalf of payment stablecoin issuers not regulated by the OCC. Proposed § 15.11 did not mandate that OCC-regulated permitted payment stablecoin issuers only hold their reserve assets in the custody of OCC-regulated custodians. Accordingly, the proposal acknowledged that there could be overlap between the requirements imposed by different regulators with different requirements implementing section 10 of the GENIUS Act. The OCC invited comment on the best ways to manage potentially overlapping requirements. The proposed rule would have required that an ''eligible financial institution'' comply with the requirements in section 10(b), (c), and (d) of the GENIUS Act, including applicable implementing regulations. Accordingly, even if different types of eligible financial institutions were subject to different regulations on the safe handling of stablecoin reserve assets, an OCC-regulated permitted payment stablecoin issuer could still custody reserve assets at any entity that met the requirements in the definition of ''eligible financial institution.''

The proposed rule would have required a permitted payment stablecoin issuer to enter into a custody agreement with an eligible financial institution, which would have required that the eligible financial institution adhere to the requirements in section 10(b), (c), and (d), along with any applicable implementing regulations. This requirement would have helped ensure that the eligible financial institution knows that it is subject to the requirements of the GENIUS Act and would have provided permitted payment stablecoin issuers a contractual means of enforcing compliance with applicable provisions of the Act.

The OCC received several comments addressing the definition of ''eligible financial institution.'' Commenters generally supported the proposed definition but made suggestions that the OCC make certain clarifications. One commenter suggested publishing and maintaining a list of institution types that qualify as eligible financial institutions, rather than leaving payment stablecoin holders to determine what may be an eligible financial institution. The OCC will not provide a list of eligible financial institutions or eligible financial institution types as that list may become stale as new types of entities become eligible to hold reserve assets in custody under section 10 of the Act (12 U.S.C. 5909) and it would be resource-intensive for the OCC to identify all eligible financial institutions regulated by different States. Rather than updating the list every time a new entity type becomes eligible, the OCC believes that a definition that relates back to the statutory requirements in section 10 (12 U.S.C. 5909) is appropriate.

One commenter suggested that the OCC confirm the eligibility of foreign branches and agencies as eligible financial institutions for reserve custody purposes. The OCC confirms that foreign branches and agencies may hold reserve assets in custody, provided that they meet the requirements in section 10 of the GENIUS Act (12 U.S.C. 5909). However, as discussed below, deposit liabilities of institutions that are not insured depository institutions do not qualify as reserve assets under section

[25] As discussed above, to the extent that an eligible financial institution does not engage in custody of covered assets, section 10 of the GENIUS Act (12 U.S.C. 5909) would not apply.

4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)).[26]

To be clear, section 10 of the Act (12 U.S.C. 5909) would not apply to a foreign custodian holding payment stablecoin reserves where there is no nexus to the United States. This approach ensures that the Act does not have an overly broad extraterritorial effect. However, holding payment stablecoin reserves for a permitted payment stablecoin issuer is clearly within the scope of section 10 of the Act (12 U.S.C. 5909). Moreover, because the definition of permitted payment stablecoin issuer is limited to persons formed in the United States, holding reserve assets for such persons entails a clear nexus to the United States.

A few commenters stated that eligibility should be based more on the activities performed and the institution's ability to satisfy segregation, custody, and operational standards than on balance sheet size or charter type, so that institutions of varying sizes and charter types can participate if they meet the relevant standards. The OCC's proposed definition would not have been inconsistent with these comments. The proposed definition did not impose any limitations for eligible financial institutions based on size. Moreover, the proposed rule did not limit eligible financial institutions to any particular charter type. Rather, the proposed rule imported the requirement in section 10 of the Act (12 U.S.C. 5909) that the institution be subject to supervision by certain State or Federal regulators.

Another commenter suggested that the OCC align the definition with established statutory and regulatory frameworks, such as the Bank Holding Company Act and State money transmitter laws, to promote consistency and reduce ambiguity. The OCC does not believe that further alignment is necessary or appropriate. Section 10 of the Act (12 U.S.C. 5909) sets forth the supervisory framework that applies to custodians of reserve assets, and the proposed rule merely ensures that such custodians comply with section 10. Any further changes to the definition could result in narrowing or broadening the types of institutions that may hold reserve assets in custody in a manner inconsistent with the statute.

One commenter stated that the definition of ''eligible financial institution'' should not be conditioned on complying with sections 10(b), (c), and (d) of the GENIUS Act (12 U.S.C. 5909(b)–(d)). The OCC disagrees. Sections 10(b), (c), and (d) each cross-reference to persons described in section 10(a) of the Act (12 U.S.C. 5909(a)). Thus, a person that is eligible to hold payment stablecoin reserve assets in custody under section 10(a) (12 U.S.C. 5909(a)) is subject to the requirements of sections 10(b), (c), and (d) of the Act, as applicable.[27]

The OCC is adopting the definition, with technical changes. The final rule renumbers paragraphs (1)(a) through (c) as (1)(i) through (iii) and replaces in paragraph (iii) a reference to paragraph (2) with a reference to paragraph (1)(ii). The final rule also includes additional clarifying language stating that a person must have in place policies and procedures designed to ensure compliance with paragraph (ii) (whereas the proposal referred to policies and procedures without explicit language clarifying that the person must have such policies and procedures in place). The definition appropriately encompasses the institutions that may hold reserve assets under section 10 of the GENIUS Act (12 U.S.C. 5909).

Excessive. The OCC received a few comments recommending the OCC define ''excessive'' both for purposes of affiliate transactions and for purposes of relevant capital requirements. The OCC is not adding a definition of ''excessive'' because the final rule does not use the term. The OCC has revised the provisions of the rule that used the word ''excessive'' in the proposal to provide additional clarity.

Executive officer. The OCC proposed a definition for the term ''executive officer,'' which is used in connection with the proposed application process in § 15.30. Under the proposal, the term ''executive officer'' would have been defined to mean the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term would have included any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The OCC based the proposed ''executive officer'' definition on the definition of ''Senior executive officer'' in 12 CFR 5.51(c)(4) with certain modifications to conform the language and format to apply to the relevant individuals and entities under this part and to streamline the definition to the positions most likely to be relevant for permitted payment stablecoin issuers. The OCC received no comments addressing the definition of ''executive officer.'' The OCC is adopting the definition as proposed.

Fair value. The OCC proposed to include a definition of the term ''fair value'' in the rule. As proposed, the term ''fair value'' would mean the fair value as determined under GAAP.[28] Fair value is used in the definition of ''reserve asset value,'' which pertains to the reserve asset requirements in § 15.11. The OCC received no comments addressing the definition of ''fair value.'' The OCC is adopting the definition as proposed.

FDIC. The OCC proposed to define FDIC to mean the Federal Deposit Insurance Corporation. This accords with the definition of ''Corporation'' in section 2(5) of the GENIUS Act (12 U.S.C. 5901(5)). The OCC opted not to use the term ''Corporation'' to describe the FDIC because that term is used more broadly in the definition of person, discussed below. The OCC received no comments addressing the definition of ''FDIC.'' The OCC is adopting the definition as proposed.

Federal branch. The OCC proposed to define the term ''Federal branch'' as provided in the GENIUS Act, 12 U.S.C. 5901(10). Specifically, the proposed rule provided that the term ''Federal branch'' would have the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)(2)). The OCC received no comments addressing the definition of ''Federal branch.'' The OCC is adopting the definition as proposed.

Federal qualified payment stablecoin issuer. The OCC proposed to define the term ''Federal qualified payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(11), with certain technical and conforming changes. Specifically, the proposed rule defined the term ''Federal qualified payment stablecoin issuer'' to mean the following entities that are approved by the OCC, pursuant to proposed § 15.30, to issue payment stablecoins: (1) a nonbank entity, other than a State qualified payment stablecoin issuer; (2) an uninsured national bank that is chartered by the OCC, pursuant to title LXII of the Revised Statutes; or (3) a

[26] Uninsured deposits of insured banks are, however, permissible reserve assets under section 4(a)(1)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(ii)).

[27] Under section 10(a)(2) of the Act, 12 U.S.C. 5909(a)(2), a custodian of reserve assets must comply with the requirements of section 10(b) of the Act unless the custodian holds the reserve assets (or other covered assets) in accordance with similar requirements as required by a primary Federal payment stablecoin regulator, the Securities and Exchange Commission, or the Commodity Futures Trading Commission.

[28] *See* discussion of the definition of ''GAAP,'' *infra.*

Federal branch.[29] The proposed definition modified the definition provided in the GENIUS Act by reformatting it to reduce repetition and replacing the statutory term ''Comptroller'' with the proposed defined term ''OCC.'' In addition, the proposed definition replaced cross references to section 5 of the GENIUS Act (12 U.S.C. 5904) with a cross reference to the proposed implementing provisions in proposed § 15.30. The OCC received no comments addressing the definition of ''Federal qualified payment stablecoin issuer.'' The OCC is adopting the definition as proposed.

Federal Reserve. The proposed rule defined the term ''Federal Reserve'' to mean the Board of Governors of the Federal Reserve System. This accords with the definition of ''Board'' in section 2(3) of the GENIUS Act (12 U.S.C. 5901(3)). The OCC proposed to use the term ''Federal Reserve'' in place of ''Board'' for greater clarity because the proposed rule refers separately to boards of directors in various sections. The OCC received no comments addressing the definition of ''Federal Reserve.'' The OCC is adopting the definition as proposed.

Foreign payment stablecoin issuer. The OCC proposed to define the term ''foreign payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(12), with certain clarifying changes. Under the proposed rule, the term ''foreign payment stablecoin issuer'' would have meant an issuer of a payment stablecoin that is (1) organized under the laws of or domiciled in a foreign country or a territory of the United States; and (2) not a permitted payment stablecoin issuer as defined in 12 U.S.C. 5901(23). The proposed definition of foreign payment stablecoin issuer referred to the statutory definition of ''permitted payment stablecoin issuer'' because the proposed rule generally limits the definition of that term to entities subject to the OCC's jurisdiction.

Although included in the statutory definition, the proposed definition did not include the phrase ''Puerto Rico, Guam, American Samoa, or the Virgin Islands.'' The OCC determined that the omitted phrase was redundant and may lead to confusion. Under the proposed definition, a foreign payment stablecoin issuer may be organized under the laws of, or domiciled in, any territory of the United States. The United States currently has five permanently inhabited territories: the four listed above and the Northern Mariana Islands. The OCC received no comments addressing the definition of ''foreign payment stablecoin issuer.'' The OCC is adopting the definition as proposed with a technical modification to add commas.

Freeze and seize. The OCC received one comment stating that the OCC should separately define ''freeze'' and ''seize.'' The final rule does not use these terms. Therefore, the OCC has elected not to define them. To the extent they are used in the forthcoming rule considering BSA/AML and sanctions, the OCC may consider defining these terms.

GAAP. The OCC proposed to include a definition of the term GAAP in the rule. The proposed rule defined the term ''GAAP'' to mean generally accepted accounting principles as used in the United States. GAAP is used in the definition of fair value and proposed subparts B and E. The OCC received no comments addressing the definition of ''GAAP.'' The OCC is adopting the definition as proposed.

Immediate family. The OCC proposed to define the term ''immediate family'' to mean the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home. This term is relevant to the risk management standards concerning insider and affiliate transactions and is consistent with the definition in Regulation O (12 CFR part 215). The OCC received no comments addressing the definition of ''immediate family.'' The OCC is adopting the definition as proposed.

Insider. The OCC proposed to define the term ''insider'' to mean a principal shareholder, an executive officer, a director, or a related interest of, or the immediate family member of, any of these persons. This term is relevant to the risk management standards concerning insider and affiliate transactions and is adapted from the definition in Regulation O (12 CFR part 215). The term was adapted to make direct reference to the immediate family of a principal shareholder, executive officer, or director to mitigate the risk of an insider engaging in inappropriate transactions to benefit immediate family members. The OCC received no comments addressing the definition of ''insider.'' The OCC is adopting the definition as proposed with a technical modification to add commas.

Insured credit union. The OCC proposed to define the term ''insured credit union'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(14). As proposed, the term ''insured credit union'' would have the meaning given to that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752). The OCC received no comments addressing the definition of ''insured credit union.'' The OCC is adopting the definition as proposed.

Insured depository institution. The OCC proposed to define the term ''insured depository institution'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(15). As proposed, the term ''insured depository institution'' would have been defined to mean an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)) and an insured credit union.

The OCC received a number of comments addressing the definition of ''insured depository institution.'' Some commenters stated that the OCC should define ''insured depository institution'' by reference to section 3(c)(3) of the Federal Deposit Insurance Act rather than the generally applicable definition in section 3(c)(2) of the same Act. Commenters stated that excluding uninsured branches from the definition distorts markets and contradicts the GENIUS Act's intent to decouple payment stablecoins from deposit insurance and to promote competitive equity among United States banks and foreign banks and would be inconsistent with generally applicable principles of national treatment. Commenters also stated that using the broader definition in section 3(c)(3) of the Federal Deposit Insurance Act would be consistent with longstanding principles concerning national treatment. Commenters stated that the term ''insured depository institution'' should not depend on actual FDIC insurance coverage (per section 3(c)(2) of the Federal Deposit Insurance Act) but rather on comprehensive regulation and enforcement (per section 3(c)(3) of the Federal Deposit Insurance Act). A few commenters stated that legislative history supports treating foreign banking organizations the same as United States banks and indicates that reserve demand deposits need not be insured so long as they are held at regulated institutions. Some commenters pointed to prior Federal Reserve interpretations under section 716 of the Dodd-Frank Act as support for reading ambiguous statutory

[29] Certain Federal qualified payment stablecoin issuers may be subsidiaries of national banks. For example, an uninsured national trust bank may be a subsidiary of a national bank. An insured national bank or Federal savings association seeking to issue a payment stablecoin would, however, need to do so through a subsidiary, as required under the GENIUS Act. *See* 12 U.S.C. 5901(23) (defining ''permitted payment stablecoin issuer'').

language to include branches and agencies of foreign banks. One commenter also stated that, while reserve balances generally should be held onshore to support onshore redemption, issuers should be able to hold a portion of reserves offshore to facilitate minting and burning for non-U.S. holders outside United States banking hours. Another commenter argued that using the broader definition would be consistent with the goals of the statute and would not create undue risk given the applicable prudential regulations.

The OCC is adopting the definition as proposed. Under section 3(c)(2) of the Federal Deposit Insurance Act, ''insured depository institution'' means any bank or savings association the deposits of which are insured by the FDIC. This is the definition that generally applies under the Federal Deposit Insurance Act. Section 3(c)(3) provides that the term ''insured depository institution'' also includes any uninsured branch or agency of a foreign bank or a commercial lending company owned or controlled by a foreign bank for purposes of 12 U.S.C. 1818. As this provision is clearly limited to section 8 of the Federal Deposit Insurance Act, it would not be a permissible interpretation of the Act to extend the provision beyond section 8 of the Federal Deposit Insurance Act. Therefore, uninsured branches and agencies of foreign banks or commercial lending companies owned or controlled by foreign banks are not insured depository institutions under the Act based on a plain reading of the Act. Because the statute is clear that uninsured branches and agencies of foreign banks are not insured depository institutions, the OCC is not amending the definition.

Monetary value. The OCC proposed to define the term ''monetary value'' as provided in the GENIUS Act, 12 U.S.C. 5901(17). The proposal defined ''monetary value'' to mean a national currency or deposit (which, as discussed above, would have the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) denominated in a national currency. The OCC received no comments addressing the definition of ''monetary value.'' The OCC is adopting the definition as proposed.

Money. Section 2(18) of the GENIUS Act, 12 U.S.C. 5901(18), defines ''money'' to mean a medium of exchange currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. This definition is relevant to the definition of national currency (discussed below) and certain reserve assets described in section 4(a)(1)(A)(i) and (iv) of the Act (12 U.S.C. 5903(a)(1)(A)(i) and (iv)). Section 4(a)(1)(A)(i) refers to money standing to the credit of an account with a Federal Reserve Bank. Section 4(a)(1)(A)(iv) refers to money received under a repurchase agreement that meets certain requirements. Although the statutory definition of money clearly includes monetary value, it may be unclear at any point in time whether other mediums of exchange have been authorized or adopted by a domestic or foreign government. Moreover, whether a medium of exchange meets this definition may change based on actions of foreign governments or intergovernmental organizations. While it may be relatively clear whether an asset is money standing to the credit of an account with a Federal Reserve Bank, there could be ambiguity as to whether a particular asset is money received under a repurchase agreement. Therefore, to promote clarity and uniformity for purposes of determining whether certain assets would qualify as money, the OCC proposed that it would provide prior confirmation publicly that a medium of exchange (other than those defined as monetary value) meets the definition of ''money'' under the GENIUS Act. Specifically, the OCC proposed to define ''money'' for the purposes of part 15 to mean monetary value and any other medium of exchange that the OCC has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

The OCC received a few comments addressing the definition of ''money.'' Commenters generally supported the proposed definition but suggested that the OCC incorporate certain additions. One commenter suggested that the OCC confirm that ''money'' does not include particular crypto-assets. Another commenter suggested that the OCC should not rely solely on the statutory language and should clarify that determinations issued are binding on all primary Federal payment stablecoin regulators to prevent interagency inconsistency. Another commenter suggested that the OCC should explicitly state that any OCC determination must remain grounded in whether the instrument functions as a government-authorized medium of exchange, consistent with the GENIUS Act's structure and purpose.

The OCC is adopting the definition as proposed. The OCC believes that this definition will provide sufficient clarity as to what constitutes money and will allow the OCC to assess the facts presented by any particular medium of exchange. The OCC declines to confirm in regulation text whether any particular asset that is not monetary value is money because such regulation text may become dated quickly as governments may authorize or deauthorize such assets. To promote clarity and consistency, the OCC intends to publish any determinations it makes as to whether an asset constitutes ''money'' for purposes of part 15.

National currency. The OCC proposed to define the term ''national currency'' as provided in the GENIUS Act, 12 U.S.C. 5901(19). Under the proposed rule, the term ''national currency'' would have meant (1) a Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411)); (2) money standing to the credit of an account with a Federal Reserve Bank; (3) money issued by a foreign central bank; or (4) money issued by an intergovernmental organization pursuant to an agreement by two or more governments. The OCC received no comments addressing the definition of ''national currency.'' The OCC is adopting the definition as proposed.

Nonbank entity. The OCC proposed to define the term ''nonbank entity'' as provided in the GENIUS Act, 12 U.S.C. 5901(20). Specifically, under the proposed rule, the term ''nonbank entity'' would have meant a person that is not a depository institution or subsidiary of a depository institution. Consistent with the statutory definition, a nonbank entity could include a non-subsidiary affiliate of a depository institution.

One commenter requested that the OCC confirm that the definition of nonbank entity can include certain FinCEN-registered money services businesses. The OCC confirms that any person that is not a depository institution or a subsidiary of a depository institution is a nonbank entity. Thus, money services businesses that are not depository institutions (or subsidiaries of depository institutions) are nonbank entities and may apply to become Federal qualified payment stablecoin issuers. In addition, as described above, under the final rule, an uninsured credit union would constitute a nonbank entity due to revisions to the definition of depository

institution. The OCC is adopting the definition as proposed.

Nonpublic personal information. The OCC proposed to define the term ''nonpublic personal information'' to mean information (1) provided by a customer to a permitted payment stablecoin issuer to obtain a financial product or service, (2) about a customer resulting from any transaction involving a financial product or service between the permitted payment stablecoin issuer and a customer, or (3) otherwise obtained by the permitted payment stablecoin issuer in connection with providing a financial product or service to a customer. The proposed definition did not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

The OCC received several comments addressing the definition of nonpublic personal information. Commenters generally argued that the proposed definition is overbroad and should better distinguish between nonpublic customer information and information associated with public blockchain activity or institutional transactions. Some commenters suggested that the OCC should limit the definition to information that is not publicly available and that an issuer receives in confidence through a direct customer relationship. Several commenters suggested that the OCC clarify that information recorded on a public blockchain is not nonpublic personal information for purposes of the rule. One commenter suggested that Travel Rule data transmitted as part of interbank settlement merits special treatment and should be dealt with under BSA/AML confidentiality frameworks rather than consumer privacy frameworks.

The OCC is adopting the proposed definition, with certain modifications to the proposed exclusion for publicly available information. Under the final rule, nonpublic personal information does not include publicly available information, including information broadly accessible through a distributed ledger. The final rule eliminates language concerning the use of publicly available information that, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account. The OCC determined that this language was unnecessary because the reference to ''other information'' concerned nonpublic information. Under the final rule, for example, public wallet addresses would not be considered nonpublic information, but certain additional private information that could tie a customer's identity to the address would be considered nonpublic information. Nonpublic information would also generally include sensitive customer information, described in greater detail below. The OCC believes that the revisions to the definitions of nonpublic personal information and customer combined with revisions to the final rule's risk management requirements will provide greater clarity for permitted payment stablecoin issuers while ensuring that customer information is appropriately protected. With respect to the comment concerning Travel Rule data, the comment is outside the scope of this final rule. The OCC is clarifying that the provisions of 12 CFR part 15 relating to nonpublic personal information do not alter any obligations under BSA/AML frameworks.

OCC. The OCC proposed to substitute the term ''OCC'' for the term ''Comptroller'' as defined in the GENIUS Act, 12 U.S.C. 5901(4). Specifically, the proposed rule defined the term ''OCC'' to mean the Office of the Comptroller of the Currency. The proposed definition would refer to the organization as opposed to the individual who occupies the office. Using the term OCC is consistent with the agency's terminology in other regulations for which it has rulemaking authority. The OCC received no comments addressing the definition of ''OCC.'' The OCC is adopting the definition as proposed.

Outstanding issuance value. The OCC proposed to define the term ''outstanding issuance value'' to mean the total consolidated par value of all of a payment stablecoin issuer's payment stablecoins. This would have included the combined total par value of different brands of payment stablecoin issued by the payment stablecoin issuer (*e.g.,* under a white-label arrangement) to the extent that such an arrangement complies with proposed 12 CFR part 15. The OCC sought comment on the proposed definition, including whether it should include the par value of the issuance of non-consolidated affiliates. The OCC received several comments addressing the definition of ''outstanding issuance value.'' Commenters generally suggested that the OCC adopt a definition that is clear, operationally workable, and aligned with reserve backing and accurate measurement of circulating supply. Commenters urged the OCC to clarify the scope of ''outstanding issuance value.'' Commenters also asked the OCC to clarify the treatment of repurchased but not yet permanently retired tokens, temporary discrepancies caused by technical or legal compliance processes, and the application of the definition in multi-issuer or branded stablecoin arrangements.

The OCC is adopting the definition with certain clarifications. Under the final rule, ''outstanding issuance value'' means the total par value of all the payment stablecoins issued by a permitted payment stablecoin issuer. The final rule's definition is consistent with the statute's focus on the issuer, rather than the issuer's affiliates. Absent conduct suggesting an attempt to evade the GENIUS Act or an arrangement that suggests that reserve assets may be inadequate or misallocated relative to outstanding issuance value, the OCC does not believe that it is generally necessary to include payment stablecoins issued by affiliates that are not consolidated into a permitted payment stablecoin issuer in the outstanding issuance value of the permitted payment stablecoin issuer.[30] Not including non-consolidated affiliates will also help ensure that business models that rely on multiple SPV issuers are not penalized relative to other business models. Such SPV issuers would only need to hold reserve assets against the payment stablecoins that they issue, rather than also needing to hold reserves against an affiliate's payment stablecoins. In response to commenters, the OCC reiterates that, to be included within outstanding issuance value, an instrument must be a payment stablecoin, which means that the issuer must have incurred the obligation to convert, redeem, or repurchase the payment stablecoin. Thus, for purposes of calculating the outstanding issuance value, a digital asset that is, or is designed to be, used as a means of payment or settlement but for which there is not yet an obligation to convert, redeem, or repurchase for a fixed amount of monetary value would not be included in the calculation. A digital asset minted (*i.e.,* created on a blockchain) by an issuer to be a payment stablecoin would not be included in the calculation of outstanding issuance value until the

[30] The OCC notes, however, that in certain situations, the OCC may consider a non-consolidated affiliate's issuance. For example, if a State qualified payment stablecoin issuer treats affiliate-issued stablecoins as fungible with its own and appears to use affiliates to stay under the $10 billion threshold for transition to the Federal framework, such behavior could indicate an attempt to evade the GENIUS Act or could, depending on the facts and circumstances, indicate unusual and exigent circumstances within the meaning of section 7 of the GENIUS Act (12 U.S.C. 5906).

obligation to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value is incurred. For example, an issuer may mint a digital asset that it keeps in treasury, but it would not be considered a payment stablecoin or included in the calculation of the issuer's outstanding issuance value until the digital asset was transferred to a third party or the issuer was otherwise obligated to convert, redeem, or repurchase the digital asset. Similarly, once an issuer permanently removes a payment stablecoin from circulation (*e.g.,* burns the payment stablecoin), the digital asset would cease to be included in the calculation of outstanding issuance value.

Payment stablecoins for which holder access has been restricted pursuant to applicable law, regulation, or court order would remain payment stablecoins, as the issuer's obligation to convert, redeem, or repurchase for a fixed amount of monetary value continues and the associated reserves are maintained in segregated accounts pending resolution of the restriction. Likewise, if an issuer repurchased a payment stablecoin but did not burn the payment stablecoin, the stablecoin in the permitted payment stablecoin issuer's inventory would not be part of the issuer's outstanding issuance value because the issuer has no obligation to convert, redeem, or repurchase the stablecoin when it is in the issuer's inventory (but would become part of the outstanding issuance value if the permitted payment stablecoin issuer subsequently put the payment stablecoin back into circulation). Therefore, the definition of ''outstanding issuance value'' only includes payment stablecoins for which the permitted payment stablecoin issuer is obligated to convert, redeem, or repurchase for a fixed amount of monetary value (*i.e.,* generally the issued payment stablecoins in circulation). The final rule also excludes the word ''consolidated'' from the definition of outstanding issuance value. This is to better facilitate the use of SPV issuers under part 15. This revision makes clear that each SPV issuer only needs to have reserve assets backing the payment stablecoins that it issues. The OCC is adding the word ''consolidated'' to certain other provisions of part 15 (relating to certain non-financial companies and nonbank State qualified payment stablecoin issuers) in light of this change and to maintain consistency with the requirements of the GENIUS Act.

Payment stablecoin. The OCC proposed to define the term ''payment stablecoin'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(22), with certain technical changes. Under the proposal, the term ''payment stablecoin'' would have meant a digital asset (i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which (A) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (B) represents that such issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.[31] For a digital asset to be a payment stablecoin under proposed part 15, the issuer must be obligated to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value.

The proposed definition also provided that a ''payment stablecoin'' does not include a digital asset that is a (i) national currency; (ii) deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or (iii) security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2). The GENIUS Act's definition of ''payment stablecoin'' also contains language clarifying that ''no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely [because the issuer satisfies] the conditions in [paragraph (1) of the proposed ''payment stablecoin'' definition], consistent with section 17 of the Act.'' The GENIUS Act provides that this language was included ''for the avoidance of doubt.'' The OCC determined that it was not necessary to include this language in the proposed ''payment stablecoin'' definition because section 17 of the GENIUS Act includes amendments to the cited Federal statutes that clarify that payment stablecoins are not securities.

The OCC received several comments addressing the definition of ''payment stablecoin.'' Commenters generally sought a definition that more clearly distinguished payment stablecoins covered by the Act from other digital instruments. Commenters suggested that the OCC clarify the scope of the definition so that it captures instruments primarily designed and used for payment or settlement and excludes products that function instead as securities, investment instruments, tokenized deposits, closed-loop or community tokens, algorithmic tokens, or other nonpayment digital assets. Other commenters asked the OCC to clarify certain definitional boundaries (*e.g.,* payment or settlement use, redemption obligations, reserve backing, and instruments structured under United States or foreign securities laws). One commenter stated that the definition should include products designed to circumvent the GENIUS Act. Some commenters stated that the term was appropriately defined.

Commenters requested clarity regarding potential disclosures relating to the definition of payment stablecoin, with one commenter stating that the OCC should treat the core properties of a payment stablecoin—that it represents stable value and that it creates a reasonable appearance or expectation of redemption at or near par—disjunctively in order to assess violations of marketing restrictions. The commenter further stated that, by treating either condition as sufficient, the OCC would prevent regulatory arbitrage, ensure consistent application of core protections, and maintain competitive neutrality. A different commenter stated that unregistered foreign payment stablecoin issuers of dollar-denominated crypto-assets purporting to hold a stable dollar-referenced value cannot use the term ''payment stablecoin'' to describe such instruments. Section 4(e)(3) of the GENIUS Act (12 U.S.C. 5903(e)(3)) prohibits the marketing of products as payment stablecoins when they are not issued pursuant to the GENIUS Act. The Department of the Treasury has enforcement authority with respect to that provision of the Act, so the OCC is not addressing that marketing prohibition in this final rule.

The OCC is adopting the definition as proposed. The proposed definition aligns with the statutory definition and thus appropriately captures the scope of instruments that are payment stablecoins under the GENIUS Act. As in the proposed definition, the OCC does not believe that it is necessary to separately specify that ''no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely [because the issuer satisfies] the conditions in [paragraph (1) of the ''payment stablecoin'' definition], consistent with section 17 of the Act'' because the GENIUS Act

[31] The OCC interprets the statutory language in 12 U.S.C. 5901(22) to mean that the permitted payment stablecoin issuer would be obligated to meet redemption requests at par.

amended the pertinent securities laws to specify that a payment stablecoin is not a security. Thus, including this language from section 2(22)(B)(iii) would be redundant. The OCC believes that other changes to the definition may risk deviating from the scope of instruments intended to be captured by the GENIUS Act's definitions. In response to specific comments, the OCC notes that instruments for which an issuer is not obligated to convert, redeem, or repurchase for a fixed amount of monetary value are outside the scope of the definition of ''payment stablecoin'' for purposes of part 15. Redefining ''payment stablecoin'' based on the characteristics noted by certain commenters would be inconsistent with the statutory definition. Because the definition of monetary value does not include payment stablecoins, a stablecoin that is redeemable for a payment stablecoin is not itself a payment stablecoin. Thus, for purposes of the OCC's implementation of the Act, a ''wrapped'' stablecoin generally would not be a payment stablecoin. The OCC does not believe that it is necessary to define payment or settlement. The statute merely requires that a payment stablecoin be, or be designed to be, used as a means of payment or settlement. It does not require that the primary purpose of the payment stablecoin be payment or settlement. In light of this fact, and the broad scope of what is generally included within payment or settlement, the OCC expects that most stablecoins could meet this prong of the definition of payment stablecoin. Accordingly, the OCC does not believe that it is necessary to further define ''payment'' or ''settlement'' for purposes of the definition of payment stablecoin. The OCC also believes that the definition appropriately and clearly excludes deposits, including deposits in tokenized form, and that additional revisions are not necessary to distinguish payment stablecoins from deposits.

Payment stablecoin holder. The proposed rule did not define the term ''payment stablecoin holder'' but used the term in several sections and requested comment on whether to define ''stablecoin holder.'' The OCC received several comments concerning the definition of customer and payment stablecoin holder. Several comments recommended distinguishing the two terms, with ''customer'' referring to persons that interact directly with an issuer and ''payment stablecoin holder'' referring to beneficial owners of payment stablecoins (or, in some cases, beneficial and legal owners of payment stablecoins). One comment stated that the OCC should not define the term ''stablecoin holder.'' This commenter asserted that the GENIUS Act does not use the term (but rather uses the term ''holder of any payment stablecoin'') and stated that defining a new term would exceed the authority delegated to the OCC. This commenter also stated that the GENIUS Act concerns payment stablecoins only, so the term would be overbroad. Others stated that the OCC should define the term to include both legal and beneficial owners of payment stablecoins. These commenters stated that interpreting the term was within the OCC's interpretive authority.

In response to these comments, the OCC is defining the term ''payment stablecoin holder'' rather than ''stablecoin holder.'' This will clarify that the scope is limited to holders of payment stablecoins that are issued or held in custody by entities engaged in activities that are subject to the GENIUS Act. The final rule defines payment stablecoin holder to mean the beneficial owner of a payment stablecoin. The OCC is defining this term solely for purposes of the OCC's implementing regulations and doing so does not exceed the OCC's authority. The definition in the final rule does not affect, for example, the insolvency provisions in section 11 of the GENIUS Act. The definition will appropriately distinguish persons that merely control a payment stablecoin on another's behalf (*e.g.,* custodians) from persons that would benefit economically from a payment of interest or yield on a payment stablecoin. This definition, combined with the change to the definition of customer, will help ensure that part 15 is not unduly burdensome and that the requirements with respect to payment stablecoin holders and customers are appropriately scoped. The OCC notes that the GENIUS Act uses the term ''payment stablecoin holder'' six times in other contexts in addition to the substantially similar phrase ''holder of any payment stablecoin'' in the context of the yield prohibition. The statute is unclear as to whether the term refers to any person that controls a payment stablecoin or rather the beneficial owner of a payment stablecoin. Clarifying this point is important to implementing the statutory prohibition against paying interest or yield solely in connection with the holding, use, or retention of a payment stablecoin in section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)).

Permitted payment stablecoin issuer. The OCC proposed to define the term ''permitted payment stablecoin issuer'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(23), with certain modifications. Specifically, the proposed definition would have limited the definition to the entities that are subject to the OCC's jurisdiction, including State qualified payment stablecoin issuers subject to the OCC's regulatory authority under section 4 of the GENIUS Act (12 U.S.C. 5903).[32] In addition, the proposed definition cross-referenced the relevant proposed implementing provision in place of the statutory provision included in the GENIUS Act's definition. Under the proposed rule, the term ''permitted payment stablecoin issuer'' would have meant a person formed in the United States that is a (1) subsidiary of an insured national bank or Federal savings association that has been approved to issue payment stablecoins under § 15.30; (2) Federal qualified payment stablecoin issuer; or (3) State qualified payment stablecoin issuer subject to the OCC's regulatory or enforcement authority under section 4 of the GENIUS Act (12 U.S.C. 5903).[33]

The OCC received several comments addressing the definition of ''permitted payment stablecoin issuer.'' Comments generally supported the definition but suggested clarifications to identify the responsible issuing entity while avoiding overinclusion of affiliated parties or service providers. Commenters also suggested that the OCC clarify which entities qualify as issuers (*e.g.,* uninsured Federal branches, agencies, and multi-issuer payment stablecoin structures). Other commenters asked the OCC to distinguish between entities with primary legal and economic responsibility for issuing, redeeming, and backing payment stablecoins and service providers or intermediaries that perform ancillary technical, distribution, or support functions.

The OCC is adopting the definition as proposed. The definition closely matches the statutory definition, with minor changes to reflect the OCC's jurisdiction. In response to comments, the OCC confirms that, consistent with the definition of payment stablecoin in section 2 of the GENIUS Act (12 U.S.C.

[32] *See* Scope section-by-section analysis, *supra.*

[33] In addition, the OCC has enforcement authority pursuant to section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)) with respect to certain nonbank State qualified payment stablecoin issuers in unusual and exigent circumstances. Proposed § 15.16 would address the requirements applicable to certain State qualified payment stablecoin issuers under unusual and exigent circumstances, but the OCC is not proposing to include State qualified payment stablecoin issuers that come within the OCC's jurisdiction solely as a result of section 7(e)(2) of the GENIUS Act within the definition of permitted payment stablecoin issuer.

5901(22)), for the purposes of part 15, the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase a tendered payment stablecoin for a fixed amount of monetary value (not including a digital asset denominated in a fixed amount of monetary value). A service provider that is not obligated to convert, redeem, or repurchase is not a permitted payment stablecoin issuer. Under the statute, a variety of entities may be permitted payment stablecoin issuers subject to the OCC's jurisdiction, including subsidiaries of insured national banks or Federal savings associations; Federal qualified payment stablecoin issuers that are approved by the OCC, comprising uninsured national banks, Federal branches, or nonbank entities; or State qualified payment stablecoin issuers that transition to the OCC's regulatory framework. As discussed above, due to changes in the definition of ''depository institution,'' an uninsured credit union would qualify as a nonbank and could seek to be a Federal qualified payment stablecoin issuer.

Person. The OCC proposed to define the term ''person'' as the term is defined in the GENIUS Act, 12 U.S.C. 5901(24). As proposed, the term ''person'' would have meant an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

The OCC received a few comments addressing the definition of ''person.'' Commenters generally agreed with the definition but sought clearer boundaries around which collective arrangements would be treated as associations. Commenters suggested that the OCC clarify that the definition applies to legally identifiable entities or organized groups capable of exercising governance or control. Other commenters also urged the OCC to address how the definition applies in decentralized or algorithmically governed structures, while another commenter supported keeping the definition broad.

The OCC is adopting the definition as proposed. The statutory definition of ''person'' in section 2(24) of the Act (12 U.S.C. 5901(24)) is broad and expressly includes individuals, partnerships, and both incorporated and unincorporated business entities. Accordingly, the OCC declines to exclude arrangements that are not legally identifiable as such arrangements may be included within the statutory definition. The OCC also declines to opine as to whether decentralized arrangements generally would constitute a person, as the determination would depend on the facts and circumstances of the arrangement. As with its other regulations, interested parties may request that the OCC provide interpretive guidance, as necessary.

Principal shareholder. The OCC proposed to define the term ''principal shareholder'' to mean a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant. This definition is substantially similar to the definition used in the OCC's general licensing regulations in 12 CFR 5.20(d)(10).

The OCC received a few comments addressing the definition of ''principal shareholder.'' Commenters generally agreed with the definition but requested additional clarity regarding identifying control and significant ownership interests. Commenters suggested that the OCC clarify how the definition applies to governance rights and influences that may not take the form of traditional securities ownership. Other commenters suggested that the OCC clarify the meaning of ''acting in concert'' and align the definition with existing banking law concepts.

The OCC is adopting the definition as proposed. As discussed above, the OCC believes that it is unnecessary to define ''acting in concert'' for purposes of 12 CFR part 15 at this time. The OCC also believes that it is unnecessary to change the definition of principal shareholder. Retaining the proposed definition would maintain parity between the treatment of permitted payment stablecoin issuers and national banks and Federal savings associations.

Private key. The OCC proposed to define the term ''private key'' to mean the unique alphanumeric string that allows an individual to transfer a particular unit of a digital asset using a distributed ledger. While the preamble to the proposal noted that this definition was intended to include shards of a private key,[34] several commenters noted that the definition in the regulatory text nonetheless implies a static single-key architecture and does not easily fit with a distributed-key architecture, wherein cryptographic key shares are distributed across independent parties or hardware environments such that the full key material is not held in any one place and exists only as a mathematical construct realized at the moment of signing. The OCC has decided to modify the definition to more expressly address sharding. Under the final rule, private key means the cryptographic material, whether held in whole, in shares, or reconstructed ephemerally, that confers the ability to authorize a transaction on a distributed ledger.

Publicly available information. The OCC proposed to define the term ''publicly available information'' to mean any information that a person has a reasonable basis to believe is lawfully made available to the general public from: (1) Federal, State, or local government records; (2) widely distributed media; (3) disclosures to the general public that are required to be made by Federal, State, or local law; or (4) a distributed ledger.[35]

The OCC received a few comments addressing the definition of ''publicly available information.'' Commenters generally suggested that the OCC provide clearer treatment of blockchain-based information within the privacy framework. Some commenters suggested that the definition should apply to distributed ledger or on-chain transaction data. Other commenters suggested that privacy protections should not be eliminated where issuers can control disclosure or where transaction data can be linked to identifiable individuals. Other commenters suggested that certain transaction-level data should be treated as protected financial records rather than excluded from coverage altogether.

The OCC is adopting the definition as proposed. The OCC believes that this approach, combined with revisions to § 15.13 and to the definitions of customer and nonpublic personal information, appropriately provides a robust data protection requirement with respect to customers of a permitted payment stablecoin issuer. As discussed in greater detail above, in response to commenters, the revisions to the definition of nonpublic personal information discussed above further emphasize that information broadly available through a distributed ledger would generally be outside the scope of nonpublic personal information.

Registered public accounting firm. The OCC proposed to define the term ''registered public accounting firm'' as provided in the GENIUS Act, 12 U.S.C. 5901(26). Under the proposal, the term ''registered public accounting firm'' would have meant a registered public accounting firm set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201). The OCC received no

[34] Sharding refers to dividing a private key into distinct pieces for enhanced security.

[35] As noted above, the term ''distributed ledger'' is limited to publicly available and accessible ledgers.

comments addressing the definition of ''registered public accounting firm.'' The OCC is adopting the definition as proposed.

Related interest. The OCC proposed to define the term ''related interest'' of a person to mean (1) a company that is controlled by that person; or (2) a political or campaign committee that is controlled by that person or the funds or services of which will benefit that person. This term is relevant to the risk management standards for insider and affiliate transactions and is derived from the definition in Regulation O (12 CFR part 215). The OCC received no comments addressing the definition of ''related interest.'' The OCC is adopting the definition as proposed.

Reserve asset. The OCC proposed to define the term ''reserve asset'' to mean an asset maintained by a permitted payment stablecoin issuer of a type enumerated in § 15.11(b).[36] The OCC received no comments addressing the definition of ''reserve asset.'' The OCC is adopting the definition as proposed.

Reserve asset value. The final rule defines reserve asset value to mean the sum of: (1) the total fair value of reserve assets, net of any associated liabilities, other than United States coins and currency; and (2) the total face value of reserve assets comprising United States coins and currency. The proposed rule did not include this term. Rather, it required all reserve assets to be valued at fair value for the purpose of ensuring that the total outstanding issuance value is backed on at least a 1 to 1 basis by reserve assets. The OCC is adopting this new term because, in the case of United States coins and currency, it is more appropriate to value these items based on face value. This confirms, for instance, that a permitted payment stablecoin issuer may not back a payment stablecoin based on the metallic or collector value associated with a particular coin (which may be volatile). The OCC acknowledges that the use of coins or currency to back a payment stablecoin is likely to be rare. Thus, in most instances, reserve asset value will be determined purely by the fair value of reserve assets. The final rule also clarifies that reserve asset value is calculated net of associated liabilities. Notably, this makes clear that assets that a permitted payment stablecoin issuer is obligated to repurchase under a repurchase agreement may not be essentially double counted when determining the permitted payment stablecoin issuer's reserve asset value. If, for example, an issuer holds a Treasury security as a reserve asset and pledges the security pursuant to a repurchase agreement, the issuer would include the cash received under the repurchase agreement in its reserve asset value but must also subtract its obligation to repurchase the Treasury security.

Senior management. Proposed §§ 15.14(i) and 15.42(a)(5) referred to the senior management of a permitted payment stablecoin issuer. The proposal did not define the term but sought comment on whether to do so. The OCC received a few comments stating that the term should align with ''executive officers'' or a subset thereof. One commenter said that a formal definition was not necessary, but the term should be read to include the individuals responsible for day-to-day management, rather than looking to titles alone. Section 15.42 refers to senior management only in a list of examples of factors the OCC may consider. Accordingly, the OCC does not believe that a definition is necessary for senior management in § 15.42. With respect to § 15.14, as discussed in greater detail below, the OCC is providing additional specificity as to which executive officers must attest to each quarterly report. The final rule, like the proposal, does not define ''senior management.''

Sensitive customer information. One commenter requested that the OCC either define ''sensitive customer information'' or else replace the term with customer nonpublic information. To provide greater clarity, under the final rule, ''sensitive customer information'' means any combination of components of customer information that would reveal the identity of the customer or allow someone access to the customer's account, including a customer's public key in conjunction with the customer's private key.

Share account. The final rule includes the new term ''share account.'' Under the final rule, this term means an ''account'' as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752(5)). The term is relevant to the reserve asset provisions in § 15.11 and the operational backstop provisions in § 15.41.

Stablecoin Certification Review Committee. The OCC proposed to define the term ''Stablecoin Certification Review Committee'' consistent with the definition in the GENIUS Act, 12 U.S.C. 5901(27) by incorporating the statutory definition. The proposed rule defined the term ''Stablecoin Certification Review Committee'' as having the meaning set forth in section 2 of the GENIUS Act (12 U.S.C. 5901(27)). The OCC received no comments addressing the definition of ''Stablecoin Certification Review Committee.'' The OCC is adopting the definition as proposed.

State. The OCC proposed to define the term ''State'' as provided in the GENIUS Act, 12 U.S.C. 5901(28). The proposed rule defined the term ''State'' to mean each of the several States of the United States, the District of Columbia, and each territory of the United States.[37] The OCC received no comments addressing the definition of ''State.'' The OCC is adopting the definition as proposed.

State-chartered depository institution. The OCC proposed to define the term ''State-chartered depository institution'' as provided in the GENIUS Act, 12 U.S.C. 5901(29). Specifically, the proposed rule would have defined the term ''State-chartered depository institution'' as having the meaning as set forth for ''State depository institution'' in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(5)). The OCC received no comments addressing the definition of ''State-chartered depository institution.'' The final rule, however, does not use the term. The final rule therefore does not adopt the term.

State payment stablecoin regulator. The OCC proposed to define the term ''State payment stablecoin regulator'' as provided in the GENIUS Act, 12 U.S.C. 5901(30). As such, the OCC proposed to define ''State payment stablecoin regulator'' to mean a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins. The OCC received no comments addressing the definition of ''State payment stablecoin regulator.'' The OCC is adopting the definition as proposed.

State qualified payment stablecoin issuer. The OCC proposed to define the term ''State qualified payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(31), with a non-substantive, clarifying change. Under the proposed rule, the term ''State qualified payment stablecoin issuer'' would have meant an entity that is (1) legally established under the laws of a

[36] A permitted payment stablecoin issuer may maintain reserve assets at a custodian.

[37] United States territories are also referenced in the proposed definition of ''foreign payment stablecoin issuers.'' The GENIUS Act and the proposed and final rules address the potential overlap created by the inclusion of territories in both definitions by defining ''foreign payment stablecoin issuers'' to exclude ''permitted payment stablecoin issuers.'' Therefore, if a payment stablecoin issuer is a ''permitted payment stablecoin issuer'' because it is a ''State qualified payment stablecoin issuer'' that is legally established under the laws of a territory of the United States then by definition it cannot be a ''foreign payment stablecoin issuer.''

State and approved to issue payment stablecoins by a State payment stablecoin regulator; and (2) not an uninsured national bank chartered by the OCC pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such an uninsured national bank, Federal branch, or insured depository institution. The proposed definition clarified the definition of ''State qualified payment stablecoin issuer'' provided in the GENIUS Act by adding the phrase ''an uninsured'' before the term ''national bank'' in the list of excluded subsidiaries to parallel the description of excluded entities in the preceding list. The OCC received no comments addressing the definition of ''State qualified payment stablecoin issuer.'' The OCC is making one clarifying edit, replacing the term ''entity'' with the term ''person,'' because ''person'' is a defined term in the final rule. Otherwise, the OCC is adopting the definition as proposed.

Subsidiary. The OCC proposed to define the term ''subsidiary'' as provided in the GENIUS Act, 12 U.S.C. 5901(32). Specifically, the proposed rule would have defined the term ''subsidiary'' as having the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)). Because the term in section 3 of the Federal Deposit Insurance Act relies on the definitions of ''company'' and ''control'' in section 2 of the Bank Holding Company Act, the OCC proposed to incorporate those definitions in proposed part 15, tailored to the extent necessary, as described above.

The OCC received no comments addressing the definition of ''subsidiary.'' The OCC is adopting the definition as proposed.

Tokenized form. The proposed rule did not define ''tokenized form'' but used the term in § 15.11 and § 15.32. The OCC received several comments requesting that the OCC clarify the meaning of the term ''tokenized form.'' Under section 4(a)(1)(A)(viii) (12 U.S.C. 5903(a)(1)(A)(viii)) of the GENIUS Act, certain reserve assets may be in tokenized form, but the Act does not define what constitutes tokenized form. Commenters generally agreed that any definition should ensure that a reserve asset in tokenized form provides the same legal rights as a reserve asset in non-tokenized form. Several commenters urged the OCC to provide clearer and more coordinated standards for tokenized reserve assets, including through coordination with the SEC, Federal Reserve, FDIC, CFTC, FinCEN, and Treasury and, in some cases, a joint policy statement or standardized supervisory assessment framework. Some commenters stated that tokenized forms of otherwise eligible reserve assets should be presumptively permissible and evaluated under a principles-based approach focused on economic substance, legal certainty, enforceable and bankruptcy-remote claims to the underlying assets, custody and segregation protections, and the issuer's ability to promptly monetize the assets to meet redemptions. Several commenters suggested that eligibility should not depend on the technology used to record ownership. Some commenters urged the OCC to provide a transparent approval process or public list of permissible tokenized reserve assets. Other commenters suggested that case-by-case approval should not be required and that assets approved in conventional form should automatically be permitted in tokenized form.

The OCC agrees with commenters that it is important to define ''tokenized form'' and to ensure that reserve assets in tokenized form provide the same rights as reserves in non-tokenized form. The final rule defines ''tokenized form'' to mean, with respect to an asset, that: (1) the authoritative record of the asset is maintained using distributed ledger technology, regardless of whether a corresponding non-tokenized instrument or account entry also exists; and (2) the legal rights conferred by the asset are identical to those that would be conferred by a non-tokenized form of the asset under applicable law. This definition is generally consistent with the scope of the term ''tokenized security'' in the Federal Banking Agencies FAQ concerning tokenized securities.[38] The definition includes a digital asset that represents, and provides identical legal rights as, a traditionally issued asset as well as a digitally native asset that provides the identical legal rights as a non-tokenized version of the same asset. For example, a money market fund that qualified as a permissible reserve asset under section 4(a)(1)(A)(vi) of the Act (12 U.S.C. 5903(a)(1)(A)(vi)) could be held in tokenized form if the fund was issued directly on a distributed ledger. Alternatively, a token representing ownership of a traditionally issued money market fund could also be a reserve in tokenized form, depending on how the tokenization was implemented and which rights would be conferred on the holder. In such instances, the tokens would need to provide identical rights to those associated with owning the asset held in custody. The OCC encourages any permitted payment stablecoin issuer that seeks clarity on whether a specific asset is an asset in tokenized form and whether such asset qualifies as a permissible reserve asset under § 15.11(b) to consult with the OCC as to whether the asset qualifies.

Trading volume. The OCC proposed to define the term ''trading volume'' to mean the aggregate number of payment stablecoins issued by a permitted payment stablecoin issuer that were purchased or sold on exchanges during a specified period of time. In the proposal, the term was to be used as a metric to determine a permitted payment stablecoin issuer's examination schedule.

The OCC received several comments addressing the definition of ''trading volume.'' Commenters suggested that the definition be revised to be more analytically useful, operationally feasible, and tailored to the realities of digital asset markets. Commenters suggested that the OCC distinguish trading activity from settlement activity. Other commenters suggested that the OCC clarify the scope of ''exchange,'' particularly how it applies to centralized and decentralized platforms, while limiting reporting expectations to data reasonably available to issuers.

The final rule eliminates the term ''trading volume'' because, as described below, the final rule does not use trading volume as a metric to determine a permitted payment stablecoin issuer's examination schedule. Permitted payment stablecoin issuers would be required to provide certain information concerning trading volume as part of the reports required under § 15.14 of the final rule, but the OCC has concluded that the instructions for the reporting form are the more appropriate place to define ''trading volume'' for those purposes.

United States customer. The OCC proposed to define the term ''United States customer'' to mean a customer that resides in the United States. The OCC received several comments addressing the definition of ''United States customer.'' Commenters suggested that the OCC adopt a clearer and more administrable standard for identifying United States customers. Commenters generally supported further clarification of the term. Some commenters sought clarification on how United States residence or location should be determined, whether the definition should be tied to direct customer relationships, and how it

[38] *See* OCC Bulletin 2026–7, ''Regulatory Capital: Interagency FAQs on Tokenized Securities'' (March 5, 2026), *https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-7.html.*

should apply to institutional customers, foreign intermediaries, and secondary-market activity. Some commenters suggested that the OCC adopt an approach that is more operationally workable and aligned with jurisdictional boundaries. Other commenters cautioned against creating a definition that assumes a level of precision issuers may not be able to achieve. To provide additional clarity, the final rule revises § 15.31(a)(3) (discussed in greater detail below) and redefines ''United States customer'' to mean a customer that, at the time of onboarding: (1) is an individual and resides in the United States,[39] (2) is incorporated or organized under the laws of the United States or any State; or (3) has its principal place of business in the United States.[40] Specifying both when and how a person is determined to be a United States customer will enhance the operability of this provision of the final rule and provide clear lines for foreign payment stablecoin issuers and customers. This definition does not affect the definition of ''customer'' for purposes of other laws and regulations, including privacy laws and the Bank Secrecy Act and its implementing regulations.

4. Severability (§ 15.3)

Proposed § 15.3 provided that the provisions of the proposed rule were separate and severable from one another. If any provision is stayed or determined to be invalid, it was the OCC's intention that the remaining provisions would have continued in effect.

As noted in the proposal,[41] the OCC generally intends all of its rulemakings to be severable to the extent portions of the rule are determined to be invalid regardless of the presence of a severability clause. The OCC proposed to include an explicit severability clause because of the novelty and scope of the GENIUS Act and the importance of ensuring as much certainty as possible for the regulatory framework for payment stablecoins.

The OCC received no comments addressing § 15.3 and is finalizing § 15.3 as proposed.

5. Reservation of Authority (§ 15.4)

The OCC is adding, in the final rule, a general reservation of authority provision. Section 15.4 provides that the OCC may waive or modify the requirements of part 15 or adopt different procedures implementing this part, as necessary, to administer and carry out the requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*), including with respect to ensuring financial stability, ensuring timely redemption of payment stablecoins, and protecting the claims of payment stablecoin holders. The OCC is adopting this provision in recognition of the nascent nature of the stablecoin industry and the novelty of the GENIUS Act framework. The OCC will only exercise this reservation of authority where consistent with the GENIUS Act and where circumstances justify its use. The OCC generally uses reservations sparingly to address unanticipated circumstances for which a rulemaking is not appropriate.

B. Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

1. Activities (§ 15.10)

a. Overview of Changes From Proposed Rule to Final Rule for § 15.10

The OCC is adopting § 15.10 as proposed with modifications, as described below.

The OCC is modifying the language in paragraph (a) for clarity and replacing the word ''only'' with ''not engage in any activity other than the following:'' to make clear that the list of activities in final § 15.10(a) is an exclusive list of activities that permitted payment stablecoin issuers may engage in. Within the § 15.10(a) list of permitted activities for permitted payment stablecoin issuers, the OCC is adopting § 15.10(a)(1) through (7) as proposed.

The OCC is adopting § 15.10(a)(8), renumbered as § 15.10(a)(11), as proposed except for a clarification that other activities include the hiring of third parties.

The OCC is adding three new activities to the list of permitted activities. First, in new § 15.10(a)(8) of the final rule, the agency allows permitted payment stablecoin issuers to hold as principal non-payment stablecoin digital assets as necessary to pay fees, including customer fees and network fees, or to conduct necessary testing on distributed ledger-based platforms, provided that such principal holdings shall not exceed quantities necessary for the reasonably foreseeable conduct of such activities. Second, in § 15.10(a)(9) of the final rule, the OCC allows permitted payment stablecoin issuers to establish a trust arrangement under applicable law for reserve assets, including the granting of a security interest in reserve assets, provided that any security interest in reserve assets granted to the trustee is for the sole benefit of payment stablecoin holders, the arrangement with the trustee does not impair the permitted payment stablecoin issuer's ability to timely redeem payment stablecoins in the normal course of business prior to default, the arrangement does not introduce claims that would compete with the claims of payment stablecoin holders of payment stablecoins issued by the permitted payment stablecoin issuer in the event of the insolvency of the permitted payment stablecoin issuer, and the arrangement with the trustee does not impair the ability of a receiver of the permitted payment stablecoin issuer to direct the prompt transfer or liquidation of the reserve assets in order to pay claims to payment stablecoin holders. Third, the OCC is adding the management of foreign exchange risk, subject to the requirements of § 15.13(a)(10) of the final rule, as a permitted activity. Section 15.13(a)(10) of the final rule provides the relevant risk management principles for foreign exchange risk.

The OCC is adopting the rule of construction in § 15.10(b) as proposed, renumbered as § 15.10(b)(1). Additionally, the OCC is adopting an additional provision in final § 15.10(b)(2) that provides that nothing in § 15.10(a) limits the authority of a permitted payment stablecoin issuer to engage in an activity consistent with section 4(a)(7)(B) of the Act (12 U.S.C. 5903(a)(7)(B)). This change is made to clarify that permitted payment stablecoin issuers may engage in digital asset service provider activities specified by the Act, and activities incidental thereto, that are authorized by the OCC and independently authorized by applicable Federal or State law, to the extent that any such State law is not inconsistent with Federal law.

Within the list of prohibitions listed in § 15.10(c), the OCC is adopting § 15.10(c)(1) through (3), and (c)(6) as proposed. The agency is modifying § 15.10(c)(4) to eliminate the rebuttable presumption in § 15.10(c)(4)(i) through (iii) and to replace the use of ''holder of any payment stablecoin'' with ''payment stablecoin holder,'' which is now a defined term, in § 15.10(c)(4).

[39] For the purposes of determining residence in the United States, United States citizens are considered to be residents. For non-United States citizens, residence is determined by the test in 26 CFR 301.7701(b)-1. Pursuant to that test, an individual will be considered to be residing in the United States if he or she is a lawful permanent resident (*i.e.,* has a green card) or meets the substantial presence test. 26 CFR 301.7701(b)-1(b) and (c).

[40] *See Hertz Corp. v Friend,* 559 U.S. 77 (2010) (describing the test for what constitutes a corporation's principal place of business).

[41] 91 FR 10210.

Additionally, the OCC is making clarifying edits to § 15.10(c)(5) to remove paragraph (c)(5)(iii)(C) and add new § 15.10(d), which provides that pursuant to section 4(a)(2)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(2)(ii)) and § 15.10(c)(5)(iii)(B), the OCC approves, for all permitted payment stablecoin issuers, repurchase agreements wherein the Treasury bills that are sold as purchased securities have a maturity of 93 days or less. The OCC is also modifying paragraph (c)(5)(iii)(B) to provide that a permitted payment stablecoin issuer may receive approval of a repurchase agreement by order or pursuant to final § 15.10(d).

b. Description of Proposed Rule, Comments, and Final Rule

Enumerated Permissible Activities in § 15.10(a)(1) Through (4): Core Statutory Activities

Consistent with the statute, the OCC proposed to mirror the permitted activities set forth in section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) in proposed § 15.10(a)(1) through (4), which include: (1) issuing payment stablecoins; (2) redeeming payment stablecoins; (3) managing reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law; and (4) providing custodial or safekeeping services for payment stablecoins, required reserves, or private keys of stablecoins consistent with the GENIUS Act, as implemented in proposed subpart C. Additionally, consistent with section 4(a)(7)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)(v)), proposed § 15.10(a)(8) provided that a permitted payment stablecoin issuer may undertake any other activities that directly support any of the activities in proposed § 15.10(a)(1) through (4).

With respect to the activities enumerated in proposed § 15.10(a)(1) through (4) as implementations of section 4(a)(7)(A)(i) through (iv), commenters did not express substantive concerns. Two commenters offered suggestions about how the agency should list or otherwise recognize additional permissible activities, including integration with payment networks and development of compliance tools. One comment suggested the regulation remain narrowly focused such that stablecoin issuers may engage in necessary activities, but any additional activities should be closely connected to stablecoin issuance.

With respect to integration with payment networks and development of compliance tools, without more information, the OCC cannot determine whether such activities are permissible. While these activities might qualify as directly supporting activities pursuant to final § 15.10(a)(11), the OCC would need to assess the facts underlying these activities prior to making such a determination. The OCC invites permitted payment stablecoin issuers to seek clarification from the OCC as to whether a particular activity is permissible. For the list of enumerated permissible activities in § 15.10(a)(1) through (4), the agency declines to focus only on necessary activities and activities closely connected to stablecoin issuance. The commenter's requirement of a close connection to stablecoin issuance alters the statutory test and does not account for activities that are authorized, such as redemption of payment stablecoins, managing related reserves, and providing custodial or safekeeping services. Accordingly, the OCC is adopting § 15.10(a)(1) through (4) as proposed, with a clarifying edit in paragraph (a) to replace the word ''only'' with ''not engage in any activity other than the following:'' to make clear that the list of activities in final § 15.10(a) is an exclusive list of activities that permitted payment stablecoin issuers may engage in.

Activities that Directly Support: Proposed § 15.10(a)(8), Renumbered as Final § 15.10(a)(11)

In proposed § 15.10(a)(8), consistent with section 4(a)(7)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)(v)), the OCC included a provision that would have provided that permitted payment stablecoin issuers may undertake any other activities that directly support the issuance of payment stablecoins, redemption of payment stablecoins, managing reserves related to the issuance or redemption of payment stablecoins, or providing custodial or safekeeping services for payment stablecoins. One such example of an activity that would qualify under proposed § 15.10(a)(8) because it directly supports both issuance and redemption of payment stablecoins would be the permitted payment stablecoin issuer's holding of non-payment stablecoin digital assets as principal necessary for testing a distributed ledger, whether internally developed or acquired from a third party. Such an activity may be necessary to ensure that the permitted payment stablecoin issuer may operate safely and effectively on a distributed ledger.[42]

Several commenters suggested the OCC provide additional examples of activities that directly support such activities or otherwise indicate that such activities are broader than what the proposed rule illustrated. Among these commenters, one argued that the above example (holding non-payment stablecoin digital assets as principal for testing a distributed ledger) could imply the agency would limit permissible activities that directly support to those that are necessary. This commenter suggested a broader definition. Various commenters suggested the agency provide specific examples of directly supporting activities, and some commenters offered examples. Such examples included, among other things, the operation of distributed ledger nodes, smart contract deployment, wallet infrastructure and key management, blockchain transaction monitoring, and settlement and liquidity services.

As an alternative to listing examples, one commenter suggested that the agency publish separate interpretive guidance specifically on the scope of proposed § 15.10(a)(8) activities. Several commenters suggested the agency take a narrow understanding of ''directly support'' in section 4(a)(7)(A)(v) of the Act (12 U.S.C. 5903(a)(7)(A)(v)). These commenters suggested a broad interpretation could allow such activities to expand over time or overlap with activities that generally require State licensing. One commenter recommended that activities permissible under the ''directly support'' prong should only be those that materially facilitate certain other permitted activities or are operationally necessary for those activities.

Congress's use of ''directly support'' demonstrates the statute does not limit permitted activities to those that are necessary for one of the statute's enumerated activities.[43] Such a reading would add a substantive limitation—namely, that the activities be strictly necessary—that is absent from the text of the statute. Given the innovation in the payment stablecoin industry, a limitation of ''directly support'' to what

[42] As discussed *infra,* this activity is enumerated as a permissible activity, subject to certain conditions in final rule § 15.10(a)(8).

[43] In addition, Congress uses the word ''necessary'' in other sections of the Act. *See, e.g.,* sections 4(a)(4)(A)(i)(III) and 7(e)(1)(C) of the Act (12 U.S.C. 5903(a)(4)(A)(i)(III) and 5906(3)(1)(C)). This is important because ''Congress generally acts intentionally when it uses particular language in one section of a statute but omits it in another.'' *Dep't of Homeland Sec.* v. *MacLean,* 574 U.S. 383, 391 (2015) (citation modified).

is strictly necessary for one current operational model could also stifle innovation. The above example of holding crypto-assets as principal for testing does not necessarily illustrate the outer perimeter of activities that fit under the ''directly support'' prong; it is only intended to be a clarifying example.

With respect to the examples for which commenters requested clarification, the OCC declines to opine on the permissibility of such activities in the final rule without additional information. The OCC encourages permitted payment stablecoin issuers to seek clarification from the OCC regarding the permissibility of such activities.

One commenter suggested the agency adopt a brand- and technology-neutral interpretation of the Act's ''directly support'' language. As indicated above, the agency is aware technology and business models may change substantially. To avoid locking industry participants into the current standards that may quickly become outdated and run counter to the Act's goals, the OCC plans to, consistent with its general technology-neutral approach, follow a brand- and technology-neutral understanding of the ''directly support'' language in the statute and rule.

Some comments combined discussion of the scope of proposed § 15.10(a)(8) permissible activities with discussion of the appropriate risk management practices. One such commenter stated that some of the activities under proposed § 15.10(a)(8) may entail novel risks. Refer to the discussion below on § 15.13 for more about appropriate risk management practices.

One commenter stated that the list of enumerated activities in proposed § 15.10(a) is incomplete and risks being read as an exclusive list. The commenter suggested other activities that should qualify, including the facilitation of independently provided customer rewards and benefits, liquidity management, and interaction with third-party protocols or distributed ledger infrastructure.

Without additional information, the OCC declines to add the facilitation of independently provided customer rewards as an enumerated activity. The OCC expects liquidity management generally to be permissible as an activity that directly supports issuance, redemption, and the management of reserves. With respect to interaction with third-party protocols or distributed ledger infrastructure, without additional information, the OCC cannot categorically determine whether such activities are permissible in the final rule. However, permitted payment stablecoin issuers may seek additional clarity from the OCC to the extent issuers have questions on the permissibility of an activity. With respect to the list in § 15.10(a) being incomplete, the OCC may amend these regulations over time, including the list of enumerated activities.

As discussed in more detail below, in the final rule, the OCC is adopting proposed § 15.10(a)(8), renumbered as § 15.10(a)(11), with a change to explicitly permit the hiring of third parties to engage in certain activities.

Third-Party Investment Advisers, Asset Managers, and Separately Managed Accounts

Several comments spoke to the permissibility of permitted payment stablecoin issuers hiring third-party investment advisers or asset managers of separately managed accounts, where a custodian controls investment decisions within parameters set by the owner. Some commenters stated that separately managed accounts can be an operationally prudent tool because they allow reserve assets to remain legally owned and controlled by the issuer while improving transparency and reducing operational risk. Some of these commenters argued these investment advisers and asset managers would directly support the management of reserves and reserves' liquidity under § 15.10(a)(3) of the proposed rule. Thus, these commenters argued that a stablecoin issuer may hire investment advisers or asset managers under proposed § 15.10(a)(8). One prospective stablecoin issuer asked for confirmation that its particular structure with a third-party reserve manager would be permissible.

The OCC agrees that a permitted payment stablecoin issuer may use an investment adviser or asset manager and may use a separately managed account for reserve assets because such arrangements directly support stablecoin issuance and reserve management. Accordingly, the OCC is clarifying in final § 15.10(a)(11) that a permitted payment stablecoin issuer may undertake any other activities, including the hiring of third parties, that directly support any of the activities described in § 15.10(a)(1) through (a)(4). The hiring of third-party investment advisers or asset managers is an example of an activity that is permissible under § 15.10(a)(11) of the final rule. However, such activities should be designed to ensure compliance with the GENIUS Act, 12 CFR part 15, and other applicable laws and regulations.

Collateral Trustee Arrangements

A few commenters addressed the topic of collateral trustee arrangements. As explained in the preamble to the proposed rule, a collateral trustee arrangement involves a permitted payment stablecoin issuer granting a first-priority security interest in reserve assets to the collateral trustee for the benefit of stablecoin holders. The proposal asked for comments on whether collateral trustee arrangements would protect the reserve assets.

Many commenters responded that the OCC should expressly permit collateral trustee arrangements used solely for the benefit of stablecoin holders. Several of those commenters stated that the rehypothecation prohibition applies to issuer self-dealing in which issuers exploit reserve assets for their own benefit. Those commenters noted that a collateral trustee arrangement is intended to further the purposes behind the prohibition against rehypothecation, in that it exists to ensure that reserves remain available to back outstanding payment stablecoins, protect stablecoin holders, and promote financial stability. Several commenters supported requirements for permitted payment stablecoin issuers to include disclosures for holders related to a collateral trustee arrangement. Commenters advocated for disclosures involving the identity and regulatory status of the trustee, the nature and scope of the security interest, the circumstances in which the trustee may enforce its rights, and any limitations on the issuer's ability to access or substitute reserve assets. Some commenters also advocated for requirements that issuers obtain express and affirmative consent from holders regarding the collateral trustee structure before purchasing to ensure holders can understand and evaluate the arrangement.

The OCC agrees that permitted payment stablecoin issuers may establish such collateral trustee arrangements. These arrangements may have the benefit of protecting payment stablecoin holders by providing a potential mechanism for administration of the reserve assets prior to bankruptcy or receivership. It is possible that such arrangements can facilitate redemptions more quickly than would occur in insolvency or bankruptcy. The OCC plans to continue to evaluate such arrangements to ensure they are serving their intended purpose of protecting payment stablecoin holders. To the extent it becomes clear that such arrangements add uncertainty or do not adequately protect payment stablecoin holders, the OCC will consider whether

such arrangements should continue to be permissible.

To effectuate the use of collateral trustee arrangements, the OCC is adding a new § 15.10(a)(9) clarifying that it is permissible for a permitted payment stablecoin issuer to establish a trust arrangement under applicable law for reserve assets, including the granting of a security interest in reserve assets, provided that: (i) any security interest in reserve assets granted to the trustee is for the sole benefit of payment stablecoin holders; (ii) the arrangement with the trustee does not impair the permitted payment stablecoin issuer's ability to timely redeem payment stablecoins in the normal course of business prior to default; (iii) the arrangement does not introduce claims that would compete with the claims of payment stablecoin holders of payment stablecoins issued by the permitted payment stablecoin issuer in the event of the insolvency of the permitted payment stablecoin issuer; and (iv) the arrangement with the trustee does not impair the ability of a receiver of the permitted payment stablecoin issuer to direct the prompt transfer or liquidation of the reserve assets in order to pay claims to payment stablecoin holders.[44] These conditions are designed to ensure that such arrangements do not compete with the claims of payment stablecoin holders both prior to default as well as following default and that such arrangements are not used to grant security interests on behalf of parties that are not payment stablecoin holders. The OCC is considering whether to issue a separate rulemaking providing further clarity regarding this activity. As part of such a rulemaking, the OCC may consider including additional conditions, such as conditions to clarify the rights that the trust agreement must expressly provide to the receiver of, or bankruptcy trustee for, an insolvent permitted payment stablecoin issuer.

With respect to the payment of the trustee in collateral trustee arrangements, it would be a violation of the condition in § 15.10(a)(9)(i) if the trustee were paid from the proceeds of the reserve asset collateral because the trustee holds a security interest in such collateral.

The OCC declines to require a disclosure regime for collateral trustee arrangements at this time. Mandating a disclosure regime will not be effective at this point as the practice is nascent and the arrangements may vary extensively, such that mandatory disclosure may not capture the important aspects of such arrangements and could lead to customer confusion or a lack of relevant information. The OCC is also not requiring permitted payment stablecoin issuers to obtain express consent from payment stablecoin holders prior to entering into such arrangements. The OCC believes that the conditions set forth in § 15.10(a)(9)(i) through (iii) are designed to protect payment stablecoin holders and obviate the need to require affirmative consent.

Fees Associated With Purchasing or Redeeming

In addition to the activities outlined in section 4(a)(7) of the GENIUS Act (12 U.S.C. 5903(a)(7)), for the sake of clarification, proposed § 15.10(a)(5) would have provided that permitted payment stablecoin issuers may assess fees that are associated with the purchasing or redeeming of payment stablecoins. This power is inherent in the activities described above and is explicitly recognized in section 4(a)(1)(B)(ii) of the Act (12 U.S.C. 5903(a)(1)(B)(ii)).

One commenter recommended that the OCC confirm expressly that permitted payment stablecoin issuers may charge certain fees to generate revenue, including fees for minting and burning stablecoins and fees to collect a share of network transaction fees. The commenter recommended that the final rule permit alternate fee structures subject to supervisory review and that the final rule require disclosure of all fee structures.

With respect to the commenter's suggestion about the inclusion of fees, the OCC does not believe further elucidation of this provision is necessary as it is intended to encompass a broad set of fees. The OCC addresses the assessment of fees in non-payment stablecoin digital assets in more detail below. To the extent an issuer has questions regarding whether a fee structure is permissible, it may reach out to the OCC. With respect to the commenter's concern regarding disclosure of fee arrangements, as discussed below, final § 15.12(e)(1)(iv) requires disclosure of all fees associated with purchasing or redeeming payment stablecoins. Accordingly, the OCC is adopting § 15.10(a)(5) as proposed, which allows permitted payment stablecoin issuers to assess fees associated with purchasing or redeeming payment stablecoins.

Acting as Principal or Agent With Respect to Payment Stablecoins

The proposed rule, in § 15.10(a)(6), also would have included the permitted activities outlined in section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), namely acting as principal or agent with respect to any payment stablecoin and paying fees to facilitate customer transactions.[45]

Addressing proposed § 15.10(a)(6), one commenter suggested distinguishing between principal and agent roles and then tying each to capital, liquidity, and operational risk controls. Several commenters also recommended that the OCC recognize activities in which permitted payment stablecoin issuers act as principal or agent with respect to payment stablecoins, either as separately enumerated activities under § 15.10(a), which sets out generally which activities a permitted payment stablecoin issuer may engage in, or as examples of activities that directly support certain activities under proposed § 15.10(a)(8). Commenters cited activities such as limited, risk-controlled principal activities supporting custody, settlement, payment, and liquidity functions; digital wallets and money transmission using payment stablecoins; facilitating customer purchases, sales, or redemptions of payment stablecoins; and holding payment stablecoins as principal to facilitate customer transactions. One commenter suggested addressing these examples in the preamble as published guidance. One commenter cautioned against adding prescriptive limits or conditions on principal or agency activities, arguing that the statute provides the relevant framework and that additional restrictions could narrow the flexibility that Congress intended. Another commenter noted that the OCC correctly does not view section 16(b) as an open-ended grant of authority.

With respect to the commenter who suggested distinguishing between principal and agent activities and tying each to capital, liquidity, and operational risk controls, the OCC notes that proposed § 15.10(a) serves a different function than the rule's risk

[44] To the extent a permitted payment stablecoin issuer utilizes a collateral trustee arrangement but maintains ownership and control over the reserve assets, the OCC expects that the reserve assets would continue to be reflected on the issuer's balance sheet rather than on that of the collateral trustee.

[45] Section 16(b) of the Act provides in part that ''Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions.'' *12 U.S.C. 5915(b).* The activities authorized under section 16(b) include, for example, acting as an agent for a customer with respect to the redemption of a payment stablecoin issued by a third party.

management requirements (final § 15.13). Section 15.10(a) identifies the activities that are permissible for a permitted payment stablecoin issuer. By contrast, final § 15.13 establishes risk management requirements designed to ensure that such issuers conduct permissible activities in a safe and sound manner. The commenter's suggestion therefore conflates two related but distinct inquiries: whether an activity is permissible for permitted payment stablecoin issuers; and whether and how the permitted payment stablecoin issuer may conduct the activity safely in accordance with the relevant risk management-related requirements.

With respect to the commenter's suggestion for the provision of digital wallets and money transmission using payment stablecoins, without additional detail, the OCC cannot definitively say that such activities are permissible. Money transmission is a broad term even if limited to payment stablecoins. To the extent the specific activity qualifies as an activity under § 15.10 (for example, the issuance or redemption of payment stablecoins), it is permissible. With respect to the provision of digital wallets, such an activity may be permissible but might also make the entity a custodian in certain circumstances depending on the scope of related services provided. Refer to the custody discussion below for more detail.

The commenter's proposed activities relating to facilitating purchases or sales of payment stablecoins on customers' behalf and acting as a customer agent for redemption of a payment stablecoin issued by a third party seem to fit within the enumerated activity in § 15.10(a)(6). Additionally, holding payment stablecoins as principal to facilitate customer transactions likely would also fall under § 15.10(a)(6).

With respect to the commenter that cautioned against adding prescriptive limits to § 15.10(a)(6), the OCC is not including any express limits or conditions around the manner in which a permitted payment stablecoin issuer may act as principal or agent in the final rule. However, payment stablecoins are not a permitted reserve asset.

One commenter recommended that the final rule confirm permitted payment stablecoin issuers may repurchase their stablecoins in secondary markets. The commenter explained that issuers may need to do so for several reasons, including stopping runs and managing the balance between circulating supply and holding additional reserve assets.

Permitted payment stablecoin issuers may repurchase their stablecoins on secondary markets under proposed § 15.10(a)(6). However, such transactions must not impair the ability of the permitted payment stablecoin issuer to satisfy its statutory redemption obligations or its ability to comply with the capital and liquidity requirements in the final rule. Additionally, any such transactions must otherwise comply with the Act, 12 CFR part 15, and other applicable law. The OCC is finalizing proposed § 15.10(a)(6) without change.

Paying Fees To Facilitate Customer Transactions

Consistent with section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), proposed § 15.10(a)(7) would have allowed permitted payment stablecoin issuers to pay fees to facilitate customer transactions (*e.g.,* network or ''gas'' fees). If an issuer's payment stablecoin operates on a blockchain that assesses transaction fees, then the issuer may choose to pay transaction fees on behalf of the customer. The OCC recognized in the proposal that if an issuer is paying transaction fees on certain distributed ledgers, the issuer may have to hold non-payment stablecoin digital assets to facilitate the payment of these transaction fees.[46] Similarly, the OCC recognized that the holding of non-payment stablecoin digital assets as principal necessary for testing a distributed ledger is a permissible activity.

Relatedly, the OCC solicited comment in the proposal about whether the final rule should explicitly include specific provisions addressing the permissibility of an issuer's holding of non-payment stablecoin digital assets to facilitate the payment of transaction fees.

Several commenters responded that the OCC should explicitly recognize that it may be necessary for permitted payment stablecoin issuers to hold non-payment stablecoin digital assets where they are incidental to, and necessary for, the provision of payment stablecoin services and do not constitute a proprietary trading strategy. Other commenters similarly stated the OCC should allow permitted payment stablecoin issuers to hold limited amounts of non-payment stablecoin digital assets to pay network protocol fees or to conduct testing. On the other hand, one commenter stated that holding non-payment stablecoin digital assets for testing is potentially risky and speculative, and that permitted payment stablecoin issuers should have to seek prior written approval from the OCC.

In response to the comments, the OCC is adding new § 15.10(a)(8), which provides that permitted payment stablecoin issuers may hold as principal non-payment stablecoin digital assets as necessary to pay fees, including customer fees and network fees, or to conduct necessary testing on distributed ledger-based platforms, subject to the conditions noted below. The OCC agrees with commenters that these activities should be expressly recognized because paying network fees may be necessary for permitted payment stablecoin issuers to operate and transact on certain blockchains and testing is appropriate to ensure that a permitted payment stablecoin issuer's systems are functioning as intended. As discussed in more detail below, the conditions the OCC is putting on holding such non-payment stablecoin digital assets obviates the need for a pre-approval process.

The OCC also asked in the proposal whether the final rule should include limitations on the amount of non-payment stablecoin digital assets that an issuer may hold at any time.

In response, several commenters stated that the final rule should not impose rigid limits on non-payment stablecoin digital asset holdings, with some citing potential future changes in technology and industry practices that may render rigid limits obsolete. Some commenters recommended instead that the OCC adopt a qualitative, principles-based supervisory approach based around clear internal controls, documentation, and risk management which ensures that non-payment stablecoin digital asset holdings are not commingled with or treated as reserve assets. In contrast, one commenter responded that the OCC should provide more prescriptive and stringent limitations on the holding of non-payment stablecoin digital assets. The commenter recommended that those limits be expressed as both an absolute dollar cap and a percentage and should be subject to regular reporting and examination. One commenter also stated that the amount of non-payment stablecoin digital assets should be capped as necessary for reasonably foreseeable transactions, such as one week of transactions, based on the permitted payment stablecoin issuer's needs from the last 30 days.

In final § 15.10(a)(8), the OCC is requiring that principal holdings of non-payment stablecoin digital assets to pay fees shall not exceed quantities necessary for the reasonably foreseeable

[46] *See OCC Interpretive Letter 1186* (November 18, 2025).

conduct of such activities.[47] The OCC declines to set a quantitative limit because the activities of permitted payment stablecoin issuers may vary, and a quantitative limit could be unnecessarily limiting. The OCC would expect that permitted payment stablecoin issuers would consider, among other things, historical data and expected network fees to determine how much non-payment stablecoin digital assets to hold in such a scenario. The OCC intends to evaluate over time whether this limit is appropriate. Final § 15.13 provides the principles-based risk management principles that apply to permitted payment stablecoin issuers, and consistent with those principles and the reserve asset requirements in final § 15.11, permitted payment stablecoin issuers will not be able to commingle or identify non-payment stablecoin digital assets or payment stablecoins as reserve assets.

The OCC also solicited comment about whether the final rule should limit the payment methods a permitted payment stablecoin issuer may use to assess fees, including whether the permitted payment stablecoin issuer may assess fees in digital assets other than payment stablecoins.

Several commenters responded that the final rule should not limit the methods of payment a permitted payment stablecoin issuer may accept when assessing fees. One such commenter responded that, if the OCC addresses non-fiat fee payments at all, it should be through a principles-based framework focused on transparency, risk management, and control discipline. Another commenter concurred and advocated a flexible, technology-neutral framework under which issuers are required to maintain transparent policies on fee assessment methods and disclose those methods to the OCC. Another commenter stated that the OCC should confirm in either the final rule or in subsequent guidance that a permitted payment stablecoin issuer must have appropriate procedures in place to ensure it can operate in a safe and sound manner if it accepts the payment of fees in the form of non-payment stablecoin digital assets.

The OCC declines to limit the methods of payment a permitted payment stablecoin issuer may receive at this time, provided that any such payment complies with applicable laws. As the market evolves, the OCC may reconsider whether certain methods of payment should be impermissible.[48] All permitted payment stablecoin issuers, including those that accept the payment of fees in the form of non-payment stablecoin digital assets, are subject to the risk management requirements set forth in § 15.13. Additionally, the OCC would expect that all permitted payment stablecoin issuers operate in a safe and sound manner regardless of whether they accept payment of fees in the form of non-payment stablecoin digital assets.

The OCC notes that, after a permitted payment stablecoin issuer assesses fees in the form of non-payment stablecoin digital assets, the issuer may only hold the collected fees for the purposes outlined in final § 15.10(a)(8), namely, to pay fees or to conduct necessary testing on distributed ledger-based platforms. To the extent a permitted payment stablecoin issuer holds non-payment stablecoin digital assets in excess of the amount necessary for the activities set forth in final § 15.10(a)(8), the OCC would expect that the issuer divest of such assets as soon as practicable.[49]

Managing Foreign Exchange Risk

Several commenters recommended that the OCC recognize that permitted payment stablecoin issuers that issue non-U.S. dollar-denominated stablecoins may engage in foreign exchange risk management as a permitted activity. Some of those commenters characterized the permissible foreign exchange risk management activities as conditional upon or related to the issuance of non-U.S. dollar-denominated stablecoins, while one commenter recommended the OCC allow broader powers related to foreign exchange risk management if the final rule permits non-U.S. dollar-denominated stablecoins and narrower powers if the final rule does not permit non-U.S. dollar-denominated stablecoins. Several commenters distinguished these foreign exchange management activities from purely speculative trading activities, while two such commenters recommended explicit prohibitions on speculative activities and regulatory controls to discourage speculation.

One commenter recommended against rigid supervisory rules or capital add-ons for foreign exchange risk in favor of expectations of safe and sound controls including board-approved risk appetites and independent risk oversight. One commenter recommended that foreign exchange risk management be understood as a tool to meet permitted payment stablecoin issuer reserve and redemption requirements, rather than insulating payment stablecoin holders from fundamental currency risk and recommended that any requirements imposed by the OCC focus on such reserve and redemption requirements rather than rigid limits or capital add-ons that constrain legitimate hedging activities.

The OCC agrees with commenters that engaging in foreign exchange risk management should be a permissible activity. Specifically, the definition of payment stablecoin in section 2(22) of the Act (12 U.S.C. 5901(22)) specifies that a payment stablecoin is a digital asset that the issuer ''is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'' Additionally, under section 2(17) of the Act (12 U.S.C. 5901(17)), ''monetary value'' means ''a national currency or deposit . . . denominated in a national currency.'' These provisions may reasonably be read to indicate that payment stablecoins are not necessarily limited to U.S. dollar-denominated stablecoins because it suggests that issuers may issue payment stablecoins backed by other types of national currencies. However, the list of permissible reserve assets that issuers may hold are generally U.S. dollar- or U.S. government-based reserve assets. Accordingly, to the extent that a permitted payment stablecoin issuer seeks to issue a non-U.S. dollar-denominated payment stablecoin, it could incur substantial foreign exchange risk or else be limited to using a very narrow subset of reserve assets.

Such foreign exchange risk would make it difficult for the issuer to ensure that it is able to meet the requirements of § 15.11 and § 15.13. The OCC therefore believes that managing foreign exchange risk is a permissible activity under managing reserves related to the issuance or redemption of payment stablecoins under § 15.10(a)(3) and is permissible under final § 15.10(a)(11) as an activity that directly supports the activities in § 15.10(a)(1) through (a)(3).

The OCC is providing in new § 15.10(a)(10) of the final rule that permitted payment stablecoin issuers

[47] The OCC has stated that, as an activity incidental to the business of banking, national banks may pay network fees on blockchain networks to facilitate otherwise permissible activities and hold, as principal, amounts of crypto-assets on balance sheet necessary to pay network fees for which the bank anticipates a reasonably foreseeable need. *OCC Interpretive Letter 1186.*

[48] Any non-payment stablecoin digital asset received would not be a permissible reserve asset.

[49] The OCC would expect that most permitted payment stablecoin issuers should be able to divest of any such excess non-payment stablecoin digital assets within one business day. In recent conditional approvals for national banks, applicants have converted digital assets received to fiat currency within one business day or held such assets for another permissible purpose. *See* Conditional Approval 1366, Conditional Approval 1362, Conditional Approval 1353.

may manage foreign exchange risk. However, permitted payment stablecoin issuers that manage foreign exchange risk are subject to the risk management requirements in § 15.13(a)(10) of the final rule. Those requirements impose conditions on foreign exchange risk management such as requiring that a permitted payment stablecoin issuer must not use foreign exchange risk management as a means to speculate, including with respect to the appreciation or depreciation of any national currency.

Other Suggested Activities or Requests for Interpretations

Separate from the specific activities enumerated in proposed § 15.10(a)(1) through (7), several commenters suggested additional activities that should be considered permissible activities. For example, one commenter recommended that the enumerated list include treasury management functions, including short-term investment-optimization among permissible reserve assets subject to diversification and concentration limits. Another commenter recommended that the OCC recognize treasury management activities for reserve asset management within a non-exhaustive list of examples of activities that qualify under proposed § 15.10(a)(8) as directly supporting core activities.

At this time, the agency is not adding treasury management to the list of permissible activities enumerated in § 15.10(a). The OCC notes that aspects of treasury management, including short-term investment optimization, are already included under § 15.10(a)(3), which allows permitted payment stablecoin issuers to manage reserves related to the issuance or redemption of payment stablecoins. Additionally, with respect to treasury management functions that are not encompassed by that provision, such functions may qualify under final § 15.10(a)(11) as activities that directly support the activities in § 15.10(a)(1) through (a)(4).

The OCC declines to specifically add ''treasury management'' to the enumerated list of activities because that term is not clearly defined and could be read broadly, and therefore, the OCC would need to evaluate the specific treasury management functions a permitted payment stablecoin issuer proposes to engage in to determine whether they are permissible under the final rule. For example, treasury management activities conducted to ensure liquidity to meet payroll demands and to pay business expenses incurred as a result of conducting payment stablecoin activities directly support core permitted payment stablecoin issuer activities and are permissible. The OCC invites permitted payment stablecoin issuers to seek clarification from the OCC as to whether a particular activity is permissible.

One commenter recommended that the OCC add to the enumerated permissible activities list customer onboarding, identity verification and compliance functions reasonably necessary to support permitted payment stablecoin issuer operations. Another commenter recommended that the OCC recognize onboarding processes as an item in a non-exhaustive list of examples of activities that qualify under § 15.10 as directly supporting core activities.

The agency declines to include customer onboarding, identity verification, and compliance functions in the list of permissible activities enumerated in § 15.10(a) at this time. As explained below, § 15.12 provides that a permitted payment stablecoin issuer's obligation to redeem does not begin until, among other things, the customer has been successfully onboarded. Accordingly, because the OCC addresses onboarding in § 15.12 of the final rule, the OCC does not believe it needs to specifically include onboarding as an enumerated activity. Permitted payment stablecoin issuers may onboard customers, so long as the onboarding complies with the Act, 12 CFR part 15, and other applicable laws, including AML/CFT laws and regulations and economic sanctions obligations.

Several commenters recommended the OCC add various specific interpretations to the final rule. One commenter recommended that the OCC clarify whether non-hosted or external wallets are permissible for a permitted payment stablecoin issuer and to set clear boundaries to keep payment control within regulated entities. Another commenter recommended that the OCC prohibit regulated entities from hosting or transacting with self-custody wallets due to money laundering concerns.[50]

The Act does not specifically prohibit self-custody or non-hosted wallets. The OCC declines to explicitly prohibit the use of such wallets by permitted payment stablecoin issuers but notes that the use of such wallets must comply with the requirements of the Act, 12 CFR part 15, and other applicable laws. For example, permitted payment stablecoin issuers that use such wallets still must comply with section 4(a)(6) of the Act (12 U.S.C. 5903(a)(6)), which provides that a permitted payment stablecoin issuer may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order. Additionally, permitted payment stablecoin issuers must comply with all applicable AML/CFT laws and regulations and economic sanctions obligations.

One commenter recommended that the OCC require permitted payment stablecoin issuers to use a formally defined wallet credential state machine describing the status of the wallet, explicit permitted and prohibited transactions, cryptographic wallet binding, compliance-gated activation preconditions, automatic cascading orders to force wallet compliance and freezing, and regulated credential expiration.

The OCC declines to mandate particular technical requirements for permitted payment stablecoin issuers that are not required under the Act, consistent with 12 CFR part 15's generally technology-neutral approach. The OCC will not mandate the specific technical requirements in light of the continued evolution of the stablecoin industry and the likelihood that any technical requirements may become obsolete and potentially stifle innovation. However, the final rule in § 15.13 contains risk management requirements, including those related to information technology and security, which could implicate some of the commenter's suggestions. The OCC will continue to assess permitted payment stablecoin issuers' compliance with such risk management requirements against the potential risks posed to issuers throughout the supervisory process.

Prohibited Activities

Deceptive Names and Marketing

In proposed § 15.10(c)(1), the OCC would have imported the prohibition on the use of deceptive names from section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)). This provision would have prohibited a permitted payment stablecoin issuer from using any combination of terms relating to the United States Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition would not have applied to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD.''

[50] As discussed below, self-custody generally refers to holding one's own assets directly even though technically no custody service is provided in such an arrangement.

Consistent with section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)), proposed § 15.10(c)(2) would have prohibited permitted payment stablecoin issuers from marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be legal tender as described in 31 U.S.C. 5103, issued by the United States, or guaranteed or approved by the Government of the United States. The OCC recognized that permitted payment stablecoin issuers may want to market themselves as permitted payment stablecoin issuers under the GENIUS Act. There is no prohibition against issuers marketing themselves in this manner, so long as they do not run afoul of the prohibitions outlined in the Act and § 15.10(c)(1) and (2), including the prohibition against marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be guaranteed, issued, or approved by the United States. The OCC noted that misrepresentations by a permitted payment stablecoin issuer cannot be cured by a general disclaimer and that representations and disclosures should be clear to payment stablecoin holders and customers.

The OCC did not receive any comments specifically requesting changes to § 15.10(c)(1) and (c)(2) and is therefore adopting § 15.10(c)(1) and (c)(2) as proposed. Refer to the discussion of § 15.12 for additional disclosure requirements that are related to the prohibition in § 15.10(c)(2).

Eligibility for Deposit Insurance

Consistent with section 4(e) of the GENIUS Act (12 U.S.C. 5903(e)), proposed § 15.10(c)(3) would have provided that a permitted payment stablecoin issuer may not directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

Two commenters recommended that the OCC explicitly codify that payment stablecoin holders are not eligible for deposit insurance, including on a pass-through basis. One commenter noted that this clarification would prevent issuers from implying ''insured-like'' status that could foster false confidence and increase run risk.

As discussed in more detail below, the OCC is adding disclosure requirements in § 15.12(e) that provide that a permitted payment stablecoin issuer must include in its redemption disclosures that payment stablecoins are not deposits, not backed by the full faith and credit of the United States, not subject to deposit insurance by the FDIC, and not subject to share insurance by the NCUA. The OCC declines to opine on pass-through insurance in this rulemaking as that topic is subject to the FDIC's notice of proposed rulemaking that has not yet been finalized.[51] The OCC is adopting § 15.10(c)(3) as proposed.[52]

Yield

Consistent with section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)), proposed § 15.10(c)(4) provided that a permitted payment stablecoin issuer must not pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin. The OCC noted that issuers might attempt to make prohibited payments of interest or yield to payment stablecoin holders through arrangements with third parties. The OCC also noted that there would likely be a large and changing variety of arrangements with third parties in which issuers could achieve the payment of yield to payment stablecoin holders. The OCC stated that it would not be possible to identify in detail all, or even most, of the potential arrangements between permitted payment stablecoin issuers and third parties that the OCC may prohibit under section 4(a)(11) of the GENIUS Act and the OCC's rulemaking authority under section 4(h) of the GENIUS Act,[53] particularly as such arrangements may evolve over time. On the other hand, the OCC noted that a rule with only a general prohibition on the payment of yield could create uncertainty within the payment stablecoin market.

The OCC therefore proposed to include a presumption in paragraph (c)(4)(i) that certain types of arrangements with certain types of persons would be prohibited payments of yield or interest by the issuer. Specifically, the OCC would have presumed that a permitted payment stablecoin issuer is paying the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin if: (A) the permitted payment stablecoin issuer has a contract, agreement, or other arrangement with an affiliate or a related third party to pay interest or yield to the affiliate or related third party; and (B) the affiliate[54] or related third party (or affiliate of such related third party) has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) to a holder of any payment stablecoin issued by the permitted payment stablecoin issuer solely in connection with the holding, use, or retention of such payment stablecoin. To the extent that the person, or an affiliate of the person with whom the permitted payment stablecoin issuer had a contract, agreement, or other arrangement to pay interest or yield was a related third party of the permitted payment stablecoin issuer because the permitted payment stablecoin issuer issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement between the related third party and the holder of the payment stablecoin would have considered the holder of the payment stablecoin to be the holder of the payment stablecoin issued by the permitted payment stablecoin issuer on the related third party's behalf or under the related third party's branding. With respect to a white-label relationship, the rebuttable presumption would have been triggered only to the extent the payment stablecoin holder was a holder of the related third party's white-labeled stablecoin (as opposed to other payment stablecoins issued by the permitted payment stablecoin issuer).

Related third parties were defined to include any person offering to pay interest or yield to payment stablecoin holders as a service (*i.e.,* on behalf of the permitted payment stablecoin issuer) and any person that the issuer issues payment stablecoins on behalf of or under the branding of (*i.e.,* persons that have entered into a white-label relationship with the issuer).

Under the proposed rule, a permitted payment stablecoin issuer would have been able to rebut the presumption by submitting written materials that, in the OCC's judgment, demonstrate that the

[51] GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institution, 91 FR 18534 (Apr. 10, 2026).

[52] In addition, the OCC notes that, if a permitted payment stablecoin issuer markets any products other than payment stablecoins, it shall also be subject to the prohibition in section 4(e)(3) of the GENIUS Act (12 U.S.C. 5903(e)(3)), which provides that it shall be unlawful to market a product in the United States as a payment stablecoin unless it is issued pursuant to the GENIUS Act.

[53] *See* 12 U.S.C. 5903(h) (providing that the OCC and other payment stablecoin regulators may issue regulations to ''carry out the requirements of [section 4], including to establish conditions, and to prevent evasion thereof'').

[54] A person would not have been included within this second prong solely because the person is an affiliate of an affiliate of the issuer.

contract, agreement, or other arrangement is not prohibited under § 15.10(c)(4) and is not an attempt to evade the prohibition.

The OCC received many comments concerning the prohibition against a permitted payment stablecoin issuer or foreign payment stablecoin issuer paying the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin (''the yield prohibition''). As discussed in greater detail below, after reviewing the comments, the OCC has determined to eliminate the rebuttable presumption from the final rule.

Commenters held diverging views on the proposal's implementation of the yield prohibition and associated rebuttable presumption. Many advocated eliminating the rebuttable presumption. A large number advocated interpreting the yield prohibition narrowly and not applying the prohibition or associated rebuttable presumption to certain indirect payments, to payments based on transactions, or to payments to intermediaries (rather than payment stablecoin holders) made not solely in connection with the holding, use, or retention of a payment stablecoin. On the other hand, a substantial number of commenters advocated for a broadly applicable yield prohibition that captured indirect payments, transaction-based payments, and payments where holding, using, or retaining a payment stablecoin was a necessary condition of receiving payment. Many of these commenters advocated expanding the scope of the rebuttable presumption. Additional detail on these comments and other comments received is below.

Several commenters stated that the statutory yield prohibition is not yet settled, noting ongoing legislation that could interact with the GENIUS Act's prohibition. Unless and until such legislation passes, the OCC must implement the GENIUS Act's yield prohibition, as enacted. If the GENIUS Act is amended, or legislation that clearly relates to the GENIUS Act's yield prohibition passes, the OCC will evaluate whether any amendments to the final rule are necessary and appropriate to give effect to such legislation.

A few commenters advocated eliminating the yield prohibition from the final rule altogether. One commenter advocated allowing issuers to peg payment stablecoins to a fixed amount of purchasing power, arguing that doing so would not amount to paying any form of interest or yield (whether in cash, tokens, or other consideration).

Eliminating the prohibition would be inconsistent with the requirements of section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)), and the definition of payment stablecoin in section 2(22) of the Act (12 U.S.C. 5901(22)), which hinges on an issuer being obligated to convert, redeem, or repurchase a payment stablecoin for a fixed amount of monetary value (rather than a fixed amount of purchasing power). The OCC therefore is not revising the rule in response to these comments.

One commenter requested that the OCC confirm that the yield prohibition does not capture interest paid on deposits, including tokenized deposits. The OCC confirms that the GENIUS Act's yield prohibition does not apply to deposits. The definition of payment stablecoin in section 2(22) of the Act (12 U.S.C. 5901(22)) explicitly excludes deposits, regardless of whether the deposit is recorded using distributed ledger technology. Because the yield prohibition in section 4(a)(11) of the Act (12 U.S.C. 5903(a)(11)) applies to holders of payment stablecoins solely in connection with the holding, use, or retention of payment stablecoins, the prohibition does not extend to paying interest on deposits, including deposits in tokenized form.

Several commenters stated that the proposed yield prohibition and associated rebuttable presumption were too broad and exceeded the OCC's authority. One stated that the rebuttable presumption could raise issues under the major questions doctrine. One commenter stated that disclosures revealing the economic substance of arrangements between issuers, affiliates, and third parties would be more effective than the rebuttable presumption. Commenters also stated that the rebuttable presumption would invert the burden of proof, chill competition, and discriminate against savers in favor of borrowers. Commenters stated that the statutory prohibition applies to permitted payment stablecoin issuers and foreign payment stablecoin issuers and does not speak to payments from other entities or payments made by other persons in the secondary market. Several of these commenters noted that, unlike the prohibition against pledging, rehypothecating, or reusing reserve assets in section 4(a)(2) of the GENIUS Act (12 U.S.C. 5903(a)(2)), the prohibition in section 4(a)(11) of the Act (12 U.S.C. 5903(a)(11)) does not contain language explicitly prohibiting a permitted payment stablecoin issuer or foreign payment stablecoin issuer from *indirectly* engaging in activities that are proscribed for the issuer.

Many of these commenters stated that the yield prohibition was intensely debated by Congress and that the final text of the Act reflects a considered decision not to prohibit indirect payments. Some of these commenters argued that any indirect payments should be permitted while others took a narrower view, arguing that payments made at the direction of, or on behalf of, the issuer should be prohibited while payments made by third parties that are not controlled by, or made pursuant to an agreement with, the issuer should be permitted. Some commenters stated that independently funded rewards paid by affiliates or third parties should be permitted under certain circumstances.[55] Many of the commenters that advocated for a narrow prohibition stated that the OCC could not use its anti-evasion authority under section 4(h)(1) of the Act (12 U.S.C. 5903(h)(1)) to adopt a rebuttable presumption. These commenters argued that, since the statutory prohibition does not apply to indirect payments, some or all indirect payments should not be considered evasion. These commenters stated that the anti-evasion provisions of the Act should capture bad-faith arrangements, including arrangements where an issuer actually directs a third party to make a payment on the issuer's behalf.[56] Some commenters also stated that the anti-evasion language appears in section 4(h)(1) of the Act (12 U.S.C. 5903(h)(1)) and should be read to prevent the evasion of section 4's (12 U.S.C. 5903) requirements rather than to expand section 4(a)(11)'s (12 U.S.C. 5903(a)(11)) yield prohibition.

With respect to this last point, section 4(h)(1) of the Act (12 U.S.C. 5903(h)(1)) states that ''the primary Federal

[55] Different commenters suggested a variety of potential conditions. Several commenters proposed including conditions that would require (1) the issuer not to control the decision to pay interest or yield, (2) the non-issuer to independently fund payments to payment stablecoin holders, and (3) the non-issuer to not have an agreement with the issuer to pay interest or yield. Some commenters additionally focused on whether the economics of any arrangement suggest that the issuer passes interest or yield earned on reserve assets though a non-issuer to payment stablecoin holders. Some commenters believed that the non-issuer should not be an affiliate whereas others believed that payments to and from affiliates should not be prohibited by the yield prohibition. One commenter stated that the yield prohibition is the functional descendant of Regulation Q, which permitted independent distributors to offer incentives to attract or retain customers.

[56] One commenter stated that the rebuttable presumption should be used as a focused tool to address bad-faith evasions but that the OCC should explicitly carve certain other arrangements from the scope of the presumption.

payment stablecoin regulators shall . . . issue such regulations relating to permitted payment stablecoin issuers as may be necessary to establish a payment stablecoin regulatory framework necessary to administer and carry out the requirements of this section [(section 4)], including to establish conditions, and to prevent evasion thereof.'' The yield prohibition in section 4(a)(11) (12 U.S.C. 5903(a)(11)) is a requirement of section 4 and thus subject to the anti-evasion provisions of the GENIUS Act by the Act's own terms. Although the OCC is eliminating the rebuttable presumption from the final rule, the OCC emphasizes that the OCC retains its authority to address evasion of section 4 of the Act (12 U.S.C. 5903), including the yield prohibition.

Many commenters advocated a broad prohibition that would capture indirect payments as well as direct payments. Some of these commenters advocated capturing additional types of transactions through the rebuttable presumption, including transactions involving indirect payments through persons with whom the issuer has a financial interest, contractual relationship, or business arrangement. Others advocated for a flat prohibition on direct and indirect payments, rather than employing a rebuttable presumption. These commenters stated that preventative measures, such as a broad prohibition, would be preferable to reactive measures, like the rebuttable presumption. Several of these commenters characterized indirect payments as a loophole that must be closed, either by regulatory action or Congressional action.

Many of the commenters favoring a broad prohibition stated that permitting indirect payments could lead to deposit flight that would disproportionately affect community banks and reduce lending. One commenter stated that clear and enforceable treatment of the yield prohibition could reduce uncertainty around asset-liability dynamics and help preserve the intended protection provided by 1 to 1 reserve backing and the timely redemption obligation.

The statutory yield prohibition can capture certain payments that commenters characterized as indirect payments. A person may pay another person through someone else and thus be within the scope of the yield prohibition. For example, interest or yield payments to payment stablecoin holders made by an agent of the permitted payment stablecoin issuer or foreign payment stablecoin issuer on the issuer's behalf solely in connection with the holding, use, or retention of a payment stablecoin would be within the scope of the prohibition. In these instances, the agent acts for the issuer. The issuer pays interest or yield to a payment stablecoin holder. Even if the issuer were not considered to be the payor, it would clearly evade the statutory prohibition on yield for an issuer to merely pay another entity to make an interest or yield payment that the issuer could not make directly. As discussed below, other scenarios may present closer questions. For example, indirect payments that are not made solely in connection with the holding, use, or retention of a payment stablecoin are outside the scope of the prohibition by the Act's own terms. Depending on the facts and circumstances, a payment to payment stablecoin holders through an intermediary might be made solely in connection with the holding, use, or retention of a payment stablecoin or might be made, at least in part, for other reasons.

One commenter stated that issuers should be permitted to pass yield from reserves through to institutional payment stablecoin holders but not to retail payment stablecoin holders. The GENIUS Act does not distinguish between retail and institutional payment stablecoin holders. Accordingly, the final rule applies the yield prohibition equally to payments by an issuer to institutional and retail payment stablecoin holders. One commenter requested that the OCC provide a cure period for violations of the yield prohibition. The final rule does not include such a cure period but, as discussed below, does not include the rebuttable presumption. The OCC will exercise its enforcement discretion appropriately, based on the given facts and circumstances.

Commenters requested clarification about the various prongs of the rebuttable presumption, the process for rebutting the presumption (including standardized rebuttal language), and the particular wording of the presumption (*e.g.,* the definition of ''related third party''). Commenters also requested a list of illustrative examples of arrangements that would not violate the prohibition. Because the final rule does not include the rebuttable presumption, the OCC is not further clarifying the terms of the presumption or the process for rebuttal. In response to requests for examples of activities that would violate or be permitted under the yield prohibition or that would be captured by the presumption or constitute evasion, the OCC is not including a list of prohibited or permitted arrangements. Rather, the OCC will apply the language of the statute to the facts and circumstances of any particular arrangement so that any such arrangement can be evaluated based on all relevant facts and circumstances.

Commenters addressed a number of potential safe harbors or exclusions for certain activities. Some commenters stated that there should be a de minimis exemption for small payments or incidental payments that do not scale with the amount of payment stablecoins held by the payee. These commenters stated that such small payments pose no credible risk of evasion of the GENIUS Act and that subjecting these small payments to the rebuttable presumption would impose disproportionate burdens. Other commenters disagreed, stating that such a safe harbor or exclusion would be unnecessary and unsupported by the statute. The OCC is not adopting a safe harbor for de minimis payments because the statutory yield prohibition, by its terms, does not contemplate an exemption for such payments.

Some commenters argued that the GENIUS Act was not intended to prohibit existing rewards programs and that rewards programs that were in existence as of the enactment of the GENIUS Act should be excluded from the statutory yield prohibition. Many commenters argued for an explicit safe harbor for these indirect payments or for excluding them from the scope of the rebuttable presumption. The OCC declines to presume that rewards programs that predated the GENIUS Act comply with the GENIUS Act. The fact that Congress may have had notice of these rewards programs does not necessarily imply that Congress endorsed them as permissible. Indeed, Congress could have provided a safe harbor for such programs but did not do so. Accordingly, rewards programs that predate the enactment of the GENIUS Act will be evaluated the same as rewards programs that are established after the enactment or effective date of the GENIUS Act.

Many commenters argued that the prohibition and associated rebuttable presumption should not capture payments that the issuer does not control and that are not funded directly by the issuer. Commenters requested specific exclusions or safe harbors for fiduciary income earned by trust entities, certain DeFi arrangements, payments in connection with the promotion or distribution of payment stablecoins, rewards from staking, and interest from lending. Several commenters advocated for specific exclusions or safe harbors for various types of white-label arrangements. Commenters also requested exclusions

or safe harbors for certain arrangements subject to Federal securities laws, customer loyalty or rewards programs structured in good faith, and payments for services (including compliance, technological, operational, marketing, or distributional services).

In response to comments, the OCC has not provided a general safe harbor. With respect to DeFi arrangements, the facts of each DeFi arrangement may bear significantly on whether such an arrangement is entered into to evade the yield prohibition. The OCC is also not adopting an explicit safe harbor for payments made for services. Absent additional facts to the contrary, payments for bona fide services generally would not be prohibited because such payments generally are not interest or yield paid solely in connection with the holding, use, or retention of a payment stablecoin.

The OCC also has not adopted a safe harbor for arrangements subject to the Federal securities laws. Although payment stablecoins are excluded from the definition of security, an arrangement where an issuer pays interest or yield solely in connection with the holding, use, or retention of payment stablecoins could be a security, depending on the facts and circumstances. The statute does not provide a clear safe harbor from the yield prohibition for securities. Accordingly, the OCC declines to adopt a safe harbor for arrangements that are securities.

The OCC also is not adopting a safe harbor for white-label partners. Payments to and from white-label partners may be more likely to be made on behalf of a permitted payment stablecoin issuer or foreign payment stablecoin issuer than other types of payments. Accordingly, the OCC believes that a broadly applicable safe harbor would be inappropriate.

Many commenters stated that the key terms used in the prohibition and associated rebuttable presumption must be defined or clarified. Some argued that failing to include definitions for these terms violated the OCC's notice-and-comment obligations under the Administrative Procedure Act. Others stated that the terms were sufficiently clear and did not require further definition. As discussed below, the OCC has decided not to include additional regulation text defining certain terms used in the yield prohibition, with the exception of the term ''payment stablecoin holder,'' discussed elsewhere. The OCC believes that it is not necessary to do so and that including definitions for certain terms could encourage the adoption of arrangements that are intended to evade the prohibition.

A large number of commenters stated that ''interest'' and ''yield'' should be defined. Several commenters favoring a broad yield prohibition stated that these terms should be interpreted broadly. Commenters noted that the prohibition in section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)) applies to the payment of ''any form of interest or yield, whether in cash, tokens, or other consideration'' and stated that this language suggests that the terms ''interest'' and ''yield'' should be interpreted broadly. Several commenters stated that ''interest'' should include all scenarios where an issuer provides economic value to a partner or affiliate who then delivers yield-like benefits to payment stablecoin holders. Many commenters stated that the definitions of ''interest'' and ''yield'' should hinge on economic substance and not on how the term is labeled (*e.g.,* as rewards). Many commenters stated that interest should be defined to mean economic benefits that scale with the amount of payment stablecoins that a stablecoin holder holds or the duration that the stablecoin holder holds the payment stablecoins. Some commenters stated that the terms interest and yield should include payments by an issuer based on the passive holding of a payment stablecoin. Some commenters noted that interest has long been interpreted to refer to a wide range of types of compensation and that the Supreme Court has rejected the notion that interest must be time- or rate-based. Commenters stated that, since the GENIUS Act prohibits yield, in addition to interest, the OCC should interpret the prohibition broadly.

Several commenters stated that a broad definition of interest and yield, as part of a broad prohibition, would help maintain the distinction between payment instruments, like payment stablecoins, and investment instruments. In contrast, many commenters that favored a narrow yield prohibition advocated excluding certain types of payments from the definitions of interest and yield. One stated that the OCC should not prohibit arrangements that are the economic equivalent of paying any form of interest or yield (whether in cash, tokens, or other consideration), arguing that, if the OCC commits to regulating economic equivalents, rather than statutory categories, there is no principled stopping point. The OCC disagrees. Interest and yield are broad terms under their generally understood meanings. Interest does not stop being interest merely because it is given a different name. An approach that looked to labels rather than economic substance would render the yield prohibition meaningless.

Other commenters requested carveouts (either from the definition of interest or yield, the scope of the prohibition, or through the implementation of a safe harbor) for certain commercial transactions, fee waivers, promotional or loyalty payments, merchant discounts and rebates (subject to certain requirements), white-label profit sharing, and transaction-based payments. Many of these comments focused on the idea that transaction-based rewards should not be considered interest or yield. Commenters disagreed as to whether customer rewards should be included within the definition and thus be subject to the yield prohibition. Commenters advocating a broad yield prohibition stated that rewards programs could act as an evasion of the prohibition, rewards would blur the line between payment and investment instruments, and excluding rewards from the scope of the prohibition could negatively impact competition between highly regulated banks and less regulated entities. Others stated that certain types of rewards (*e.g.,* transaction-based rewards or independently funded third-party rewards, discussed above) should not be considered interest or yield.

After considering the comments received, the OCC has decided not to define the terms ''interest'' or ''yield.'' The OCC will apply principles of statutory interpretation to the terms in light of the facts and circumstances before it. The OCC therefore declines to adopt a definition of these terms.

Several commenters stated that ''pay'' should be interpreted broadly and that the OCC should look to the economic substance of a transaction to determine whether a payment has occurred. In contrast, in the context of the rebuttable presumption, one commenter said that the OCC should not interpret the term to capture any transfer of economic value, arguing that doing so would expand the OCC's authority and would cover general commercial relationships. The OCC is not defining the term in the final rule. The OCC will apply principles of statutory interpretation to the term ''pay'' in light of the facts and circumstances before it. Commenters had diverging views on whether and how to define ''holding,'' ''use,'' and ''retention'' for the purpose of implementing the statutory yield prohibition. Many commenters advocated for excluding transactional activities from the scope of ''use''

altogether, stating that the prohibition should apply to passive holding of payment stablecoins rather than active use of payment stablecoins. These commenters argued that the use of the terms ''interest'' and ''yield'' suggest that the prohibition applies to passive holdings and that the word ''use'' is intended merely to ensure that an issuer cannot evade the prohibition by mislabeling payments for passive holdings. Several commenters requested that the OCC clarify that ''use'' refers to bona fide customer-facing activity rather than ministerial issuance, redemption, settlement, or internal asset-transfer functions. Other commenters stated that the terms should be read broadly, such that payments that are conditioned on holding, using, or retaining a stablecoin are captured.

The statutory yield prohibition applies to payments of interest or yield solely in connection with the holding, use, or retention of a payment stablecoin. Thus, the statute contemplates that certain payments made in connection with the use of a payment stablecoin may be prohibited. Specifically, a payment would need to (a) be interest or yield and (b) be made solely in connection with the holding, use, or retention of a payment stablecoin to be within the scope of the prohibition. Transaction-based payments that did not amount to interest or yield or that were not made solely in connection with the holding, use, or retention of a payment stablecoin would not be prohibited. Whether a transaction-based payment meets those criteria is a fact-specific inquiry, and the OCC will address the facts presented by particular arrangements as they arise.

Commenters had diverging views as to the meaning of the term ''solely'' in the yield prohibition. Several commenters stated that the term must remain in the prohibition, should be included in the rebuttable presumption, if retained, and should be given the effect of excluding payments made even in part based on factors other than the holding, use, or retention of payment stablecoins. Commenters stated, for example, that payments made for commercial purposes, including marketing payments, payments for liquidity provision, and the posting of collateral should be outside the scope of the prohibition because they are not made solely in connection with the holding, use, or retention of a payment stablecoin. Commenters also stated that payments made in connection with serving as a node, validating transactions, and staking are not made solely in connection with the holding, use, or retention of payment stablecoins. Some commenters stated that giving effect to the term ''solely'' would help distinguish payment instruments and investment products.

A large number of other commenters stated that the term ''solely'' should be read narrowly to prevent evasion of the yield prohibition. These commenters emphasized that the term should be read in the broader context of the prohibition, which prohibits a permitted payment stablecoin issuer or foreign payment stablecoin issuer from paying any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin. Some commenters stated that the yield prohibition should capture the transfer of economic benefit to a payment stablecoin holder unless the person providing the benefit can demonstrate by clear and convincing evidence that the purpose of the payment is for a substantial business purpose other than incentivizing, or otherwise making payments in connection with, the holding, use, or retention of a payment stablecoin. Similarly, another commenter stated that an economic benefit provided to a holder or user of a payment stablecoin should be presumed to be provided solely in connection with the holding, use, or retention of that stablecoin if holding, using, or retaining the stablecoin is a necessary condition to receiving the benefit or is the reason the benefit is provided.

The word ''solely'' in the statutory yield prohibition is best read under its plain terms to exclude payments made in connection with reasons other than holding, using, or retaining a payment stablecoin. Thus, payments made for other purposes are not barred by the GENIUS Act. To the extent that there are concerns that a permitted payment stablecoin issuer pays interest or yield only nominally for another purpose in an attempt to evade the statute, the OCC will look to the substance of the transaction to determine whether the permitted payment stablecoin issuer was truly paying solely in connection with the holding, use, or retention of a payment stablecoin or whether the transaction was structured for the purpose of evading the yield prohibition.

Commenters had widely varying views on the economic impact of the yield prohibition. A large number of commenters stated that the economic impact of a prohibition that allowed for indirect payments would be significant. These commenters stated that the promise of interest- or yield-bearing payment stablecoins could divert funds away from bank deposits (particularly at community banks) and diminish lending and the provision of financial services and investments within communities. Several of these commenters noted that community banks are important sources of loans, particularly for smaller communities and for farmers. These commenters stated that the scale of deposit flight would depend on the strength of the yield prohibition and the growth of the payment stablecoin industry. Specific estimates varied, but many of these commenters cited to reports that deposits could be reduced by trillions of dollars and that lending could decrease by hundreds of billions of dollars, with certain States being more impacted than others.[57] Several commenters favoring a narrow prohibition criticized these estimates, including by arguing that some of these estimates represented advocacy, rather than research, stating that some of the estimates were inconsistent with past statements of the organizations that produced the estimates, and by questioning the applicability of the assumptions or models used to create these estimates. Many of these commenters stated that deposits would likely be recycled back into community banks in the form of reserve assets. A number of commenters favoring a broad prohibition disagreed, stating that reserve assets would likely be concentrated in large financial institutions (as opposed to in community banks) and that deposits held as reserves would be wholesale deposits, rather than retail deposits. These commenters stated that wholesale deposits serving as reserve assets would be less able to support credit creation than retail deposits.

A large number of commenters favoring a narrow prohibition stated that the economic impact of permitting third parties to pay interest or yield on payment stablecoins was likely to be insignificant. Many of these expressed skepticism that widespread adoption of

[57] Estimates cited included Jessie Jiaxu Wang, ''Banks in the Age of Stablecoins: Some Possible Implications for Deposits, Credit, and Financial Intermediation,'' FEDS Notes (December 17, 2025), *available at https://doi.org/10.17016/2380-7172.3970;* Treasury Borrowing Advisory Comm., ''Charge for the Treasury Borrowing Advisory Committee: Second Quarter 2025,'' *available at https://home.treasury.gov/system/files/221/TBACCharge2Q22025.pdf;* Andrew Nigrinis, ''The Lending Impact of Stablecoin-Induced Deposit Outflows, Legal Econ. LLC, (October 10, 2025), *available at https://ssrn.com/abstract=5586850;* Toni M. Whited et al., ''Will Central Bank Digital Currency Disintermediate Banks?'' (May 19, 2022), *available at https://ssrn.com/abstract=4112644;* as well as estimates prepared by the Independent Community Bankers of America, American Bankers Association, and the Bank Policy Institute.

payment stablecoins, including yield-bearing payment stablecoins, would lead to widespread deposit flight. One commenter noted that the introduction of money market mutual funds did not lead to widespread deposit flight. This commenter argued that competition between bank deposits and payment stablecoins may affect bank profits but would not necessarily affect credit creation. Many commenters cited to a report by the White House Council of Economic Advisers (CEA Report) concluding that a yield prohibition would have relatively little impact on deposits or lending but would cause consumers to forgo the benefits of competitive returns on stablecoin holdings.[58] Commenters favoring a broad prohibition criticized the conclusions of the CEA Report and reports reaching similar findings, stating that these reports were based on flawed assumptions and addressed the wrong question (*i.e.,* the policy concern is not whether prohibiting yield on payment stablecoins would constrain bank lending; rather, it is whether allowing yield on payment stablecoins would encourage deposit flight, especially from community banks, raise funding costs, and reduce local credit availability). Commenters favoring a narrow prohibition also stated that a broad prohibition could stifle competition and innovation, distort markets, exacerbate concentration risks, and make stablecoin activity more likely to migrate outside of the United States financial system. Some commenters also stated that the threat to community bank deposits does not arise from payment stablecoins but rather from concentration among global systemically important banks.

A small number of commenters stated that the economic impact of a broad or narrow prohibition is uncertain. Of these, some advocated delaying finalization of certain aspects of the rule until after completing a study on the impact of stablecoin adoption on deposits. One commenter stated that the OCC has indicated that it will monitor for deposit flight but has not stated how it would address deposit flight. One commenter stated that the OCC should clearly articulate any concerns about the similarities between payment stablecoins and deposits, so that commenters could provide meaningful input.

Congress created a new regulatory framework through the GENIUS Act, and the payment stablecoin and banking industries may change as a result of this new framework. The scale and character of these changes may depend substantially on market developments, customer demand, and implementation of the GENIUS Act. For example, any estimate as to the impact of payment stablecoins on bank deposits or on the broader economy will depend, in part, on how much the payment stablecoin industry grows, where issuers hold their deposits, and whether those deposits are stable. While the OCC can estimate the economic impacts of the rule, there is necessarily a degree of uncertainty with respect to key variables. The OCC intends to monitor the impacts of the final rule as well as developments in the market. The OCC may consider revising the final rule, to the extent necessary and to the extent consistent with the text and purpose of the GENIUS Act.

After carefully considering the comments concerning the yield prohibition, the OCC has eliminated the rebuttable presumption from the final rule. Because payment stablecoins are a nascent market, the OCC does not believe that it is appropriate to impose a rebuttable presumption with respect to the yield prohibition at this time. The rebuttable presumption could have been both overinclusive and underinclusive, capturing permissible arrangements that would have been subject to the rebuttable presumption and allowing the inference that impermissible arrangements not triggering the presumption are consistent with the yield prohibition. Requiring such arrangements to go through the rebuttal process risks imposing burden without a commensurate benefit.

Instead of finalizing the proposed rebuttable presumption or otherwise providing guidance on the types of potentially prohibited transactions, the OCC will initially monitor arrangements with permitted payment stablecoin issuers and foreign payment stablecoin issuers as part of its review of issuers' applications and ongoing supervision of such entities. Where it identifies transactions that violate or evade the yield prohibition, the OCC will take action and provide the public with additional guidance regarding such actions and interpretations, as appropriate. As the payment stablecoin market develops, the OCC anticipates that it will gain sufficient experience with identifying prohibited transactions to allow it to propose a rulemaking clarifying the yield prohibition that does not have the disadvantages noted above.

Prohibition on Rehypothecation

Proposed § 15.10(c)(5) included the language from section 4(a)(2) of the Act (12 U.S.C. 5903(a)(2)) that prohibits permitted payment stablecoin issuers from pledging, rehypothecating, or reusing any reserve assets required under 12 U.S.C. 5903(a)(1), except for the purposes listed in section 4(a)(2) of the GENIUS Act (12 U.S.C. 5903(a)(2)). Consistent with the statute, a permitted payment stablecoin issuer cannot pledge, rehypothecate, or reuse any reserve assets, either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets), except for the purpose of: (i) satisfying margin obligations in connection with investments in permitted reserves under proposed § 15.11(b)(4) or (5); (ii) satisfying obligations associated with the use, receipt, or provision of standard custodial services; or (iii) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a maturity of 93 days or less may be sold as purchased securities in repurchase agreements,[59] provided that either: (A) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or (B) the permitted payment stablecoin issuer receives prior approval from the OCC.

The OCC stated in the proposal that by including the phrase ''directly or indirectly'' in the prohibition, it is clear that Congress intended that a custodian that holds the reserves on behalf of a permitted payment stablecoin issuer also may not pledge, rehypothecate, or reuse any of the reserve assets, other than with respect to the limited exceptions discussed in proposed § 15.10(c)(5). To the extent that a custodian holding the payment stablecoin reserves were allowed to bypass this prohibition, it would undermine the relatively safe nature of the reserve assets and the confidence that payment stablecoin holders have that the payment stablecoin will hold its peg.

[58] White House Council of Economic Advisers, ''Effect of Stablecoin Yield Prohibition on Lending'' (April 2026), *available at https://www.whitehouse.gov/wp-content/uploads/2026/04/Effects-of-Stablecoin-Yield-Prohibition-on-Bank-Lending.pdf.*

[59] Section 4(a)(2)(C) of the Act (12 U.S.C. 5903(a)(2)(C)) states that reserves in the form of Treasury bills may be sold as purchased securities for repurchase agreements with a maturity of 93 days or less if certain conditions are met. The OCC proposes to clarify, consistent with section 4(a)(1)(iv) of the Act (12 U.S.C. 5903(a)(1)(iv)), that the Treasury bills sold under the repurchase agreement must have a maturity of 93 days or less. Consistent with this clarification and the OCC's proposed approval of repurchase agreements under section 4(a)(2)(C) of the Act, discussed below, the maturity of the repurchase agreement would be overnight.

Several commenters asked the agency for clarification on the scope of activities that are permissible given this prohibition. For example, one commenter asked for confirmation that the prohibition applied only to permitted payment stablecoin issuers and not to depository institutions at which stablecoin issuers hold deposits.

The OCC confirms that an insured depository institution that receives deposits from a permitted payment stablecoin issuer may deploy or invest those deposits without running afoul of the prohibition on rehypothecation in § 15.10(c)(5) of the final rule.[60]

One commenter asked the OCC to clarify the application of § 15.10(c)(5) to cleared repurchase and reverse repurchase transactions involving United States Treasury securities. The commenter requested confirmation that the rule would not prohibit a permitted payment stablecoin issuer from granting a Treasury clearing agency a limited lien on purchased securities received in connection with a permitted cleared tri-party reverse repurchase transaction, where the lien is granted in lieu of margin and is subject to conditions limiting the Treasury clearing agency's ability to use the securities other than to effect settlement. The commenter also requested that the OCC clarify that § 15.10(c)(5) would not prohibit a permitted payment stablecoin issuer from granting its clearing member a lien on the issuer's rights under repurchase transactions cleared through the clearing member and related cash and securities, provided the clearing member holds the related cash and securities in a custodial capacity and the obligations secured by the lien are limited to the issuer's obligations under the related repurchase transactions.

With respect to liens in Treasury repurchase agreements, the exception at § 15.10(c)(5)(i) of the final rule allows a permitted payment stablecoin issuer to satisfy margin obligations in connection with reserve assets held either as money received under certain repurchase agreements or as certain reverse repurchase agreements. The agency understands from commenters that, for tri-party reverse repurchase agreements, the party receiving securities may need to satisfy market-standard requirements of the central counterparty. In certain circumstances, these requirements require a party to post margin or, as an alternative, grant a limited lien in favor of the central counterparty. If such a lien is specifically for satisfying margin obligations and effecting settlement, such a lien would likely be consistent with the exception in § 15.10(c)(5)(i).

Given that permitted payment stablecoin issuers may hold repurchase or reverse repurchase agreements as permissible reserve assets, and given that standard custodial services by a clearing member include the clearing member holding a limited lien, the prohibition in § 15.10(c)(5) of the rule does not prohibit a permitted payment stablecoin issuer from granting a lien to a clearing member provided that the clearing member holds related cash and securities in a custodial capacity and that the secured obligations are limited to the customer's obligations under the related repurchase agreements.

One commenter suggested that the OCC expressly permit a permitted payment stablecoin issuer to grant a covered custodian a first-priority lien, security interest, and set-off rights against reserve assets. The commenter also stated that these rights are a routine feature of custody arrangements and help protect custodians when they advance funds or securities to facilitate settlement in custody accounts.

In the proposed rule, the OCC originally interpreted the exception to the prohibition on rehypothecation related to satisfying obligations associated with the use, receipt, or provision of standard custodial services to be limited to the purposes specified in section 10(c)(2)(B) of the Act (12 U.S.C. 5909(c)(2)(B)). However, after considering the comments, the OCC believes that such an interpretation of the exception was unnecessarily narrow, and commenters have raised the important point that custody agreements routinely include giving a custodian a security interest in the reserve assets. Accordingly, the OCC reads the exception in section 4(a)(2)(B) of the Act (12 U.S.C. 5903(a)(2)(B)) to allow a permitted payment stablecoin issuer to grant a covered custodian a first-priority lien, security interest, and set-off rights against reserve assets to the extent it is for the purpose of satisfying obligations associated with the use, receipt, or provision of standard custodial services as provided in section 4(a)(2)(B) of the GENIUS Act (12 U.S.C. 5903(a)(2)(B)) and § 15.10(c)(5)(ii). Such a permissible lien, security interest, or set-off rights would be limited to the bona fide provision of custodial services and limited in scope.

The third and final exception to § 15.10(c)(5) of the rule, § 15.10(c)(5)(iii), is for the creation of liquidity to meet reasonable expectations of requests to redeem payment stablecoins. In the preamble to the proposed rule, the agency explained that, due to the fungibility of money, the OCC would not scrutinize the exact uses to which repurchase borrowing proceeds are put. The OCC explained that rehypothecation would not be permissible if repurchase borrowings are obtained solely for some purpose other than obtaining liquidity to meet redemption requests or compliance with the rule.

Some commenters expressed support for the proposal as written, while one commenter stated that if the OCC does not scrutinize how borrowed funds are used, issuers could effectively monetize reserve assets through the repo market. Accordingly, the commenter stated that the OCC should impose clear restrictions on the purposes for which repurchase proceeds may be used and require issuers to maintain contemporaneous records demonstrating that any repurchase borrowing was used exclusively to meet the issuer's redemption obligations.

The OCC continues to hold the view it expressed in the proposal. To the extent the OCC scrutinized the exact uses to which repurchase borrowing proceeds were used, it could impair an issuer's ability to effectively use repurchase agreements to manage liquidity. Additionally, § 15.10(c)(5)(iii) of the final rule still includes the condition that repurchase agreements should be for the purpose of creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins. Accordingly, if the OCC were to become aware that a permitted payment stablecoin issuer was entering into repurchase agreements for another purpose, the issuer may be in violation of that provision. While all permitted payment stablecoin issuers are subject to the recordkeeping requirements in § 15.14(f), the OCC does not believe an individualized recordkeeping regime for repurchase agreements would be beneficial because it could create additional burden that would make repurchase agreements a less effective liquidity tool, especially in times of stress.

Pre-Approval of Certain Repurchase Agreements

With respect to the exception in proposed § 15.10(c)(5)(iii), the OCC proposed to deem any repurchase agreement approved under this section and section 4(a)(2)(C) of the Act (12 U.S.C. 5903(a)(2)(C)), provided that the Treasury bills sold as purchased securities have a maturity of 93 days or less, consistent with the requirement

[60] An insured depository institution that receives customer property in a fiduciary capacity may not, however, use or deploy that customer property except as permitted under applicable law including the GENIUS Act and the fiduciary agreement.

that Treasury bills held as reserve assets must have a maturity of 93 days or less, and the liquidity obtained through repurchase borrowings is not being obtained solely for purposes other than meeting redemption requests or compliance with the requirements of this proposed rule. The proposal explained that section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) makes clear that permitted payment stablecoin issuers may maintain identifiable reserves comprising money received under certain repurchase agreements. The proposal further stated that it would frustrate section 4(a)(1)(A)(iv)'s clear permission to maintain such reserve assets if permitted payment stablecoin issuers could only engage in repurchase borrowing transactions upon the completion of cumbersome procedures and one-off supervisory approvals.

Several commenters responded to the OCC's request for input on whether it should pre-approve repurchase agreements by rule as proposed in § 15.10(c)(5)(iii)(B). Several commenters supported the OCC's proposal to pre-approve repurchase agreements by rule and characterized case-by-case approvals as risking unnecessary operational delays. Some commenters offered specific suggestions for which types of repurchase agreements the OCC should approve by rule. One commenter recommended that the OCC pre-approve repurchase agreements collateralized by short-term Treasury securities and overnight reverse repurchase agreements with the Federal Reserve given the minimal liquidity and credit risk. The commenter recommended that repurchase agreements collateralized by other permitted reserve assets be given broad but bounded approval.

Another commenter recommended that the OCC pre-approve by rule both overnight and term-repurchase agreements collateralized solely by eligible reserve assets and cleared through a regulated central counterparty. That commenter recommended that pre-approval be accompanied by established guardrails. Another commenter responded that the rule should expressly permit pre-approved, rule-based use of ''properly structured [repurchase agreements]'' as beyond prohibited ''reuse'' provided the repurchase agreement is highly liquid and the permitted payment stablecoin issuer can meet redemptions. The commenter described a list of parameters and noted that the OCC's treatment of such contracts should match established supervisory practice. Another commenter recommended that the OCC adopt a broad and flexible pre-approval framework rather than limiting approvals to specific transaction types given continued evolution in the repurchase agreement market.

The OCC is adopting § 15.10(c)(5)(iii)(B) as proposed, with certain clarifying edits described in more detail below. The OCC declines to extend the pre-approval of repurchase agreements beyond those where the Treasury bills that are sold as purchased securities have a maturity of 93 days or less. The OCC is pre-approving repurchase agreements wherein the Treasury bills that are sold as purchased securities have a maturity of 93 days or less because the money received under such agreements is a permissible reserve asset under section 4(a)(1)(A)(iv) (12 U.S.C. 5903(a)(1)(A)(iv)). In addition, section 4(a)(2)(C) of the Act (12 U.S.C. 5903(a)(2)(C)), which prohibits rehypothecation, provides an exception only for this same type of repurchase agreement. Congress's inclusion of only this limited exception suggests that Congress did not intend to automatically permit other types of repurchase agreements under the Act or permit other types of repurchase agreements without OCC approval.[61]

By contrast, one commenter expressed concern about repurchase agreements and recommended that the OCC exercise its safety and soundness authority to exclude repurchase agreements from the list of permissible reserve assets in the final rule because permitted payment stablecoin issuers that rely on repurchase agreements for cash are dependent on short-term funding that may not be available in stress. That commenter recommended in the alternative that, should it choose to permit repurchase agreements to count towards reserve assets, the OCC limit recognition to centrally cleared repurchase agreements.

The OCC declines to categorically exclude repurchase agreements as a permissible reserve asset. Congress clearly intended for money received under repurchase agreements to be a permissible reserve asset type. The OCC also notes that repurchase agreements have the benefit of enhancing liquidity, allowing permitted payment stablecoin issuers to receive the money necessary to facilitate redemptions. The OCC also declines to require central clearing as a precondition to entering into repurchase agreements as central clearing is not required by the Act.[62] However, the OCC notes that central clearing can have the benefit of reducing issuers' counterparty credit risk.

Some commenters recommended that the OCC clarify terms used in the proposal. One commenter recommended that the OCC clarify that the standard for ''reasonable expectations of requests to redeem'' be assessed by reference to each issuer's historical redemption patterns, customer base, and risk profile rather than a fixed quantitative threshold.

The OCC declines to set a specific quantitative threshold related to the language in section 4(a)(2)(C) of the Act (12 U.S.C. 5903(a)(2)(C)), which provides that repurchase agreements falling under the exception to the prohibition on rehypothecation must be for ''creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins.'' The OCC believes that each individual permitted payment stablecoin issuer is generally in the best position to assess when such repurchase agreements are necessary to create liquidity to meet redemption demands, subject to OCC supervision for compliance with this requirement. A fixed quantitative limit could impair liquidity management, especially in times of stress. The OCC agrees that the permitted payment stablecoin issuer's historical redemption patterns, customer base, and risk profile may be helpful to issuers when considering whether to enter into a repurchase agreement.

Another commenter recommended that the OCC clarify that the standard includes the prudent and routine use of repurchase agreements as a core liquidity management tool, consistent with the commenter's position that the OCC pre-approve a defined category of low-risk repurchase agreements by rule.

The OCC agrees that repurchase agreements can be a core liquidity tool for permitted payment stablecoin issuers, provided they are used in a manner consistent with the Act and part 15. As discussed above, the OCC is not expanding the category of repurchase agreements pre-approved by rule beyond the category described in § 15.10(c)(5)(iii)(B).

Some commenters made technical recommendations relating to a rule-based pre-approval process. One commenter recommended that the OCC

[61] *See Esteras* v. *United States,* 606 U.S. 185, 195 (2025) (citation modified) (''This conclusion follows directly from the application of a well-established canon of statutory interpretation: ''*expressio unius est exclusio alterius*''—in plain English, expressing one item of an associated group or series excludes another left unmentioned.'').

[62] The prohibition on rehypothecation creates an exception for repurchase agreements cleared by a clearing agency registered with the SEC *or* those that are approved by the permitted payment stablecoin issuer's Federal payment stablecoin regulator. *See* section 4(a)(2)(C)(i) of the Act (12 U.S.C. 5903(a)(2)(C)(i)).

clarify that creating liquidity to meet reasonable redemption expectations means maintaining a portfolio of reserve assets that can be monetized within T+1 under normal market conditions and T+0 under stressed conditions, calibrated to the issuer's historical redemption velocity and stress-tested against a variety of scenarios.

The OCC declines to limit the phrase ''creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins'' to require maintaining a portfolio of reserve assets that can be monetized within T+1 under normal market conditions and T+0 under stressed conditions. However, final § 15.12(c)(1) provides that timely redemption may not exceed two business days following the date of the requested redemption. Accordingly, a permitted payment stablecoin issuer's use of repurchase agreements must not interfere with its ability to satisfy the timely redemption requirement.

Another commenter recommended that the OCC confirm that the pre-approval framework does not prohibit repurchase agreements where the repurchase agreement counterparty is also the custodian of the relevant reserve assets. That commenter described the relevant supervisory question as whether the issuer retains full legal ownership of and unimpeded access to reserve assets at all times.

The OCC clarifies that the pre-approval framework does not prohibit repurchase agreements where the repurchase agreement counterparty is also the custodian of the relevant reserve assets.[63]

After careful consideration of the comments, the OCC is adopting § 15.10(c)(5) as proposed, with certain clarifying edits. Specifically, the OCC is making clarifying edits to § 15.10(c)(5) to remove paragraph (c)(5)(iii)(C) and add new § 15.10(d), which provides that pursuant to section 4(a)(2)(C)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(2)(C)(ii)) and § 15.10(c)(5)(iii)(B), the OCC approves, for all permitted payment stablecoin issuers, repurchase agreements wherein the Treasury bills that are sold have a maturity of 93 days or less. The OCC is also modifying paragraph (c)(5)(iii)(B) to provide that a permitted payment stablecoin issuer may receive approval of a repurchase agreement by order or pursuant to final § 15.10(d).

Prohibition on Evasion

Section 4(h)(1) of the GENIUS Act (12 U.S.C. 5903(h)(1)) provides that the OCC may issue regulations to ''carry out the requirements of this section . . . and to prevent evasion thereof.'' Consistent with this authority, proposed § 15.10(c)(6) provided that a permitted payment stablecoin issuer must not engage in any activity that the OCC determines is an evasion of the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) or part 15.

One commenter asked the agency to confirm that a stablecoin issuer that relies on published agency guidance in good faith (absent material misstatements or omissions) would not violate the evasion prohibition in § 15.10(c)(6).

The OCC declines to provide an explicit safe harbor because whether particular conduct constitutes evasion necessarily depends on the particular facts and circumstances, and because the OCC will gain experience in administering this standard after the final rule becomes effective. Nevertheless, when determining whether a permitted payment stablecoin issuer acted to evade section 4 of the GENIUS Act (12 U.S.C. 5903) or part 15, the OCC would consider, among other relevant factors, the issuer's good faith reliance on OCC publications and whether the issuer made misstatements or omitted material facts.

Approval Process for Certain Activities

Several commenters supported an application or approval process for determining the scope of permissible permitted payment stablecoin issuer activities. By providing clarity in advance, commenters believed an activity approval process could promote innovation, consistency, and appropriate agency-established boundaries. One commenter suggested the OCC, following notice and comment, either list permissible activities for stablecoin issuers or publish a framework for assessing permissibility. The commenter stated that this public notice and comment process could inform what activities the agency enumerates as permissible. Another commenter stated that the OCC should adopt an evolving framework to enumerate additional permissible activities and commit to issuing guidance on permissibility determinations.

The OCC declines at this time to commit to publishing a list or framework for activity permissibility. As the OCC stated in the notice of proposed rulemaking, if a permitted payment stablecoin issuer is unclear about whether a particular activity is permissible, the OCC encourages issuers to ask the OCC directly. Because payment stablecoin activities will continue to evolve, a list would quickly become outdated, especially if the OCC was required to publish the list after soliciting notice-and-comment. The OCC anticipates that these implementing regulations will be updated, as necessary, in the years following the effective date of the Act as the business practices of issuers continue to evolve and develop.

The OCC may also issue interpretive letters or guidance to help clarify which activities are permissible for permitted payment stablecoin issuers. One commenter asked that the agency commit to responding to requests for guidance within a defined timeframe. Because the agency does not yet know the frequency of requests, the complexity of requests, or how requests will change with the industry's evolution, the OCC is unable to determine or commit to how long a response may take. As a result, the agency is not defining a timeframe for responses at this time, but the OCC may revisit this matter in the future as it reviews requests and the industry develops.

Incidental and Digital Asset Service Provider Activities

The rule of construction in section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)) provides:

Nothing in subparagraph (A) shall limit a permitted payment stablecoin issuer from engaging in payment stablecoin activities or digital asset service provider activities specified by this Act, and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws[.]

In the proposal, the OCC explained that this rule of construction clarifies the scope of section 4(a)(7)(A) (12 U.S.C. 5903(a)(7)(A)) rather than providing an independent grant of authority.

With respect to the relationship between sections 4(a)(7)(A) and (B) of the Act (12 U.S.C. 5903(a)(7)(A) and (B)), one commenter asked the agency to clarify that section 4(a)(7)(B) (12 U.S.C. 5903(a)(7)(B)) is not an independent grant of authority that allows permitted payment stablecoin issuers to engage in payment stablecoin activities, digital asset service provider activities, and activities incidental thereto. Instead, the commenter argued section 4(a)(7)(B) (12 U.S.C. 5903(a)(7)(B)) only clarifies section 4(a)(7)(A) of the Act (12 U.S.C. 5903(a)(7)(A)). The same commenter further suggested that, in clarifying

[63] However, any limitations in § 15.11 of the final rule would still apply.

section 4(a)(7)(A), the incidental activities in section 4(a)(7)(B) are broader than strictly necessary activities and merit an evolving framework similar to how the OCC uses interpretive letters to describe the bounds of permissible bank activities.

Similarly, another commenter suggested the agency not draw a sharp distinction between activities that directly support enumerated activities under section 4(a)(7)(A) and incidental activities under section 4(a)(7)(B). In contrast, a different commenter encouraged a distinction between 4(a)(7)(A) directly supporting activities and 4(a)(7)(B) incidental activities, and another comment suggested the OCC only publish a list of permissible activities consistent with sections 4(a)(7)(A) and (B) after public notice and comment.

As explained above, section 4(a)(7)(B) clarifies the scope of section 4(a)(7)(A). With respect to the commenters that requested clarification on the distinction between 4(a)(7)(A) directly supporting activities and 4(a)(7)(B) incidental activities, based on the phrase ''consistent with all other Federal and State laws,'' incidental activities in 4(a)(7)(B) must be separately authorized under Federal or State law. By contrast, section 4(a)(7)(A) provides permitted payment stablecoin issuers with an independent grant of authority to engage in activities that directly support certain payment stablecoin activities under 4(a)(7)(A). As stated above, permitted payment stablecoin issuers may ask the OCC to clarify whether an activity is permissible under the appropriate grant of authority. The OCC plans to evaluate whether specific activities are permissible for a permitted payment stablecoin issuer under section 4(a)(7) on a case-by-case basis. The agency will decide how it will publish such determinations as it gains better insight into the volume, breadth, and analytical complexity of these evaluations, which will become more apparent once permitted payment stablecoin issuers begin operating and interacting with the financial system.

Two commenters recommended that the OCC clarify in § 15.10 that the effect of the GENIUS Act's rule of construction in section 4(a)(7)(B) is that permitted payment stablecoin issuers may conduct digital asset service provider activities, and activities incidental thereto, when authorized by the OCC and otherwise conducted consistently with applicable law. One commenter stated that this clarification is necessary to prevent inconsistent interpretations among regulated entities, State supervisors, and market participants. Another commenter agreed with the need for clarity on this question and cautioned against a burdensome and slow prior-approval process for digital asset service provider activities, advocating instead for a notice-and-nonobjection framework and OCC publication of a non-exhaustive list of permissible or impermissible digital asset service provider activities.

One commenter suggested that Federally supervised digital asset service providers should not need further approval to carry out activities contemplated by the Act. In contrast, another commenter recommended that the agency define the scope of permissible digital asset service provider activities and establish a transparent approval process for digital asset service provider activities. One commenter suggested the agency clarify any differences in the limitations on permitted payment stablecoin issuer permissible activities and the limitations on digital asset service provider permissible activities. Another commenter suggested that the OCC only authorize permitted payment stablecoin issuers to engage in digital asset service provider activities if they specifically enumerate such activities in their application, and that the OCC should require in its application a detailed description of the specific digital asset service provider activities an issuer proposes to conduct. The commenter recommended that applicants be required to publicly release that list and other portions of their applications as required for national banks and national trust charters, and that any subsequent expansions of digital asset service provider activities should require a new approval.

With respect to comments regarding the scope of digital asset service provider activities, as stated above, such activities must be independently authorized by a Federal or State law, to the extent that any such State law is not inconsistent with Federal law.[64] The OCC is adding new § 15.10(b)(2) which codifies activities that are consistent with the rule of construction in section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)). The OCC is adding this new provision to ensure that permitted payment stablecoin issuers may, under part 15, engage in digital asset service provider activities specified by the Act, and activities incidental thereto, that are independently authorized by applicable Federal or State law, to the extent that any such State law is not inconsistent with Federal law.[65] Permitted payment stablecoin issuers may contact the OCC with questions as they arise, and the OCC will provide additional clarification if appropriate.

After considering the comments, the OCC is not instituting a new or separate approval process for permitted payment stablecoin issuers to engage in digital asset service provider activities. Permitted payment stablecoin issuers may ask the OCC directly whether specific activities are permissible. The OCC will address activities as the market evolves and as the OCC is presented with specific facts and information to evaluate such requests. The OCC does not have adequate information to address such requests at this time nor does it want to constrain itself or permitted payment stablecoin issuers to a rigid process. As discussed below, the OCC will consider the appropriate means to publish any interpretations issued related to digital asset service provider activities. The OCC may reconsider in the future whether to institute a new or separate approval process once it gains experience supervising permitted payment stablecoin issuers and evaluating activity requests.

National Trust Banks

Proposed § 15.10(b) incorporated language from section 16(a) of the GENIUS Act (12 U.S.C. 5915(a)) and emphasized that nothing in proposed § 15.10(a) may be construed to limit the authority of a depository institution, national bank, or trust company to engage in activities permissible pursuant to applicable State and Federal law. Consistent with this provision, for example, an uninsured national bank that is a permitted payment stablecoin issuer could engage in fiduciary, trust, and other related activities consistent with applicable law. Similarly, a national bank or Federal savings association could provide crypto-asset custody services, either in a fiduciary or non-fiduciary capacity, or use distributed ledger technology and related stablecoins to carry out payment activities.[66] Uninsured national banks

[64] The OCC notes that some digital asset service provider activities will be permissible for permitted payment stablecoin issuers under section 4(a)(7) of the Act (12 U.S.C. 5903(a)(7)). For example, exchanging digital assets for monetary value is a permissible activity because permitted payment stablecoin issuers must perform this activity when redeeming payment stablecoins for monetary value.

[65] Section 4(a)(7)(B) of the Act (12 U.S.C. 5903(a)(7)(B)) also requires that ''the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to reserve assets, consistent with section 11.''

[66] *See OCC Interpretive Letter 1174* (January 4, 2021). The activities described in Interpretive Letter

that limit their operations to those of a trust company or activities related thereto (national trust banks) [67] are one type of institution within the scope of institutions covered by section 16(a) of the Act (12 U.S.C. 5915(a)) and § 15.10(b). Proposed § 15.10(b) would also apply to other types of institutions.[68]

Several commenters raised concerns that the proposed regulation would change the activities of or modify current regulations for national trust banks. Two commenters questioned how the proposed rule would align with the list of permitted national trust bank activities in existing regulations, as revised effective April 1, 2026.[69] Other commenters asked the agency to confirm that the regulation implementing the GENIUS Act does not allow national trust banks to engage in activities beyond what the GENIUS Act and their charters authorize. Yet another commenter argued that the OCC's application of section 16(a) of the Act (12 U.S.C. 5915(a)) to national trust banks should be narrower and more in line with the proposed interpretations of the FDIC and the Department of the Treasury.[70]

These commenters were concerned that, among other effects, the proposed rule would allow State trust companies that become permitted payment stablecoin issuers to engage in a large range of activities authorized under State law. A couple of commenters argued that the proposed approach would give rise to a variety of outcomes arguably inconsistent with the GENIUS Act, such as national trust banks paying yield on stablecoins. One of these commenters argued that, because section 4(a)(7)(A) (12 U.S.C. 5903(a)(7)(A)) of the Act, which lists permissible payment stablecoin issuer activities, uses more specific language than section 16(a) (12 U.S.C. 5915(a)), section 4(a)(7)(A) should be read to override section 16(a).

Twelve U.S.C. 27(a) provides that a national bank is not illegally constituted solely because its operations are or have been required by the Comptroller of the Currency to be limited to those of a trust company and activities related thereto. Any national bank chartered under 12 U.S.C. 27(a) is permitted to engage in activities under 12 U.S.C. 92a or 12 U.S.C. 24(Seventh). A national trust bank chartered in reliance on the provision of 12 U.S.C. 27(a) quoted above must limit its operations to those of a trust company and activities related thereto pursuant to 12 U.S.C. 27(a). For a national trust bank that becomes a permitted payment stablecoin issuer, the national trust bank would have to meet the requirements of both a national bank and a permitted payment stablecoin issuer. In other words, a national trust bank's permitted activities would stem from its authority as a national bank under 12 U.S.C. 92a or 12 U.S.C. 24(Seventh), including activities it is permitted to engage in as a permitted payment stablecoin issuer, as long as all such activities constitute trust company operations or activities related thereto. If the OCC were to read subsection 16(a) of the Act narrowly as applying only to institutions that are not permitted payment stablecoin issuers, the rule would contradict how section 16(a) operates alongside section 4(a)(7). Rather, the rule does not change the scope of permissible activities for national trust banks.

Notwithstanding the potentially broader set of permissible activities of national trust banks that are also permitted payment stablecoin issuers, such national trust banks must still comply with the other restrictions of the GENIUS Act and 12 CFR part 15. For example, permitted payment stablecoin issuers are prohibited by section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)) from paying yield solely in connection with the holding, use, or retention of payment stablecoins. A different or broader set of permissible activities does not permit national trust banks to evade requirements that are applicable to permitted payment stablecoin issuers. More generally, permitted payment stablecoin issuers must adhere to applicable laws and regulations, including, but not limited to, those regarding activities restrictions.

Like the Department of the Treasury, the OCC also interprets section 16(a) such that it is not an independent grant of authority.[71] This final rule addresses the activities that are authorized for permitted payment stablecoin issuers regulated by the OCC. The OCC will continue to coordinate with the Department of the Treasury, as appropriate, consistent with section 13 of the Act.

One comment suggested the OCC lacks the legal authority to allow national trust banks to issue payment stablecoins because statutes limit national trust banks to fiduciary capacities and ancillary activities. The commenter asked the agency to rescind approvals and orders consistent with that interpretation.

The OCC declines to rescind any approvals because its actions were properly taken under 12 U.S.C. 27(a) and 92a. Recent OCC decisions, regulatory revisions, and other policies have described the agency's understanding of 12 U.S.C. 27(a) and 92a, and nothing in 12 CFR part 15 changes that understanding.[72] The Act permits permitted payment stablecoin issuers to issue payment stablecoins subject to limitations in the Act, and the inclusion of uninsured national banks within the definition of Federal qualified payment stablecoin issuer in section 2(11) of the GENIUS Act (12 U.S.C. 5901(11)) is a clear indication that Congress intended for national trust banks to be able to apply to be permitted payment stablecoin issuers and to issue payment stablecoins.

The OCC is finalizing § 15.10(b) as proposed, renumbered as § 15.10(b)(1).

Proposed Single Brand Restriction

In the proposed rule, the OCC sought comment on whether it should restrict each permitted payment stablecoin issuer to issuing only one brand of payment stablecoin and streamline the process for approving applications to become a permitted payment stablecoin issuer if an affiliate has already been approved as a permitted payment stablecoin issuer.

Some commenters supported a restriction that would limit a permitted payment stablecoin issuer to issuance of a single brand of payment stablecoin. Commenters provided various reasons in support of the restriction, including

1174 remain permissible to the extent that they have not been superseded by the GENIUS Act. Indeed, the Act confirms that national banks and Federal savings associations may use payment stablecoins and use certain distributed ledgers to facilitate payments. *See* 12 U.S.C. 5915. An insured national bank or Federal savings association seeking to issue a payment stablecoin would, however, need to do so through a subsidiary, as required under the GENIUS Act. *See* 12 U.S.C. 5901(23) (defining permitted payment stablecoin issuer).

[67] Twelve U.S.C. 5901(11) provides that Federal qualified payment stablecoin issuer includes an uninsured national bank that is chartered by the Comptroller pursuant to title LXII of the Revised Statutes and that is approved by the Comptroller pursuant to section 5 of the GENIUS Act to issue payment stablecoins.

[68] For example, a national bank or Federal savings association could provide crypto-asset custody services, either in a fiduciary or non-fiduciary capacity, or use distributed ledger technology and related stablecoins to carry out payment activities. *See OCC Interpretive Letter 1170* (on custody services, citing relevant statutes and regulations); *OCC Interpretive Letter 1174* (January 4, 2021) (describing activities that remain permissible to the extent the letter has not been superseded by the GENIUS Act); 12 U.S.C. 5915(a) (confirming that national banks and Federal savings associations may use payment stablecoins and use certain distributed ledgers to facilitate payments).

[69] 91 FR 9982 (revising 12 CFR 5.20).

[70] 91 FR 18534 (April 10, 2026); 91 FR 16844 (April 3, 2026).

[71] 91 FR 16844, 16857 (April 3, 2026).

[72] *See, e.g.,* Conditional Approval 1380, Conditional Approval 1364, Conditional Approval 1353, Conditional Approval 1358.

that it would help ensure legal separateness, adequacy of reserves, and maintain safety and soundness. One such commenter stated that white-label arrangements create risks such as obscuring actual reserves and implicit step-in risk for the sponsoring institution to prop up a distressed permitted payment stablecoin issuer. Another commenter mentioned potential de-pegging, run, and contagion risks and noted that appropriate reserve allocation does not necessarily protect against issues related to cyberattacks and money laundering.

Many commenters opposed a requirement that would only allow a permitted payment stablecoin issuer to issue one brand of payment stablecoin. Commenters stated several reasons for their opposition to this requirement, including that requiring a separate affiliate to issue a different brand of payment stablecoin would create additional regulatory burden, make white-labeling economically unviable for all but the largest partners, and add complexity without a corresponding benefit. One commenter stated that costs of a one-brand requirement were not considered in the proposal's economic analysis. One commenter stated that the OCC did not identify evidence that a single brand restriction would meaningfully reduce risk and that it was not adequately explained, arguing that it would be arbitrary and capricious for the OCC to include such a limitation. Another commenter stated that a single brand restriction would impose asymmetric costs on nonbank fintech issuers, for which the white-label distribution model is a primary mechanism of market adoption. One commenter stated that the final rule should clarify that the supervisory focus is on the issuer and not on the branding.

Some commenters also suggested that a single brand requirement was not consistent with the GENIUS Act. Commenters stated that the term ''outstanding issuance value'' and Congress's use of the term ''consolidated total outstanding issuance'' suggests that Congress did not intend to require product or brand-level segregation of reserves. A few commenters stated that language in section 5(g) of the Act (12 U.S.C. 5904(g)) provides that regulators ''may not impose requirements in addition to the requirements specified under section 4,'' which militates against a single brand restriction. One commenter suggested that any insolvency concerns are better addressed by the statutory provisions of the GENIUS Act. A different commenter stated that even if a one-brand model were adopted, it would not be clear that a bankruptcy court would respect the separate structure because the court could potentially consolidate the assets and liabilities of affiliates.

A few commenters acknowledged that a run on payment stablecoin reserves could be a concern in the event a single permitted payment stablecoin issuer issues multiple brands of payment stablecoins but suggested that a single brand restriction was a disproportionate response. Another commenter stated that in times of stress, payment stablecoin holders are unlikely to parse legal entity structures or differentiate between affiliated issuing entities.

The OCC is not implementing a one-brand-per-issuer requirement. While the OCC agrees with certain commenters that such a requirement could help mitigate contagion risks and protect the rights of payment stablecoin holders in the event of insolvency, the OCC acknowledges that such a restriction would also impose burden and is not clearly mandated by the statute. By not implementing such a requirement, the OCC is being responsive to the vast majority of commenters that stated that such a requirement would increase regulatory burden on permitted payment stablecoin issuers. The OCC understands commenters' concerns that a categorical one-brand restriction could lead to duplication of supervisory obligations and could potentially make it harder for smaller issuers to issue multiple brands of payment stablecoins.

While the OCC is not mandating a one-brand-per-issuer requirement, a one-brand-per-issuer structure may better protect the rights of payment stablecoin holders than other models as discussed in more detail below. Accordingly, the final rule accommodates business models that employ multiple SPV issuers and reduces the burden of using such business models, including by making certain technical changes. For example, while each SPV would require a license to operate as a permitted payment stablecoin issuer, the OCC anticipates that the burden of seeking out a new license for an SPV will be limited compared to seeking or receiving the initial license, as the applicant could leverage information contained in previous applications for other related SPVs. Similarly, an SPV could rely on a risk management framework developed by its parent entity, provided that the framework met the requirements of § 15.13.

Many commenters suggested potential alternatives to a single brand restriction, including that the OCC could require potential disclosures to ensure transparency with respect to branding. Specifically, one commenter stated that such disclosures should capture same-branded issuance across affiliates. One commenter suggested a monthly reserve composition disclosure, examined by a registered public accounting firm and that includes: (i) the par value of outstanding stablecoins of that brand; (ii) the composition of reserve assets attributable to that brand; (iii) the legal segregation mechanism applicable to that brand's reserves; (iv) operational controls preventing cross-brand encumbrance; and (v) the holder claim priority rules applicable in the event of issuer distress. Another commenter recommended that the OCC require disclosure of the legal identity of the permitted payment stablecoin issuer that is behind each brand. One commenter mentioned that the disclosures should be prominent to payment stablecoin purchasers and holders and explain which permitted payment stablecoin issuer is responsible for reserves, redemption, and regulatory compliance. The same commenter also stated that issuers should disclose whether the co-branded payment stablecoins are backed by the same reserve pool, the aggregate outstanding issuance across all brands backed by that pool, and the co-branding arrangements in the issuer's regulatory filings and reserve disclosures.

The OCC is not adopting additional disclosure requirements with respect to branding. The final rule, in § 15.11(e), requires that permitted payment stablecoin issuers publish a monthly composition report that lists the different classes or brands of payment stablecoins separately if reserve assets are segregated by brand. Accordingly, the monthly report may already contain the number of total outstanding payment stablecoins by class or brand and the composition of reserves for each brand. The OCC does not believe that additional disclosures related to the legal segregation mechanism, operational controls, or holder priority are necessary to include in rule text. The OCC is not mandating a legal segregation mechanism in the final rule, and a description of operational controls could potentially be complex, which could confuse payment stablecoin holders. Additionally, because of the current inherent uncertainty associated with resolving white-label issuers, there is a risk that disclosures about a payment stablecoin holder's claim in the event of insolvency could misstate the legal protection that will ultimately be afforded to payment stablecoin holders.

Moreover, the redemption disclosures in § 15.12(e) of the final rule will require

permitted payment stablecoin issuers to provide the name of the permitted payment stablecoin issuer that issues the payment stablecoin, which will allow payment stablecoin holders to identify the issuer behind each branded payment stablecoin, including in a white-label arrangement or other third-party relationships where the branded coin may not otherwise identify the issuer. Such disclosures are required to be conspicuous and readily noticeable under § 15.12(e)(1) of the final rule, so no further requirements related to prominence are necessary. Permitted payment stablecoin issuers may include additional disclosures regarding their co-branding arrangements and whether co-branded payment stablecoins are backed by the same reserve pool so long as the disclosures comply with the Act, 12 CFR part 15, and other applicable laws.

One commenter stated that issuers should be required to disclose to the OCC the internal policies and controls by which they achieve legal segregation. Another commenter stated that the OCC should prohibit any co-branding arrangement in which the distribution partner represents to holders that it, rather than the licensed issuer, is responsible for reserves, redemption, or regulatory compliance. Another commenter stated that reserve reporting should align with the statute and be at the entity level with the option for issuers to report reserves at the individual brand level. One commenter stated that there should be express disclosures to each brand's holders concerning the multi-brand structure and the cross-brand non-encumbrance regime. One commenter stated that the OCC should permit and encourage layered, technology-enabled disclosure approaches.

The OCC may review a permitted payment stablecoin issuer's internal policies and controls during the supervisory process, and therefore, no specific disclosure requirement to the OCC is expressly required. Additionally, if a distribution partner that is not a permitted payment stablecoin issuer falsely represents that it is the issuer, the permitted payment stablecoin issuer responsible for redemption may not be in conformance with the disclosure requirements in § 15.12(e). For the entities under its jurisdiction, the OCC would ensure that any such misrepresentations, at a minimum, are handled through the supervisory process. Additionally, the monthly composition report in § 15.11(e) of the final rule limits the need for additional disclosures around a multi-brand structure because issuers will already be required to publish the reserves on a per-brand basis if the brands are secured by distinct pools of reserve assets. The monthly composition report specifically requires that, to the extent that different classes or brands of payment stablecoins are secured by distinct pools of reserve assets, permitted payment stablecoin issuers should publish a composition table for each class or brand of payment stablecoin and describe the legal and operational mechanisms, as applicable, for how the assets are separately secured. The final rule further specifies that if different classes or brands of payment stablecoins are issued by distinct issuers, including SPV issuers, a separate report must be provided for each issuer.

Moreover, the final rule does not require that reserves of each branded stablecoin be legally separate, and therefore, the OCC is not requiring disclosures related to cross-brand encumbrance. Of course, reserve assets may not be pledged, rehypothecated, or reused as provided in the Act and in § 15.10(c)(5), and every permitted payment stablecoin issuer must maintain reserve assets that at all times have a reserve asset value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer in accordance with § 15.11(a)(1)(iii). As discussed in more detail below, the OCC is not prescribing a specific format for disclosures beyond the reports required in § 15.14, but technology-enabled disclosures are acceptable as long as they conform with the requirements of the Act and this final rule.

In addition to disclosures, many commenters suggested that as an alternative to a single brand restriction, permitted payment stablecoin issuers should segregate reserves based on brand. Another commenter suggested specific regulatory text that would allow for permitted payment stablecoin issuers and foreign payment stablecoin issuers to issue one or more distinctly branded payment stablecoins, provided that the issuer satisfies certain brand-level segregation and disclosure requirements, including that the issuers maintain reserves in segregated account structures, SPVs, or other legally recognized segregation mechanisms approved by the OCC. The commenter suggested that the OCC could consider on a facts-and-circumstances basis whether the issuer's segregation mechanism provides adequate protection for reserves. Another commenter stated that the OCC should recognize certain statutory cell structures established in other jurisdictions as satisfying the legal separateness objective and that not doing so would disadvantage issuers operating in jurisdictions whose corporate law specifically addresses the segregation issue. One commenter suggested that the OCC should address any concerns regarding branded stablecoins through its authority in section 4(h)(1) of the Act (12 U.S.C. 5903(h)(1)) by imposing conditions, including maintenance of segregated reserves at the issuer level, brand-level attestations that reconcile to the issuer's reserves. The same commenter suggested that the OCC should condition certain arrangements where there is an evasion of the reserve requirements in the Act.

In the proposed rule, the OCC also asked whether it should require a permitted payment stablecoin issuer to hold reserves in a SPV that is fully capitalized by the issuer and has no liabilities. While one commenter stated that the OCC has the authority to require the use of SPVs when warranted, a few commenters stated that the OCC should permit, but not mandate, the use of SPVs to hold different reserves. Commenters stated that SPVs should not be mandatory as they would impose substantial structural and operational costs, particularly for smaller issuers and would not provide meaningful additional protection to stablecoin holders. The commenter stated that while SPVs are not prohibited under the GENIUS Act, the regulators should work through resolution options for permitted payment stablecoin issuers and clarify how SPVs would fit into the bankruptcy protections of the GENIUS Act. A different commenter stated that if appropriate, issuers should provide a legal opinion or third-party attestation confirming that each brand's reserve pool is held in a bankruptcy-remote structure. Another commenter opposed requiring SPVs for each brand, stating that legal separateness would not prevent risk. One commenter stated that certain protections apply to the bankruptcy of an issuer, which would raise questions about the status of a SPV and how it would manage liquidity. One commenter stated that a permitted payment stablecoin issuer should only be able to issue more than one brand of payment stablecoin if the reserves are in a SPV, each program's reserves are managed, valued, and reported on a stand-alone basis, and each brand has its own redemption arrangements under which redemptions are payable solely from the brand's reserves. One commenter stated that such SPVs must have documented controls preventing cross-brand reserve encumbrance.

The final rule does not require a specific per-brand reserve segregation requirement, but reserve assets must comply with the requirements of § 15.11, including that they are identifiable and segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer. The OCC retains discretion to impose conditions through the licensing process and will consider any segregation mechanisms proposed by the permitted payment stablecoin issuer or foreign issuer as well as any alternative approaches and determine whether such a mechanism or approach provides adequate protection for payment stablecoin holders, which will include consideration of whether reserves are adequately protected. With respect to statutory cell structures, the OCC will evaluate any particular proposed legal segregation mechanism at the time of licensing or registration as well as during ongoing supervision. However, the OCC declines in this rulemaking to make a categorical determination that a particular legal segregation mechanism is sufficient or required. With respect to the commenter's concern regarding evasion, to the extent that a permitted payment stablecoin issuer evades the reserve requirements of the Act, the OCC would consider whether the issuer was violating the Act, § 15.11, or any other requirements in part 15.

As discussed previously, the one-brand-per-issuer structure may better protect the rights of payment stablecoin holders than other models. Specifically, such a structure could help to ensure that the reserves of each brand of payment stablecoin are legally separate, reducing the risk that a run on one brand of payment stablecoin causes a run on other brands of a related payment stablecoin. Accordingly, while the final rule does not require the use of SPVs, the OCC is making changes to the final rule to accommodate the use of multiple SPV issuers and reduce the burden of using such a business model, including by making certain technical changes.

Commenters stated that the OCC should focus on establishing clear regulatory expectations for segregation, clear titling, recordkeeping, and labeling of reserve assets to ensure transparency and that the OCC should allow issuers to present specific mechanisms for separating and tracking reserves across differently branded stablecoins. One commenter suggested segregated account structures, including segregated custodial sub-accounts at eligible financial institutions, customer-property segregation regimes, or other segregation mechanisms approved by the OCC. The commenter further stated that the selected mechanism must have documented controls preventing the encumbrance, pledging, rehypothecation, or commingling of reserves. A few commenters suggested that permitted payment stablecoin issuers can set up separate trusts to otherwise manage reserve assets. Another commenter suggested token-level ring-fencing and compliance controls as well as sub-ledgering of reserves to address concerns.

While the OCC is not requiring a particular reserve segregation method, permitted payment stablecoin issuers are subject to the recordkeeping requirements in § 15.14(f) of the final rule. Accordingly, the OCC believes that the final rule sets clear regulatory expectations for recordkeeping and labeling of reserves. The OCC agrees that issuers should be allowed to present specific mechanisms for separating and tracking reserves and will allow issuers to present a specific mechanism during the licensing or registration process and as part of ongoing supervision. The OCC will consider the use of custodial sub-accounts and other customer segregation mechanisms when making a facts-and-circumstances determination as to whether payment stablecoin holders are adequately protected, including in the event of insolvency. Any custodial sub-accounts must comply with the requirements in final § 15.22(c). The OCC agrees that documented controls can help to strengthen a particular segregation mechanism, which will factor into the OCC's evaluation of whether the mechanism protects payment stablecoin holders. With respect to the use of separate trusts, the OCC again will consider such a mechanism as part of the application process, rather than making a categorical determination as part of this final rule that such a mechanism adequately protects payment stablecoin holders, to ensure a more detailed review of the trusts. Similarly, the OCC will need to evaluate in each instance how an issuer seeks to achieve token-level ring-fencing to better understand its utility. For issuers that use segregation mechanisms, the monthly composition report will already require the sub-ledgering of reserve assets.

In addition to suggestions regarding disclosures and segregation of reserves, many commenters suggested other alternatives to a single brand restriction. For example, a few commenters suggested redemption rights, internal controls, and operational allocation as ways to mitigate concerns regarding uncertainty of reserve assets for permitted payment stablecoin issuers with multiple brands of payment stablecoins.

The OCC will consider an applicant's internal controls and operational allocation when evaluating the permitted payment stablecoin issuer or foreign issuer during the licensing or registration process. An issuer's redemption policies must comply with the Act and, among other things, the requirements for redemption in § 15.12. However, the OCC expects that there may be some situations where redemption rights alone will be insufficient to protect the rights of payment stablecoin holders in the event of insolvency.

A different commenter suggested brand-level CPA examinations and explicit operational controls preventing cross-brand reserve encumbrance. One commenter suggested that the OCC use its supervisory tools to address any issues regarding reserve uncertainty in white-label arrangements.

With respect to the suggestion regarding brand-level CPA examinations, the monthly reserve composition report required under § 15.11(e), which requires reporting of reserve assets by brand, if applicable, must be examined by a registered public accounting firm, and therefore, no further CPA examination is necessary as an across-the-board requirement. Additionally, the OCC will use its supervisory tools to ensure that any concerns regarding white-label arrangements are being managed adequately.

One commenter stated that the OCC should focus on ensuring that there is supervisory coordination and service provider/affiliate risk management to cover bank and nonbank consortium members, including distribution platforms. Another commenter stated that consistent treatment of comparable claimants and operational planning could help mitigate risks related to the issuance of multiple brands of payment stablecoins.

The final rule includes risk management requirements related to affiliate transactions as well as service provider arrangements. Accordingly, permitted payment stablecoin issuers are already expected to ensure sufficient oversight of such arrangements. To the extent that members of a white-label arrangement are regulated by another entity, the OCC will strive to ensure there is supervisory coordination between agencies. With respect to treating comparable claimants consistently, a permitted payment stablecoin issuer must comply with the

Act and the redemption requirements in 12 CFR part 15. Additionally, the OCC encourages operational planning and expects it would be prudent for most issuers to engage in such planning in the ordinary course of business.

One commenter suggested that a permitted payment stablecoin issuer should be required to submit a brand-level stress-period redemption plan setting forth: (i) the threshold conditions that will trigger stress-period mechanisms for the branded payment stablecoins it issues or may issue in the future; (ii) the redemption queue, prioritization, and processing protocols applicable during stress; (iii) the communication and disclosure protocols for that brand's holders; and (iv) the operational steps to ensure that brand-level stress does not propagate to other brands.

The OCC is adding monetization and stress-testing requirements for all permitted payment stablecoin issuers in § 15.13(a)(9) of the final rule. In addition, final § 15.11 requires that permitted payment stablecoin issuers must demonstrate the operational capability to access and monetize identifiable reserve assets to meet redemptions, in both normal and adverse economic, liquidity, market, and interest rate conditions. Accordingly, the OCC is not instituting any white-label specific stress testing because a permitted payment stablecoin issuer that issues multiple brands of payment stablecoins must ensure that it can access and monetize reserve assets to meet redemption requests for all brands of payment stablecoins. As discussed above, the OCC is not instituting additional communication and disclosure protocols. The OCC will consider the operational steps an issuer takes to ensure that brand-level stress does not propagate to other brands as part of the licensing, registration, and ongoing supervisory process.

A few commenters stated that the OCC should align with the FDIC's notice of proposed rulemaking implementing the GENIUS Act and manage brand-level obligations through mandating disclosures and ensuring that required reserves can be separately identified as backing a particular brand of payment stablecoin. A few commenters suggested that if the OCC were not to align with the FDIC, it would create regulatory divergence and favor FDIC-regulated issuers. Similarly, one commenter suggested coordination with the other Federal regulators to ensure consistent requirements for white-label arrangements.

The OCC declines to take the same approach as the FDIC did in its notice of proposed rulemaking, which requires multi-brand issuers to have a segregated pool of reserves that are recorded separately, unless the FDIC approves in writing that the permitted payment stablecoin issuer may commingle reserves. Instead, the OCC is taking a case-by-case approach during the licensing or registration process and will evaluate whether payment stablecoin holders are adequately protected when the issuer issues multiple brands of payment stablecoins. The OCC believes this approach allows issuers flexibility to explain to the OCC how it can adequately protect payment stablecoin holders when issuing multiple brands of payment stablecoins. The OCC will coordinate with other primary Federal payment stablecoin regulators and will continually evaluate its treatment of white-label arrangements to strive for consistent treatment.

A few commenters stated some conditions they would favor if the OCC were to impose a single brand restriction. One commenter stated that if the OCC does require a separate issuer for each brand of payment stablecoin, the OCC would need to clarify how capital, liquidity, and other risk management requirements and governance arrangements would be applied across each separate issuer. Another commenter stated that if the OCC adopts such a restriction, it should clarify that the restriction applies to issuer and custodian functions and does not require highly duplicative per-brand separation of infrastructure.

Although the OCC is not imposing a single brand restriction, the OCC is clarifying how capital, liquidity, and other risk management requirements and governance arrangements would be applied if a permitted payment stablecoin issuer makes use of an SPV during the licensing or registration process. The OCC is committed to ensuring that the use of an SPV would not cause unnecessary duplication of supervisory obligations.

A few commenters remarked on the language in the proposal that suggested that the OCC was considering streamlining the licensing process for affiliates if it were to impose a single brand restriction. A few commenters stated that if the OCC decides that separate legal entities are required for each brand, the OCC should adopt a streamlined approval process. One commenter suggested a notification-based process, under which the OCC confirms approval within a defined timeframe. One commenter stated that the OCC should clarify that a license for a permitted payment stablecoin issuer should extend to cover any consolidated affiliates of the issuer that issue the same token under the same brand and reserve framework, without requiring a separate license application for each affiliate entity. Another commenter stated that any requirements relating to multi-brand issuance should be applied consistently across all OCC-regulated entities. One commenter stated that State regulatory agencies would need to review applications for a new entity and a streamlined process for affiliates of already-approved issuers would be antithetical to how State regulatory agencies operate and would not enhance safety and soundness.

The OCC is not revising the application process for affiliates because it is not imposing a one-brand restriction and the final application process is sufficiently streamlined to limit burden for SPV issuers. To the extent that a permitted payment stablecoin issuer makes use of an SPV, the OCC will ensure that the process is streamlined if the SPV is a separate issuer. If an affiliate is issuing the same token under the same brand and reserve framework but is a different issuer, the issuer would need to apply separately to the OCC through the licensing or registration process; a license to issue payment stablecoins is not a group-wide authorization that automatically extends to affiliates.

Multi-Jurisdictional Stablecoin Issuance

In the proposal, the OCC asked whether it should address permitted payment stablecoin issuers that also issue or redeem the same or similar stablecoins in one or more foreign jurisdictions, sometimes referred to as multi-jurisdictional stablecoin issuance.

Many commenters stated that the OCC should clarify that permitted payment stablecoin issuers may engage in multi-jurisdictional issuance, emphasizing that fungibility, transferability, and global circulation are central features of payment stablecoins. Commenters stated that, absent OCC guidance, multi-jurisdictional issuance could be subject to uncertainty and barriers that impede cross-border adoption and prevent payment stablecoins from circulating on a global basis. One commenter specifically advocated for a safe harbor for such arrangements. One commenter stated that section 4(a)(1)(A)(ii) of the Act (12 U.S.C. 5903(a)(1)(A)(ii)) explicitly permits reserves at correspondents and foreign agents of insured depository institutions, reflecting that permitted payment stablecoin issuers will conduct issuance and redemption activity outside of the

United States as a matter of ordinary operations.

Commenters identified several issues that would result from the OCC not addressing multi-jurisdictional issuance, including duplicative or conflicting supervisory expectations, inefficient reserve allocation, inconsistent redemption architecture, and technical design mandates that fragment liquidity and undermine interoperability. One commenter stated that the OCC should ensure permitted payment stablecoin issuer licenses include like-branded stablecoins issued by consolidated affiliates to ensure OCC visibility and accountability for all like-branded stablecoins. One commenter requested that the final rules enable a permitted payment stablecoin issuer and its foreign affiliate to rebalance reserve assets to meet their redemption needs, provided that the permitted payment stablecoin issuer and its affiliate at all times hold reserves on a 1 to 1 basis against the total outstanding issuance of their aggregate payment stablecoins.

Many commenters mentioned coordination with the United States Department of the Treasury or other regulators with respect to multi-jurisdictional stablecoin issuance. Specifically, a few commenters urged coordination between the OCC and Treasury with respect to Treasury's obligations under section 18 of the Act regarding making determinations that foreign countries have comparable regulatory and supervisory regimes. A few commenters stated that multi-jurisdictional stablecoin issuance should be permissible when Treasury has made a comparability determination or entered into certain reciprocal arrangements.

Another commenter stated that the OCC should not push stablecoin issuers to create multiple licensed entities in different jurisdictions to achieve multi-jurisdictional stablecoin issuance. One commenter stated that even if such a push would have short-term benefits, separate licensing for separate entities in separate jurisdictions would be inconsistent with the GENIUS Act, including with respect to reciprocal arrangements under section 18(d) of the Act (12 U.S.C. 5916(d)). A different commenter stated that foreign jurisdictions seeking reciprocity should not be permitted to impose fundamentally different prudential requirements on permitted payment stablecoin issuers. One commenter stated that the OCC should provide a safe harbor for foreign affiliates that operate under a comparable regime, including guidance that addresses reserve location, reserve rebalancing, disclosures, customer segregation, redemption routing, operational controls, and examination expectations for the relevant permitted payment stablecoin issuers. Another commenter stated that the OCC should clarify that the operations of a permitted payment stablecoin issuer are subject to compliance with applicable requirements under the laws of other jurisdictions in which it issues stablecoins. One commenter stated that the OCC should engage with relevant electronic money institution regulators in the European Union to further support global acceptance of multi-jurisdictional issuance. The commenter further stated that the OCC should prioritize functional coordination with foreign regulators whenever an OCC-supervised permitted payment stablecoin issuer operates through foreign regulated issuing affiliates, including through memoranda of understanding and information sharing protocols.

As explained below, the OCC is not specifically addressing multi-jurisdictional issuance in the regulatory text of the final rule. The OCC agrees with the numerous commenters that stated that the OCC should coordinate with the Department of the Treasury and foreign regulators. Under section 18 of the Act (12 U.S.C. 5916), the Secretary of the Treasury may determine whether a foreign country has a comparable regulatory and supervisory regime upon a recommendation from the other members of the Stablecoin Certification Review Committee. Additionally, the Secretary of the Treasury may also create and implement reciprocal arrangements or other bilateral agreements between the United States and jurisdictions with comparable payment stablecoin regulatory regimes. Accordingly, the OCC declines to provide any guidance on such determinations or reciprocal arrangements, as they are within the authority of the Department of the Treasury. Similarly, the OCC is not providing a safe harbor for foreign affiliates that operate under a comparable regime because these are determinations of the Department of the Treasury that have yet to be made, and as noted, the OCC plans to coordinate with the Department of the Treasury as appropriate on the continuing implementation of section 18 of the Act. Additionally, the OCC will not opine on the applicability of foreign laws because doing so is outside the scope of this rulemaking, which focuses on implementing the GENIUS Act.[73]

The OCC also expects to be able to assess in more detail multi-jurisdictional issuance arrangements on a case-by-case basis, including how such arrangements comply with the requirement in section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) that a permitted payment stablecoin issuer ''maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on at least [a] 1 to 1 basis.''

Because multi-jurisdictional arrangements may involve the rebalancing of reserves among the permitted payment stablecoin issuer and its affiliates, it is especially important that the permitted payment stablecoin issuer comply with the requirement in § 15.11(a) that it maintain reserves that at all times have a reserve asset value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer.

Commenters also suggested specific areas where OCC standards or guidance would be useful with respect to multi-jurisdictional issuance, including disclosures, reporting, supervisory expectations, risk management, the applicable governing regime, reserve treatment, customer-protection requirements, timely redemption, ring-fencing risk, redemption rights, customer segregation, and examination coordination. Several commenters focused on reserve and redemption issues. One commenter stated that the OCC should clarify whether cross-border redemption to foreign bank accounts may be subject to a reasonable timeline longer than two business days. Others stated that the OCC should address reserve rebalancing across jurisdictions, including by permitting reserve assets to move in both directions between a U.S.-based permitted payment stablecoin issuer and cross-border affiliates. One commenter specifically stated that the issuer and its affiliates should maintain reserves on a 1 to 1 basis.

As stated, the OCC is declining to provide specific guidance on multi-jurisdictional issuance beyond the fact that such arrangements must comply with the Act and part 15. The OCC intends to coordinate with Treasury and foreign regulators, as appropriate, prior to providing any guidance on these arrangements. The OCC declines to

[73] The OCC notes that section 3(e) of the Act (12 U.S.C. 5902(e)) provides that section 3 is intended to have extraterritorial effect if conduct involves the offer or sale of a payment stablecoin to a person located in the United States.

provide an exception allowing cross-border redemptions to be completed on a longer redemption timeframe than domestic redemptions. All redemptions must comply with the requirements in § 15.12 of the final rule, including that timely redemptions may not exceed two business days following the date of the requested redemption. As explained below in response to comments about § 15.12, the final rule clarifies the beginning and end of the redemption timeline while retaining the baseline for timely redemption. Under § 15.12(a)(1) of the final rule, the obligation to redeem begins with the receipt of a redemption order from a customer and the satisfaction of conditions necessary to permit redemption (such as customer onboarding). Under § 15.12(a)(2) of the final rule, a redemption that involves an outgoing transfer of monetary value is deemed to occur when the permitted payment stablecoin issuer has fully processed and initiated the outgoing transfer of monetary value to the customer or customer's financial institution as directed by the customer. Given the changes to § 15.12, a longer redemption timeframe for cross-border redemption is unnecessary as certain processes that could take longer in a cross-border context (*e.g.,* the time required for funds to be received or credited to an account) are outside the redemption timeframe. The OCC is not specifically addressing reserve rebalancing in the final rule, except to state that such arrangements must comply with the Act and this final rule, including the requirement that reserve assets must fully back outstanding payment stablecoins at all times.

Commenters also urged clear reporting, disclosures, and brand-level transparency, including measures to distinguish United States issuance activity from foreign activity. With respect to technology, one commenter supported requiring or encouraging blockchain infrastructure to support jurisdiction-specific compliance rule sets, while another opposed OCC mandates for particular technical architectures, such as wrappers, separate token contracts, or separate token addresses. Another commenter stated that operational risks associated with multi-jurisdictional stablecoin issuance should be addressed through existing contingency planning and robust risk management frameworks and that the OCC should require issuers to incorporate cross-border risks (*e.g.,* redemption demand exceeding local liquidity) in contingency planning and liquidity management frameworks.

The OCC agrees that clear reporting, disclosures, and transparency could be helpful in promoting clarity with respect to multi-jurisdictional arrangements, but the OCC needs more information before it can specifically provide clarity on how these topics apply to such arrangements. Similarly, the OCC is not setting any technical mandates for such arrangements for the same reason. To the extent a permitted payment stablecoin issuer engages in multi-jurisdictional issuance, any risk management requirements in the final rule will still apply.

A few commenters urged the OCC to avoid prescriptive requirements, rigid segregation requirements, or a categorical ban that would disfavor multi-jurisdictional issuance. For example, one commenter stated that the OCC should evaluate issuers based on the adequacy of their risk management frameworks rather than impose mandates that could artificially segment tokens, reserves, infrastructure, or disclosures by jurisdiction. Commenters cautioned that such requirements could impair liquidity management, increase operational complexity, undermine fungibility, and worsen redemption risk. Commenters also stated that the OCC should permit shared infrastructure, compliance services, and personnel; allow holders to redeem through any participating permitted payment stablecoin issuer within a network, subject to BSA checks and OCC timely-redemption standards; and consider allowing a unified reserve pool for all outstanding tokens, provided United States holders retain clear redemption rights. One commenter stated that permitted payment stablecoin issuer licenses should include like-branded stablecoins issued by consolidated affiliates. The commenter further stated that permitted payment stablecoin issuer licenses should encompass the issuer and any consolidated affiliates issuing the same token.

The OCC is neither imposing prescriptive requirements nor a categorical ban on multi-jurisdictional issuance as it believes further coordination and experience would be useful to ensure any potential guidance on such arrangements is responsive and fully informed. For these reasons, the OCC declines to provide further guidance on shared infrastructure, redemption rights specific to such arrangements, and the idea of a unified reserve pool. As previously stated, any such arrangements must comply with the Act and the requirements in this final rule, including those related to redemption.

2. Reserve Assets (§ 15.11)

a. Overview of Changes From Proposed Rule to Final Rule for § 15.11

In both the proposed rule and the final rule, § 15.11(a) contains reserve requirements for permitted payment stablecoin issuers. The OCC is adopting § 15.11(a)(1) largely as proposed except for a substitution of ''reserve asset value'' where the proposed rule had used ''total fair value'' in § 15.11(a)(1)(iii). As in the proposal, final § 15.11(a)(2) requires permitted payment stablecoin issuers to demonstrate the operational capability to access and monetize the identifiable reserve assets, but the final rule further explains that such operational capability is to meet redemptions under various conditions after taking into account several relevant factors, which had been raised in the preamble of the proposed rule and are now being codified in the regulatory text itself. New § 15.11(a)(3) requires a permitted payment stablecoin issuer to ensure that reserve asset value will continue to equal or exceed outstanding issuance value at all times and that the reserve asset portfolio will be capable of supporting timely redemption under both normal conditions and adverse economic, liquidity, market, and interest rate conditions, including, to the extent necessary, maintaining a buffer of reserve assets in excess of outstanding issuance value. The agency is adopting proposed § 15.11(a)(3), renumbered as § 15.11(a)(4) and revised, to address when a permitted payment stablecoin issuer may withdraw reserve assets in excess of outstanding issuance value. While the proposed version of this paragraph permitted withdrawals of surplus reserve assets only once per month and explained how a permitted payment stablecoin issuer must make such a withdrawal, the final version permits withdrawals of reserve assets at any time following appropriate due diligence and confirmation that the withdrawal would not cause reserve asset value to fall below outstanding issuance value. Final § 15.11(a)(4) also deletes the phrase ''any surplus'' as superfluous because the phrase ''reserve assets in excess of outstanding issuance value'' sufficiently identifies what constitutes surplus reserve assets. Final § 15.11(a)(4) does not subject income earned from reserve assets to due diligence and confirmation requirements for withdrawal, as long as a permitted payment stablecoin issuer otherwise complies with the requirements of the final rule necessary to ensure that reserve asset value at all

times equals or exceeds outstanding issuance value.

Final § 15.11(b) describes the composition of reserve assets much as the proposed § 15.11(b) did. The OCC is finalizing § 15.11(b)(1), (3), and (4) as proposed. In § 15.11(b)(2), the OCC has modified the description of deposits and insured shares to more closely align with the Act. In adopting the phrasing used by the Act (''funds held as demand deposits''), the OCC is clarifying that reserve assets held as deposits must be deposits payable on demand (*i.e.,* without features that would delay or condition withdrawals), notwithstanding interpretations of the phrase ''demand deposits'' from other contexts.[74] In § 15.11(b)(5), the OCC is making a minor technical change (adding the word ''or''). In § 15.11(b)(6), the OCC is making a technical change to add paragraphs (b)(6)(i) and (b)(6)(ii) but is not changing substantively which securities are eligible as a reserve asset. In § 15.11(b)(7), the OCC is finalizing the rule as proposed with the clarification that OCC approval of other liquid Federal Government-issued assets is subject to such conditions as the OCC may impose consistent with the purposes of the GENIUS Act. In § 15.11(b)(8), the OCC is making minor technical changes.

The final versions of § 15.11(c) and (d) have substantial differences from their proposed versions. For § 15.11(c), addressing reserve asset diversification and concentration, the proposal included two options, described in the proposal as Option A and Option B. The OCC is finalizing the version of § 15.11(c)(1) from Option A but is splitting up proposed § 15.11(c)(1) into paragraphs (c)(1)(i) and (c)(1)(ii) and adding a new paragraph (c)(1)(iii) clarifying that, in order to comply with paragraphs (c)(1)(i) and (c)(1)(ii), permitted payment stablecoin issuers may need to maintain a portfolio of reserve assets that exceeds the requirements of paragraph (c)(2) and the reserve asset value of which exceeds outstanding issuance value.

For § 15.11(c)(2), the OCC is finalizing an edited version of Option B. Whereas § 15.11(c)(1) in Option B required a permitted payment stablecoin issuer to maintain at least 10 percent of its reserve assets as deposits or insured shares payable upon demand or money to the credit of an account with a Federal Reserve Bank, final § 15.11(c)(2)(i) requires at least 5 percent in demand deposits (or other deposits that may be withdrawn upon request at any time), funds in share accounts that are payable on demand, or money standing to the credit of an account with a Federal Reserve Bank. Final § 15.11(c) does not include § 15.11(c)(2) of Option B that would have required an amount of funds to be receivable and due unconditionally within five business days (weekly liquidity). In finalizing the rule, the OCC modified § 15.11(c)(3) of Option B, renumbered as § 15.11(c)(2)(ii), such that a permitted payment stablecoin issuer must limit its exposure to any one counterparty to no more than 40 percent of its reserve assets, subject to certain exceptions. The proposed version had required permitted payment stablecoin issuers to maintain no more than 40 percent of reserve assets at any one eligible financial institution across any of several listed exposures. The agency is finalizing § 15.11(c) without § 15.11(c)(4) and (5) from Option B, which addressed holdings at any one eligible financial institution and the weighted average maturity of reserve assets, respectively.

The OCC replaced § 15.11(d) of the proposed rule, which was about the minimum amount of reserve assets that must be insured, with final § 15.11(d), which describes when reserve assets in the custody of one or more eligible financial institutions are not subject to the 40 percent limitation in final § 15.11(c)(2)(ii).

The OCC is finalizing § 15.11(e) as proposed with conforming and technical edits throughout, including to the template monthly composition report. Additionally, the agency is finalizing § 15.11(f) as proposed with certain clarifying edits. In § 15.11(g), the agency is finalizing the rule as proposed with certain clarifying edits throughout, including using the phrase ''minimum reserve asset amount required by paragraph (a) of this section'' in § 15.11(g)(1), (g)(2), and (g)(3). Additionally, in § 15.11(g)(2)(i), the OCC is clarifying that a noncompliant permitted payment stablecoin issuer may issue new payment stablecoins if permitted by the OCC. The OCC is also making technical changes to § 15.11(g)(4) and splitting that paragraph into three paragraphs (g)(4)(i) through (g)(4)(iii).

b. Reserve Requirements (§ 15.11(a))

Section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)) requires a permitted payment stablecoin issuer to maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on at least a 1 to 1 basis with reserves comprising certain high-quality assets specified in the Act. Section 4(a)(4)(A) of the Act (12 U.S.C. 5903(a)(4)(A)) requires the OCC, among other regulators, to issue regulations to implement certain liquidity standards as well as reserve asset diversification and interest rate risk management standards that are tailored to the business model and risk profile of permitted payment stablecoin issuers and do not exceed the standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. Section 10 of the GENIUS Act (12 U.S.C. 5909) also imposes requirements on the ''Custody of Payment Stablecoin Reserve and Collateral,'' including restrictions on commingling certain assets. Consistent with these various sources of authority, the proposed rule included requirements related to reserve assets in several sections, including proposed § 15.11 (''Reserve Assets''), § 15.13 (''Risk Management''), and subpart C (''Custody''). Proposed subpart C's custody requirements would have applied to OCC-regulated custodians while proposed § 15.11's reserve asset requirements would have applied to OCC-regulated permitted payment stablecoin issuers. These requirements mirror each other but apply to distinct sets of entities (the permitted payment stablecoin issuers placing the reserve assets and the custodians holding them).

Proposed § 15.11 set forth (a) requirements relating to ensuring that there are sufficient reserves backing a payment stablecoin, (b) the assets eligible to serve as reserve assets, (c) diversification and concentration requirements, (d) minimum insured deposit requirements, (e) monthly reporting requirements, (f) monthly certification requirements, and (g) requirements relating to the failure to maintain the required minimum amount of reserve assets. With respect to diversification and concentration risk, the proposed rule presented two options: Option A (a principles-based general requirement coupled with a quantitative safe harbor) and Option B (mandatory quantitative minimums). The proposed rule also included risk management requirements related to reserve assets, including liquidity and interest rate risk management.

Many commenters offered general comments on the proposed liquidity, diversification, and concentration requirements. Several of these commenters recommended that reserve and redemption requirements should be clear or strict to protect consumers and reduce run risk, and these commenters generally recommended that liquidity requirements should be in line with

[74] *See, e.g.,* 12 CFR 204.2(b)(1) (allowing a deposit with a notice period of up to 7 days to be considered a ''demand deposit'').

those that apply to banks. One commenter stated that the proposed rule's emphasis on high-quality reserves, segregation of assets, defined redemption timelines, and operational backstops is directionally supportive of credit stability.

A few commenters stated that the proposed liquidity and diversification requirements were overly strict or inflexible. One of these commenters also argued that the GENIUS Act grants the OCC authority to require reserve asset diversification but not diversification across reserve asset custodians. One commenter stated that liquidity, diversification, and concentration requirements are not adequate to prevent the risk of stablecoins ''breaking the buck'' and that only capital protections are adequate to address those losses.

One commenter stated that liquidity requirements should focus on the speed and reliability of monetizing assets since the relevant stress scenario for permitted payment stablecoin issuers is a surge in redemption rather than deterioration in asset quality. Another commenter recommended that liquidity requirements be tiered based on issuer size. One commenter stated that reserve composition requirements do not address the liquidity-during-receivership gap demonstrated by the failure of Silicon Valley Bank.

A few commenters stated that concentration requirements should be calibrated to existing supervisory expectations to avoid duplicative burdens. One commenter argued that concentration risk should be assessed together with the quality and operational reliability of the counterparty, as it may be safer for large-scale issuers to rely on concentrated exposure to a stronger, better integrated institution that can provide operational liquidity at sufficient scale to satisfy timely redemption. One commenter favored a principles-based approach to concentration and diversification in lieu of fixed limits, and this commenter cautioned that concentration and diversification requirements could push reserve assets to institutions with less operational capability to manage and deploy reserve assets. One commenter recommended addressing concentration risk by requiring larger issuers to report sector-level concentrations. A few commenters recommended against adding additional categories of risk to be considered beyond credit, liquidity, interest rate, and price risk. One of these commenters stated that counterparty risks can be better addressed through the examination process than with quantitative limits.

After carefully considering the comments received, the OCC is revising § 15.11 to provide additional flexibility while still including certain core requirements intended to ensure that payment stablecoins remain appropriately reserved at all times and available to meet redemptions. A detailed description of the proposed rule and changes to it, including the OCC's reasoning for any changes, follows. At a high level, the OCC is adopting a principles-based approach with respect to reserve asset diversification and concentration requirements supplemented by two quantitative requirements designed to ensure a minimum amount of daily liquidity and avoid excessive concentration with respect to a single counterparty (*e.g.,* to address the possibility of operational disruptions at certain counterparties and to mitigate potential credit risk posed by certain counterparties). The final rule also includes additional provisions designed to ensure that permitted payment stablecoin issuers are able to monetize reserve assets in stressed conditions, including new stress-testing provisions in § 15.13, and provisions relating to the use of custodians.

i. Description of Proposed Rule

Proposed § 15.11(a)(1) would have required that permitted payment stablecoin issuers maintain reserve assets that: (i) are identifiable; (ii) are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer; (iii) at all times have a total fair value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer; and (iv) are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution. To maintain reserve assets that are ''identifiable'' and comply with proposed § 15.11(a)(1)(i), permitted payment stablecoin issuers would have needed to maintain appropriate records to ensure documented ownership and legal entitlement to individual reserve assets. Similarly, any ownership arrangements, including ownership of assets held via custodians, must comply with applicable laws and regulations, for example, requirements applicable to customer securities owned through the Fedwire Securities Service. An issuer would have been required to maintain the appropriate operational capabilities, internal controls, policies, and safeguards to ensure that stablecoins are always backed by reserves on an at least 1 to 1 basis. Among other things, safeguards could include mechanisms to prevent the issuance of abnormally large amounts of new payment stablecoins without additional approvals.

To comply with the requirement in proposed § 15.11(a)(1)(ii), a permitted payment stablecoin issuer would have needed to ensure that reserve assets were appropriately segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer.

To comply with the requirement in proposed § 15.11(a)(1)(iii), a permitted payment stablecoin issuer would have needed to ensure that the fair value of reserve assets equaled or exceeded the outstanding issuance value of the permitted payment stablecoin issuer.

Proposed § 15.11(a)(1)(iv) would have required that the reserve assets must either be held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution, which is defined in proposed § 15.2.

Proposed § 15.11(a)(2) would have required that a permitted payment stablecoin issuer demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the permitted payment stablecoin issuer's risk profile and business model. The issuer would have needed to be able to monetize the reserve assets, potentially quickly and at short notice, in order to meet redemption requests.

To comply with proposed § 15.11(a)(2), a permitted payment stablecoin issuer would have needed to be able to demonstrate the ability to monetize all types of reserve assets it maintains.

Proposed § 15.11(a)(3) included requirements for when permitted payment stablecoin issuers could withdraw reserve assets in excess of outstanding issuance value. In order to ensure that, at all times, sufficient reserve assets are maintained to back outstanding stablecoin issuance, permitted payment stablecoin issuers would have been permitted to withdraw excess reserve assets only after the monthly examination and certification required by section 4(a)(1) of the GENIUS Act (12 U.S.C. 5903(a)(1)) and provided for in proposed § 15.11(e) and (f). Specifically, permitted payment stablecoin issuers would have been able to withdraw any surplus reserve assets in excess of outstanding issuance value, calculated and reported as of the last day of the previous month, only upon the publication of that month's public disclosure, due at the end of the subsequent month. Proposed

§ 15.11(a)(3) would have also required that, while withdrawals would be based on calculations as of the end of the previous month, a permitted payment stablecoin issuer could only make withdrawals if the remaining reserve assets remained at least equal to the current outstanding issuance value, calculated as of the day of withdrawal.

ii. Description of Comments and the Final Rule

Commenters expressed different views regarding proposed § 15.11(a)(1)(iii)'s requirement that permitted payment stablecoin issuers maintain reserves that ''[a]t all times have a total fair value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer,'' both regarding the ''at all times'' standard and the potential propriety of alternative valuation methodologies.

Regarding the ''at all times'' standard, some commenters supported a real-time valuation standard, noting that proof of reserves technologies can provide near-real-time information regarding reserves. Some of the commenters further noted that the OCC should allow permitted payment stablecoin issuers to rely on continuous, cryptographically verifiable on-chain attestations provided by eligible custodians to fulfill this requirement. However, other commenters believed that the language was ambiguous, that a strictly real-time valuation standard would introduce unnecessary complexity, be impractical and, in some cases, may be impossible, based on underlying technology, intra-day asset value fluctuations, and settlement or clearing timing differences, and would be out of step with how other assets are valued. These commenters instead supported an end-of-day standard as more practical and effective.

Regarding the valuation of reserve assets, some commenters noted that fair value may not be applicable in all cases. These commenters noted examples such as money market mutual funds, which are measured at their net asset value, and reverse repo agreements, which may be carried at cost less impairment. Some commenters recommended allowing valuation using amortized cost.

The OCC requested comment on whether ''the proposed rule [should] include additional measures to ensure that reserve assets are appropriately traceable and linked to their corresponding stablecoin so as to avoid any difficulties in resolving claims to reserve assets.'' One commenter responded that such traceability would be operationally impractical and would not have a commensurate risk management benefit. The OCC agrees and has not adopted any additional regulation text requiring that reserve assets be traceable and linked to their corresponding payment stablecoin for these reasons. The OCC notes, however, that permitted payment stablecoin issuers must maintain identifiable reserves backing the outstanding value of payment stablecoins.[75] One commenter requested that the OCC clarify the permissibility of automated reserve asset management systems, including those executed via smart contracts.

After careful consideration of the comments, the OCC is finalizing § 15.11(a)(1) with one minor change. The final rule replaces a reference to ''total fair value'' with the new defined term ''reserve asset value.'' The final rule continues to require an issuer to maintain reserve assets, the value of which equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer at all times. This requirement follows directly from section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)). The final rule also continues to require reserve assets to be valued at fair value (with the exception of United States coins and currency, which must be valued at par) as a result of the new defined term ''reserve asset value.'' Valuing reserve assets at fair value (*i.e.,* market value) will help ensure that the reserve assets maintained by the permitted payment stablecoin issuer reflect current prices and will be monetizable at a value sufficient to meet any redemption requests at par value. The OCC notes that ''outstanding issuance value'' is based on the total par value of all of a permitted payment stablecoin issuer's payment stablecoins rather than on the fair value of the outstanding issued payment stablecoin. Thus, if the fair value of the payment stablecoin decreased (*i.e.,* if the payment stablecoin de-pegged in the secondary market), the permitted payment stablecoin issuer would nevertheless be obligated to retain a stock of reserve assets, the fair value of which equals or exceeds the par value of outstanding payment stablecoins.

Taking a contrary approach (*e.g.,* basing the outstanding issuance value on the fair value of payment stablecoins) would be inconsistent with the plain text and goals of the GENIUS Act.[76] Moreover, such an approach could allow permitted payment stablecoin issuers to inappropriately remove assets from the required stock of reserve assets when stablecoins de-peg (as reserve asset requirements decline, along with the secondary market price of the stablecoin), rather than maintaining the reserve assets on behalf of stablecoin holders, which may in turn exacerbate run risk for a permitted payment stablecoin issuer. In response to certain comments, the OCC confirms that permitted payment stablecoin issuers may use automated reserve asset management systems provided that the systems used conform to the requirements of §§ 15.11, 15.13, and 15.14 as well as any other applicable requirements in part 15.

The OCC notes that it anticipates that reserve assets generally will be recorded on the permitted payment stablecoin issuer's balance sheet under GAAP and be included in the quarterly reports required under proposed § 15.14(i) and on Call Report Schedule RC, Balance Sheet, for a parent insured national bank or Federal savings association.

Several commenters addressed the requirement in proposed § 15.11(a)(3) that a permitted payment stablecoin issuer may only ''withdraw any surplus reserve assets in excess of outstanding issuance value once per month, upon publication of the composition report required.'' Many commenters requested clarifications or amendments to this proposed requirement. Some commenters noted that the requirement may have unintended consequences—for example, it may disincentivize issuers holding excess reserves since the rule would impose a significant delay should the issuer decide to withdraw some amount of such excess. Other commenters suggested that the end-of-month timing may incentivize issuers to increase their reserves at month's end. One commenter argued that surplus reserve withdrawals should be calculated based on the present value of the reserves, rather than the value reported for the prior month. The commenter stated that this approach would decrease risk that withdrawals cause the reserve assets to fall below the 1 to 1 ratio. Still another commenter requested clarification as to whether withdrawals may only occur on the actual day of the specified report in § 15.11(e) (discussed below).

Some commenters requested clarity on when an asset becomes a reserve asset and recommended adding requirements concerning the handling of funds prior to the point at which they become reserve assets. Some commenters advocated for requiring reserve principal, earnings, and interest to remain identifiable and traceable until the issuer verifies the existence of excess and completes an authorized

[75] *See* 12 U.S.C. 5903(a)(1)(A).

[76] *Id.*

withdrawal procedure. Others opposed treating interest generated from reserve assets as reserve assets, stating that such treatment is not mandated by statute. Some argued in favor of treating customer funds as reserve assets immediately on receipt of such funds.

Relatedly, several commenters expressed views on the propriety of charging expenses related to management of the reserve assets against the reserve assets. Many commenters stated that, as a general matter, such expenses should not be chargeable against the reserve assets. However, several commenters offered exceptions, for example, one commenter noted that transaction-related expenses, such as interest on repurchase agreements or investment management fees, should be chargeable against the reserve assets. Another commenter stated that management should have discretion as to the use of excess reserves if the use of such excess reserve assets is subject to an appropriate policy or agreement.

Several commenters noted the importance of liquidity planning regarding reserve assets in addition to an issuer's broader risk management obligations. Several commenters, for example, suggested that permitted payment stablecoin issuers should be required to adopt written plans, policies, and procedures related to liquidity planning, noting the importance of formal documentation in forcing an issuer to identify risks in advance, assign responsibility, and assess contingency options prior to stress arising. Other commenters discussed specific contingency planning issues, such as Federal Reserve discount window or Federal Home Loan Bank lending access for certain issuers or mandated recovery and resolution plans. Still other commenters noted that liquidity and contingency plans should be tailored to an issuer's operational and risk profile or should take into account any related liquidity planning that an issuer may already be subject to under other regulations.

Other commenters noted that it is also important for permitted payment stablecoin issuers to plan for interest rate and credit risk regarding reserve assets. For example, commenters suggested that the OCC require written interest rate and credit risk management plans, policies, and procedures. However, other commenters stated that the asset diversification and concentration expectations in the proposal are sufficient to address interest rate and liquidity risk.

Commenters also suggested that the OCC provide guidance on liquidity, interest rate, and credit risk management, including, for example, expectations regarding liquidity depth, redemption flow, measurement methodologies, risk appetites, counterparty due diligence, the unique risks posed by custodians and other intermediaries, and other topics related to reserve asset risk management.

In addition to the reserve asset risk management requirements included in the proposed regulation itself, the proposed rule requested comment on two specific potential requirements: stress testing and buffers. The OCC requested comment on whether permitted payment stablecoin issuers should be required to conduct stress tests, including as to their management of liquidity and interest rate risk. Commenters largely supported the use of stress tests as a risk management tool, though commenters differed on their views as to how any stress-testing expectations should be implemented in the regulation. Numerous commenters stated that the OCC should expressly require permitted payment stablecoin issuers to undertake liquidity and interest rate risk stress tests, with some commenters providing proposed standards (*e.g.,* documentation requirements, thresholds issuers would be expected to meet, consequences for failing to meet such thresholds) or scenarios. One commenter suggested that a stress testing requirement could substitute for the weighted average maturity requirement (or safe harbor) in proposed § 15.11(c). Relatedly, several commenters suggested broader ''monetization testing'' to ensure that issuers' channels for converting reserve assets into liquid funds are operational and reliable under normal and stressed circumstances. Finally, one commenter suggested that the OCC design and conduct multi-issuer stress tests prior to the effective date of the GENIUS Act and publish the results.

Other commenters noted the utility of stress testing but stated that the OCC should not impose prescriptive requirements but rather adhere to a principles-based approach, under which stress testing may be an appropriate risk-based approach for an issuer depending on its characteristics. One commenter stated that any stress testing requirements would be better issued at a later date after the OCC gains experience supervising permitted payment stablecoin issuers and an understanding of the potential utility of such stress tests.

The proposed rule noted that it ''includes robust liquidity requirements but does not include capital-based overcollateralization or reserve asset buffer requirements. An alternative possibility would be to remove some of the proposed liquidity requirements, though this may warrant increased capital or buffer requirements.'' Additionally, the OCC posed several questions to commenters on how such an approach might be handled.[77] Several commenters requested that the OCC require a permitted payment stablecoin issuer to hold a ''buffer'' of reserve assets—that is, to overcollateralize its reserves or apply haircuts against the values of certain reserve assets—such as a standardized across-the-board 1 percent buffer or a codification of the Fixed Income Clearing Corporation Government Securities Division Clearing Fund haircut schedule published by the Depository Trust & Clearing Corporation for United States Treasuries. Others rejected standardized approaches, arguing that they are inconsistent with the GENIUS Act's tailoring requirement. These commenters instead suggested that any buffers be specific to an issuer based on the facts and circumstances or else discussed the relative benefits of buffers in the GENIUS Act reserve asset context since such assets are generally low-risk assets.

Some commenters also recommended that the OCC explicitly address in guidance that both the monetization capability standard and the diversification framework are intended to be jointly satisfiable, and that supervisory assessments will take into account the operational constraints that diversification arrangements may place on monetization capability.

After careful review of the comments, the OCC has made several changes to § 15.11(a)(2) and (3) and added new paragraph (a)(4) to the final rule. As discussed below, the final rule reduces the number of quantitative requirements relating to reserve asset liquidity, diversification, and concentration from the number that were included in Option B of the proposed rule. To ensure that permitted payment stablecoin issuers remain adequately reserved, the OCC is balancing these reduced quantitative requirements with new provisions emphasizing the ability of a permitted payment stablecoin issuer to maintain the appropriate level of reserve assets and to monetize those assets. Some of those provisions, including those relating to stress testing, are also addressed in the final rule's risk management provisions. Paragraphs

[77] For example, question 46 in the proposed rule asked more detailed questions about whether a reserve buffer was warranted.

(a)(2) through (4) also provide certain clarifications in response to comments.

Paragraph (a)(2) of the final rule's § 15.11 requires a permitted payment stablecoin issuer to demonstrate the operational capability to access and monetize the identifiable reserve assets to meet redemptions, in both normal and adverse economic, liquidity, market, and interest rate conditions, commensurate with the permitted payment stablecoin issuer's risk profile and business model, taking into account, among other relevant factors, market access, financing channels, haircut assumptions, and operational readiness. Depending on a permitted payment stablecoin issuer's size, risk profile, business model, activities, and operations, a permitted payment stablecoin issuer may be able to demonstrate monetization in different ways. For example, it may be sufficient for some permitted payment stablecoin issuers to demonstrate the ability to monetize Treasury bills they hold as reserve assets by establishing that they maintain appropriate repurchase arrangements through which they can quickly sell Treasury bills and receive liquid funds with which they can satisfy redemption requests.

For other permitted payment stablecoin issuers, for example, larger permitted payment stablecoin issuers or permitted payment stablecoin issuers with more complicated operations, additional measures may be appropriate to demonstrate the operational capability to monetize. It may be appropriate for such permitted payment stablecoin issuers to maintain multiple alternative methods of monetization (for example, multiple repurchase agreement lines or repurchase agreement lines plus arrangements allowing outright sales of Treasury securities) to satisfactorily demonstrate the ability to monetize their reserve assets. Such redundant arrangements may be necessary if a permitted payment stablecoin issuer maintains a sufficiently large Treasury position that it could be difficult to monetize the entire position through transactions with a single repo counterparty or if a permitted payment stablecoin issuer maintains concentrated positions in particular types of reserve assets. The availability of multiple monetization channels is intended to help ensure that a permitted payment stablecoin issuer is not required to monetize assets at reduced or ''fire sale'' prices. Having alternative monetization channels reduces the risk that a permitted payment stablecoin issuer would be obliged to accept unfavorable pricing when monetizing reserve assets under stress.

For certain permitted payment stablecoin issuers, it may be appropriate to periodically conduct actual monetization transactions (that is, actual outright sales or repurchase transactions) in order to demonstrate the ability to monetize. Actual transactions can more fully confirm that monetization capabilities exist. In the absence of actual test transactions, potential barriers to monetization may still exist. Permitted payment stablecoin issuers may be unfamiliar with or lack the procedures and systems to monetize assets at any time in accordance with standard settlement periods and processes. For example, internal staff may be unprepared to execute procedures, or borrowing agreements may name authorizing officials who are unavailable or inappropriate. Actual monetization transactions may be appropriate, for example, for permitted payment stablecoin issuers with unusually complicated operations or organizational structures, or for permitted payment stablecoin issuers that are particularly dependent on certain monetization channels or the ability to monetize particular assets. Periodic actual monetization transactions can minimize the risk of negative signaling during financial stress and help prepare the issuer to move quickly if necessary to acquire additional liquidity.

If a permitted payment stablecoin issuer begins using a monetization channel that it has not regularly used in the past, that may spark concerns about the financial health of the issuer. For example, if a permitted payment stablecoin issuer has pre-established a repurchase agreement with a bilateral counterparty but never utilized it, sudden utilization of the repurchase agreement may generate concerns that the issuer is experiencing a run on its stablecoins. Periodic test transactions using multiple monetization channels can mitigate such concerns and may be particularly important for large, systemically important issuers where concerns about financial distress are more likely to contribute to contagion. Permitted payment stablecoin issuers may be able to demonstrate the ability to execute actual monetization transactions in the ordinary course of their business (for example, redeeming stablecoins) and would not necessarily be required to engage in additional test transactions.

Paragraph (a)(3) of the final rule's § 15.11 requires a permitted payment stablecoin issuer to ensure that reserve asset value will continue to equal or exceed outstanding issuance value at all times and that the reserve asset portfolio will be capable of supporting timely redemption under both normal conditions and adverse economic, liquidity, market, and interest rate conditions, including, to the extent necessary, maintaining a buffer of reserve assets in excess of outstanding issuance value. This requirement will provide permitted payment stablecoin issuers flexibility in composing their reserve asset portfolio while ensuring that permitted payment stablecoin issuers are able to maintain 1 to 1 backing at all times. The final rule does not mandate a particular buffer level but makes clear that such a buffer may be appropriate, depending on the makeup of the reserve asset portfolio of a permitted payment stablecoin issuer. Permitted payment stablecoin issuers with certain reserve asset portfolios may not be required to maintain any buffer, or only a small buffer, in order to comply with paragraph (a)(3), for example, reserve asset portfolios consisting entirely of reserve assets that represent immediately available liquidity, such as deposits payable upon demand. In contrast, it may be necessary for permitted payment stablecoin issuers with longer-duration reserve asset portfolios to maintain a more substantial buffer.[78]

Paragraph (a)(4) of the final rule's § 15.11 modifies proposed § 15.11(a)(3). Under this paragraph of the final rule, a permitted payment stablecoin issuer may only withdraw reserve assets in excess of outstanding issuance value after appropriate due diligence and confirmation that the withdrawal would not cause the reserve asset value to fall below outstanding issuance value, calculated as of the time and date of withdrawal. In response to comments, the revised paragraph provides additional flexibility, especially with respect to timing, to permitted payment stablecoin issuers with respect to removing reserve assets in excess of outstanding issuance value while facilitating the OCC's key goal of

[78] The proposed rule described how an interest rate increase of the magnitude experienced in the early 1980s would result in a 90-day security losing approximately .79 percent of its value. *See* Fed. Reserve Econ. Data, ''Table Data—3-Month Treasury Bill Secondary Market Rate, Discount Basis,'' *https://fred.stlouisfed.org/data/WTB3MS* (including Treasury Bill secondary market rates for February 8, 1980, and March 7, 1980, with an increase from 12.05 percent to 15.37 percent between those dates). While some commenters objected that the interest rate increase experienced in the early 1980s was unlikely to recur, the OCC believes that an interest rate increase of this magnitude represents a plausible adverse scenario for which issuers may be required to plan, depending on their portfolio of reserve assets.

ensuring that permitted payment stablecoin issuers meet, at all times, their obligations under section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)).

The final rule also does not apply the withdrawal limitation in § 15.11(a)(4) to income earned on reserve assets. However, the OCC emphasizes that assets serving as reserves must be identified as such by the permitted payment stablecoin issuer and that, in no situation may a permitted payment stablecoin issuer have an outstanding issuance value that exceeds its reserve asset value. For example, a permitted payment stablecoin issuer may be able to direct income earned on a reserve asset outside the portfolio of reserve assets while maintaining the principal of the reserve asset inside the portfolio. Any such procedures must comply with the requirements of the final rule, including the requirements in § 15.11(a)(1)(i) that reserve assets be ''identifiable'' and § 15.11(a)(1)(ii) that reserve assets be ''segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer.''

Consistent with § 15.11(a)(3) of the final rule, a permitted payment stablecoin issuer may, depending on various factors, also need to hold a buffer to ensure that its reserve asset value will continue to equal or exceed its outstanding issuance value. Accordingly, a permitted payment stablecoin issuer must ensure that a withdrawal of reserve assets does not cause the issuer to violate § 15.11(a)(3) or (a)(4) of the final rule.[79] A permitted payment stablecoin issuer may choose to hold funds that back minted, but not yet issued payment stablecoins, either as reserve assets or not as reserve assets, but upon issuance of the payment stablecoin, the payment stablecoin must be backed by identifiable reserve assets.

c. Reserve Asset Composition (§ 15.11(b))

i. Description of Proposed Rule

Under proposed § 15.11(b), reserve assets would have comprised only: (1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank; (2) funds held as deposits or insured shares payable upon demand at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to any limitation established by the FDIC and the National Credit Union Administration, as applicable, pursuant to section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) to address safety and soundness risks of such insured depository institution; (3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less;[80] (4) money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;[81] (5) reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, or Treasury bonds on a no longer than overnight basis, subject to overcollateralization in line with standard market terms, that are: (i) tri-party; (ii) centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or (iii) bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress; (6) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in proposed § 15.11(b)(1) through (5);[82] (7) any other similarly liquid Federal Government-issued asset approved by the OCC, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or (8) any reserve described in proposed § 15.11(b)(1) through (3), (6), or (7), in tokenized form, provided that such reserves comply with all applicable laws and regulations.

In determining whether a potential reserve asset qualifies as ''any other similarly liquid Federal Government-issued asset,'' under proposed § 15.11(b)(7) the OCC would have considered, among other relevant factors, whether: (i) the asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under proposed § 15.11(b); (ii) permitted payment stablecoin issuers will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests; (iii) the asset poses levels of risk comparable to the assets allowed under proposed § 15.11(b), including interest rate risk and counterparty credit risk; and (iv) the asset introduces additional risks that may be difficult for permitted payment stablecoin issuers to manage.

ii. Description of Comments and the Final Rule

A few commenters generally favored the reserve asset composition set forth in the OCC's proposed rule. One commenter recommended that issuer reserves should be permitted to be composed entirely of Treasuries, overnight Treasury repurchase agreements, and their equivalents, considering their low credit risk. Another commenter recommended that all permitted payment stablecoin issuers should be required to hold a majority of their reserves as deposits in insured depository institutions and Treasuries with a remaining maturity of no longer than 93 days.

Physical Currency

Overall, commenters supported limited recognition of physical currency, subject to basic safeguards rather than detailed prescriptive requirements. A few commenters addressed physical currency and generally suggested that the OCC adopt a simple, principles-based approach because physical currency is unlikely to serve as a significant reserve asset in

[79] In addition, to the extent that an issuer relies on income earned on reserve assets to meet its required reserve asset value, the income would be subject to the requirements of § 15.11(a)(4). Issuers should consider the effect of withdrawals on the fair value, and consequently the reserve asset value, of their reserve assets.

[80] Section 4(a)(1)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iii)) permits the inclusion of Treasury bills, notes, or bonds ''(I) with a remaining maturity of 93 days or less; or (II) issued with a maturity of 93 days or less.'' The proposed rule combined these categories since the former category includes the latter, at least for purposes of complying with the requirements of proposed § 15.11. Permitted payment stablecoin issuers may choose to categorize these assets separately for other reasons, for example accounting or risk management purposes. For clarity, the 93-day limitation begins as of the settlement date of the purchase of the Treasury securities.

[81] The proposed rule clarified that a repurchase agreement or reverse repurchase agreement with an intraday maturity could qualify as a permitted reserve asset. Sections 4(a)(1)(A)(iv) and (v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iv) and (v)) specifically refer to repurchase agreements and reverse repurchase agreements with an overnight maturity. The OCC believes that these provisions are intended to permit repurchase agreements and reverse repurchase agreements with a maturity no longer than overnight. Thus, the proposed rule would have explicitly permitted the use of intraday repurchase agreements and reverse repurchase agreements.

[82] A money market fund that invests in any other assets, including in Treasury securities with a remaining maturity longer than 93 days, would not be eligible to be held as a reserve asset.

practice. One commenter stated that any physical currency held as a reserve asset should be valued at par. Another commenter noted that physical currency should be permitted only within defined limits, such as a small percentage of total reserves and potentially subject to geographic distribution requirements, while recognizing that some operating balance in physical currency may be practical for smaller issuers.

The final rule does not impose direct limits on the use of physical currency in § 15.11(b)(1) or elsewhere, but, as discussed above, physical currency must be valued at face value (rather than fair market value). In addition, risk management considerations, in particular operational risk, will likely discourage the extensive use of physical currency as reserve assets.[83]

Reserve Bank Balances

Overall, commenters generally supported greater clarity on the treatment of reserve bank balances but differed on whether such balances should receive preferential treatment or be subject to concentration safeguards. Several commenters suggested that reserve bank balances be exempt from concentration limits and argued that balances at Federal Reserve Banks do not present credit risk and that treating reserve banks like insured depository institutions would impose unnecessary operational constraints without corresponding safety benefits. A few commenters stated that the OCC should work with the Federal Reserve to permit an operating subsidiary of an insured depository institution to open a master account directly or maintain a designated sub-account of its parent institution's Federal Reserve master account. In contrast, one commenter stated that exempting Federal Reserve master accounts from concentration limits could confer a competitive advantage on banks and urged the OCC to revisit the issue after the Federal Reserve further addresses payment account implementation or clarifies master account eligibility. Another commenter stated that, if a permitted payment stablecoin issuer were to obtain master account access, the OCC should limit the share of reserve assets that may be held at a Reserve Bank.

As discussed below, the final rule, like the proposed rule, imposes a 40 percent single counterparty limit with respect to money standing to the credit of a Federal Reserve Bank. The OCC determined that, although Federal Reserve Banks do not present counterparty credit risk, providing preferential treatment for the placement of reserve assets at Federal Reserve Banks could implicate financial stability risks. In times of stress, permitted payment stablecoin issuers may generally have an incentive to move reserve assets out of commercial banks and into Federal Reserve Banks. Imposing a 40 percent single counterparty limit on commercial banks but not Federal Reserve Banks could exacerbate this dynamic. This flight could also lead to increased money market volatility and potentially impede the transmission of monetary policy. Thus, consistent with the OCC's authority and mandate under section 4(b) of the GENIUS Act (12 U.S.C. 5903(b)) to ensure financial stability, the final rule applies a 40 percent single counterparty limit with respect to money standing to the credit of a Federal Reserve Bank.

Although the OCC has coordinated and will continue to coordinate with the Federal Reserve in the agencies' implementation of the GENIUS Act, the OCC declines to provide guidance on Federal Reserve master account structures, consistent with its approach to national banks, as master account access is outside the OCC's statutory authorities.

Deposits

Some commenters suggested that permissible reserve assets should include a broader range of deposit arrangements, including ordinary deposit and settlement accounts. To emphasize that settlement accounts are a routine and important part of reserve operations, some commenters stated that reserves should not be limited to custody account arrangements. Other commenters stated that the term ''demand deposit'' should be interpreted to include money market deposit accounts and similar deposits that may not formally qualify as demand deposits, so long as the permitted payment stablecoin issuer can withdraw the funds at any time. One commenter stated that this interpretation is necessary to give effect to the concept of funds being ''payable on demand'' and would broaden the range of depository institutions permitted to hold reserve assets, including industrial loan companies that may not accept demand deposits. A few commenters opposed requiring or encouraging reserve assets to be held as insured deposits or shares, arguing that: (i) deposit insurance resources are not designed to support stablecoin volumes, (ii) increased coverage could raise unfair assessment burdens on banks, (iii) payment stablecoins are not deposits, and (iv) diversification into bank deposits could increase risks to the banking system. One commenter also cautioned that uninsured deposits are neither risk-free nor always highly liquid.

A few commenters addressed insurance-related issues for reserve assets and generally urged greater clarity regarding the treatment and risks of insured and uninsured deposits. One commenter recommended that the OCC explore a supplemental excess deposit insurance or guarantee mechanism for stablecoin reserve deposits held in trust for payment stablecoin holders. Some commenters argued against permitting uninsured deposits because they would leave stablecoins highly vulnerable to runs. One commenter noted that disclosures should clearly explain the level of protection available for insured and uninsured deposits, including whether tokenized deposits qualify for deposit insurance or whether insurance does not pass through to token holders. One commenter also referenced the American Institute of Certified Public Accountants' (AICPA) stablecoin criteria as supporting explicit disclosure where deposit insurance does not pass through to the token holder.

A few commenters urged the OCC not to categorically limit reserve deposits to United States insured depository institutions and instead to permit deposits held through foreign banking organizations, foreign branches, or correspondent banking arrangements under appropriate conditions. Some commenters stated that the statute permits deposits to be maintained at foreign banking organizations, including where those institutions maintain correspondent accounts with United States insured depository institutions. Some commenters stated that foreign banks operating in the United States should receive national treatment and thus should be allowed to conduct the same activities as United States financial institutions. Other commenters stated that permitted payment stablecoin issuers may have legitimate operational needs for reserves in non-U.S. locations, including to meet requirements established under reciprocal arrangements. Several commenters stated that restricting U.S. dollar-denominated payment stablecoins to demand deposits at United States-based depository institutions would be disproportionate, commercially harmful, and inconsistent with a competitive and accessible

[83] *See, e.g.,* OCC, *Comptroller's Handbook,* ''Cash Accounts'' 5–25 (1998) (discussing cash account risk management considerations in OCC exam procedures); OCC, *Comptroller's Handbook,* ''Custody Services'' 6–8 (2002) (discussing custody services risk management considerations).

stablecoin framework. Some commenters argued that the rule should avoid blanket haircuts or capital charges on reserve assets held at foreign branches or correspondent banks and instead require issuers to maintain documented risk management frameworks addressing the risks of such arrangements. One commenter urged the OCC to specify the conditions under which Eurodollar deposits would be appropriate in a manner that minimizes interference with free competition and to apply any restrictions on foreign branches, agents, or correspondent banks equally to U.S.- and foreign-headquartered firms.

As discussed above, section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) permits permitted payment stablecoin issuers to hold demand deposits at insured depository institutions. The definition of insured depository institution under section 2(15) of the GENIUS Act (12 U.S.C. 5901(15)) and the Federal Deposit Insurance Act excludes from the scope of permissible reserve assets deposits held at institutions that are not insured depository institutions under section 3(c)(2) of the Federal Deposit Insurance Act. Accordingly, deposits that are not held at insured depository institutions (regardless of whether the deposits themselves are insured) are not eligible reserve assets.

Some commenters also suggested that the OCC clarify that deposit placement networks may be used to hold reserve assets through eligible financial institutions. These commenters argued that such networks can improve diversification, operational efficiency, liquidity, and timely redemptions while also channeling deposits to community banks. One commenter stated that deposit placement networks are unlikely to increase run risk because deposits would be spread across institutions and stablecoins may be less likely to experience concentrated redemptions than some other liabilities. The OCC confirms that permitted payment stablecoin issuers may use deposit placement networks provided that the issuer does so in compliance with applicable requirements, including those in §§ 15.11 and 15.13. For example, if a network's agreements included limitations on withdrawals that rendered the issuer unable to meet the liquidity demands of customers and to timely redeem tendered payment stablecoins, it would be inappropriate for the permitted payment stablecoin issuer to place amounts of its reserve assets through that deposit placement network that rendered the permitted payment stablecoin issuer unable to comply with the final rule.

The final rule does not substantively change the description of funds held as deposits or insured shares payable on demand at an insured depository institution in § 15.11(b)(2). The final rule does, however, more closely match the language of section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) by replacing references to deposits payable on demand with demand deposits (or other deposits that may be withdrawn upon request at any time). The OCC notes that existing banking law and regulation use or define similar terms, such as 12 CFR part 204 and section 2 of the BHC Act; as other laws and regulations do not use the same phrasing as the GENIUS Act, may not be within the OCC's jurisdiction, and are based on different policy purposes, applying definitions, interpretations, or market practices based on other law for purposes of this provision of the Act is not appropriate. In addition, the OCC confirms that a deposit account that allows the bank to require prior notice of withdrawal or limits the number of withdrawals within a period of time would not be a demand deposit or other deposit that may be withdrawn upon request at any time under the GENIUS Act regardless of whether the deposit was treated as a demand deposit under other law. As discussed in greater detail below, the OCC is also eliminating the proposed requirement that certain permitted payment stablecoin issuers hold a set amount of reserves as insured deposits. Permitted payment stablecoin issuers continue to be expected to manage credit and concentration risks, including those regarding insured deposits and insured depository institutions. With respect to deposit insurance, the OCC notes that the FDIC has issued a notice of proposed rulemaking addressing insurance coverage rules in 12 CFR part 330 that apply to all FDIC-insured depository institutions by clarifying that deposits held as reserves backing a payment stablecoin would be insured as to the permitted payment stablecoin issuers under the FDIC's coverage rules for corporate deposits, but would not be insured to payment stablecoin holders on a pass-through basis.[84] The final rule also neither prohibits nor mandates the use of private deposit insurance. As discussed in the next section, § 15.12 of the final rule also includes additional disclosures, including with respect to deposit insurance, which address several of the commenters' concerns.

[84] 91 FR 18534 (Apr. 10, 2026) (FDIC proposed rule for GENIUS Act requirements and standards for FDIC-supervised permitted payment stablecoin issuers and insured depository institutions).

Treasury Securities

Several commenters recommended permitting reserve assets to consist predominantly or entirely of cash and short-term United States Treasury securities. One commenter stated that at least 80 to 90 percent of existing stablecoin reserves are already held in short-term Treasuries, while another urged that reserves be held 100 percent in Treasuries or cash. Some commenters stated that the effects of reserve requirements on the United States debt markets should be studied and monitored and that the final rule should recognize risks associated with concentration in Treasury securities (*e.g.,* potential financial stability implications if stablecoin issuers become large Treasury investors). In contrast, some commenters suggested that it is not necessary at this stage to impose additional rule-based requirements specifically aimed at preventing disruptions in Treasury markets. Several commenters opposed limits or qualitative distinctions on Treasury holdings, including caps on older or off-the-run securities, arguing that such restrictions would be operationally harmful and unsupported by the risk profile of stablecoin reserve portfolios. One commenter also acknowledged liquidity concerns regarding off-the-run Treasuries but suggested addressing those concerns through existing mechanisms, such as the FICC haircut schedule, rather than through explicit portfolio limits.

In § 15.11(b)(3), the final rule does not impose any quantitative requirements with respect to how much of a permitted payment stablecoin issuer's reserve asset portfolio must comprise Treasury securities. The OCC believes that the changes to § 15.11(a) and the risk management provisions in § 15.13 will be sufficient to ensure that the composition of a permitted payment stablecoin issuer's portfolio is appropriate. Permitted payment stablecoin issuers will be expected to consider, among other things, the liquidity of a particular Treasury security (*e.g.,* if the Treasury security is off-the-run) in relation to those requirements.

TIPS, FRNs, and STRIPS

A few commenters urged the OCC not to adopt a prescriptive asset-by-asset list and instead to use principles-based eligibility criteria. These commenters suggested that the criteria potentially be supplemented by illustrative examples

for Treasury Floating Rate Notes (FRNs), Treasury Inflation-Protected Securities (TIPS), and Separate Trading of Registered Interest and Principal of Securities (STRIPS). Some commenters stated that FRNs should be included as eligible reserve assets, particularly where they have relatively short remaining maturities or otherwise demonstrate sufficient liquidity, emphasizing their limited price volatility, strong secondary market liquidity, and risk characteristics comparable to Treasury bills. Other commenters supported including TIPS, with one commenter noting that TIPS could be used to hedge payment stablecoins pegged to a fixed amount of purchasing power. Another commenter suggested that FRNs and TIPS could be permitted subject to overcollateralization requirements. In contrast, one commenter stated that TIPS and STRIPS are too volatile to qualify as permissible reserve assets.

Under § 15.11(b)(3) of the final rule, consistent with the proposal, any Treasury bill, note, or bond with a remaining maturity of 93 days or less may serve as a reserve asset. Thus, FRNs or TIPS with a remaining maturity of 93 days or less may serve as reserve assets. STRIPS are zero-coupon securities created from the individual interest or principal components of a Treasury note or bond. Because STRIPS are merely the individual component payments of Treasury notes, or bonds, and in light of the regulatory regime supporting the ability to reconstitute STRIPS,[85] they may qualify as reserve assets, provided they have a remaining maturity of 93 days or less under section 4(a)(1)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iii)).[86]

Repurchase Agreements and Reverse Repurchase Agreements

Many commenters urged the OCC to clarify the permissible use of repurchase agreements and reverse repurchase agreements as reserve assets, including the treatment of collateral, legal enforceability, operational controls, monetization timing, and whether intraday, centrally cleared, and on-chain repurchase agreement structures are permissible. Many commenters emphasized that repurchase agreements and reverse repurchase agreements present meaningful credit, liquidity, and market risks and recommended addressing those risks through counterparty standards, supervisory expectations, liquidity stress testing, and contingency funding planning. One commenter suggested limiting repurchase agreements to roughly 10 to 15 percent of reserves, and another commenter argued that repurchase agreements should not qualify as reserve assets at all because reserve assets should be owned outright. Some commenters stated that cash and deposits, including deposits held at tri-party custodians, should be expressly recognized as eligible collateral because those assets are permissible reserve assets and are commonly used in repo markets. In contrast, one commenter opposed allowing counterparties to pledge deposits and instead argued that reserve pools should receive cash directly into their own bank accounts. A few commenters opposed prescriptive minimum haircut requirements and instead recommended requiring overcollateralization consistent with standard market terms in the United States Treasury repo market, with documentation under industry-standard agreements serving as evidence of compliance. Several commenters requested additional clarity regarding terms such as ''severe market stress'' and ''centrally cleared,'' as well as guidance on how issuers should assess bilateral repo counterparty creditworthiness and whether net liquidity measures may account for expected inflows as well as outflows. One commenter opposed limits on repo funding altogether, arguing that repo funding can be more secure than unsecured bank deposits. Another commenter recommended enhanced disclosure and attestation requirements regarding repo counterparty tier, weighted average term, and rollover frequency.

Consistent with the statute, § 15.11(b)(4) and (5) of the final rule continue to permit the use of money received under certain repurchase agreements and reverse repurchase agreements as reserve assets. The final rule does not impose any quantitative limit specifically with respect to these reserve asset types (though, as discussed below, counterparty limitations would continue to apply). The OCC recognizes that there are certain risks associated with relying excessively on repurchase agreements to facilitate redemptions (*e.g.,* the risk that a regular repo counterparty will not roll over a repo). The OCC will receive detailed information concerning the makeup of a permitted payment stablecoin issuer's reserve asset portfolio, including the extent to which a permitted payment stablecoin issuer relies on repurchase agreements through the weekly reporting required in § 15.14. This will provide the OCC with the ability to assess, among other things, whether a permitted payment stablecoin issuer is overly reliant on repo funding and unable to monetize its reserve assets in a timely fashion. In addition, the revisions to § 15.11(a) and § 15.13 should address risks associated with relying excessively on repurchase agreements or reverse repurchase agreements, particularly in times of stress. The final rule also does not provide that money received from repurchase agreements or reverse repurchase agreements may be backed by cash, consistent with the requirements of section 4(a)(1)(A)(iv) and (v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(iv) and (v)). The final rule does not further define what constitutes ''standard market terms'' in recognition that standard market terms may evolve over time. Additionally, the final rule does not further define what constitutes central clearing, as that term is already sufficiently clear in the statute. The final rule includes one technical change to § 15.11(b)(5), adding the word ''or'' between ''Treasury notes'' and ''Treasury bonds.''

Securities Issued by an Investment Company

Several commenters suggested that the OCC limit eligible securities issued by an investment company to registered government money market funds, particularly SEC Rule 2a–7 funds that maintain a stable $1.00 net asset value, satisfy applicable liquidity requirements, and invest solely in assets otherwise permitted as reserve assets. Some commenters stated that prime and municipal money market funds, and more broadly non-government registered investment companies, should be excluded because they introduce credit, liquidity, and structural risks inconsistent with the statutory reserve framework. One commenter argued that money market funds are inherently vulnerable to runs. Several commenters also requested clarification that the phrase ''other registered government money market funds'' does not expand eligibility beyond funds registered under the Investment Company Act. Some commenters asked the OCC to publish a list of permissible funds and assets. Other commenters urged the OCC to interpret the category more broadly to

[85] *See* 31 CFR 356.31.

[86] For STRIPS, the maturity date is the payment date for each separate principal or interest component. For principal components, the maturity date is the same as the maturity date of the fully constituted (unstripped) Treasury security. For interest components, the interest payment date becomes the maturity date for the component. Treasury provides the CUSIP numbers and payment dates for the principal and interest components in auction announcements and on its website.

include other registered funds that hold qualifying assets, including Treasury-focused ETFs, ultra-short Treasury mutual funds, tokenized money market funds, and other funds they suggested were economically equivalent to direct holdings of permissible assets. Commenters noted that government money market funds are already comprehensively regulated under Rule 2a–7 and the Investment Company Act and stated that they therefore should not be subject to additional OCC diversification or concentration restrictions beyond the statutory framework. Other commenters recommended specific fund-level caps or exposure limits to address concentration risk. A few commenters sought operational clarifications, including that otherwise qualifying funds may hold small amounts of residual cash in other funds for cash management purposes or operate through fund-of-funds or master-feeder structures without losing eligibility.

The OCC is finalizing § 15.11(b)(6) as proposed, with some minor technical edits, to ensure consistency with the language in section 4(a)(1)(A)(vi) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(vi)). Under the final rule, permissible reserve assets include securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in § 15.11(b)(1) through (5). To qualify under § 15.11(b)(6), an investment company would need to be registered under section 8(a) of the Investment Company Act but need not be a mutual fund. Shares of an exchange traded fund registered under section 8(a) of the Investment Company Act that invested solely in the assets detailed in § 15.11(b)(1) through (5) would constitute eligible reserve assets. As discussed in greater detail below, these funds would nevertheless be subject to reserve asset diversification and concentration requirements addressed in § 15.11(c). These reserve asset and diversification requirements will ensure that a permitted payment stablecoin issuer is not overly reliant on one entity and may, for example, look to other sources to fund redemptions in the event of an operational issue with such a fund. The OCC confirms that ''other registered government money market funds'' does not expand eligibility beyond funds registered under the Investment Company Act. In addition, the OCC confirms that a fund that invested in other funds would not meet the eligibility requirements under § 15.11(b)(6) because such a fund would not invest solely in the reserve assets permitted under section 4(a)(1)(A)(i) through (v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(i)–(v)).

The OCC is finalizing § 15.11(b)(6) as proposed with some minor technical edits to add paragraphs (b)(6)(i) and (b)(6)(ii) to more clearly provide that the securities must be issued by an investment company and invested solely in the underlying assets described in § 15.11(b)(1) through (b)(5).

Other Similarly Liquid Federal Government-Issued Assets Not Listed in the GENIUS Act and Reserves in Tokenized Form

Several commenters urged the OCC to preserve a process for approving additional ''similarly liquid'' Federal Government-issued assets beyond those expressly listed in the statute and to articulate transparent, principles-based eligibility criteria, rather than relying solely on a fixed prescriptive list. Some commenters stated that the permissible asset universe should be expanded to include longer-dated United States Treasury securities. These commenters argued that in some cases, agency securities remain deep and liquid, would improve portfolio flexibility and yield, and could reduce undue concentration at the short end of the Treasury curve. Several commenters noted that, if longer-dated assets are permitted, the OCC should address the associated interest rate and liquidity risks through tools such as haircuts, weighted-average-maturity limits, diversification requirements, overcollateralization, stress rebalancing, or redemption controls. A few commenters requested a formal, transparent, and time-limited approval process for additional assets, including public disclosure of determinations, published eligibility criteria, and the ability for any interested party to petition for approval, with some also urging coordination with state and other relevant regulators. In contrast, some commenters opposed expanding the category to include Treasuries with remaining maturities beyond 93 days, arguing that longer-dated instruments introduce excessive interest rate risk and should not qualify, or should be subject to a portfolio-level weighted average maturity cap of no more than 93 days. A few commenters urged even broader expansion to include assets such as agency obligations, broader Rule 2a–7 government money market fund exposures, debt instruments economically equivalent to Treasuries but issued by third parties, commercial paper, or even other stablecoins. Other commenters argued that any such expansion should occur only after careful safety-and-soundness review and interagency coordination.

One commenter suggested that the OCC expand the list of permissible reserve assets to include AAA-rated corporate debt. This commenter suggested that highly rated corporate obligations should be eligible alongside other reserve assets.

The final rule includes one technical change to § 15.11(b)(7), to remove the redundant ''Whether'' from the proposed § 15.11(b)(7)(iv).

One commenter recommended that the OCC clarify that for tokenized reserve assets, a covered custodian's demonstration of control should address both the on-chain custody of the token and the off-chain legal and operational arrangements ensuring the custodian can enforce the customer's rights against the underlying asset. The definition of ''tokenized form'' in § 15.2 sufficiently addresses the applicable legal requirements. As described above, a reserve asset in tokenized form must confer rights that are identical to those that would be conferred by a non-tokenized form of the asset under applicable law. In the case of a tokenized form of an asset under custody, a permitted payment stablecoin issuer should consider the operational capabilities of the custodian as well as the legal rights that the permitted payment stablecoin issuer has in the reserve asset. Some commenters argued against additional quantitative diversification limits on tokenized reserve assets. Other commenters cautioned that tokenization can introduce operational uncertainty and instability and should be addressed through collateral eligibility standards, disclosure, haircuts, or other risk controls. A few commenters also requested more specific guidance on operational and disclosure issues, including treatment of digitally native assets, explicit confirmation that short-term on-chain Treasuries are permissible, disclosure of both on-chain custody locations and underlying real-world asset custody, and standards for addressing discrepancies between on-chain reserve attestations and off-chain custodian records. One commenter encouraged publishing reserve balances on-chain and eventually supporting programmatic controls that would prevent additional token minting when adequate reserves are not present. The OCC is not including a broad-based haircut for reserve assets in tokenized form in light of the many different features, positive and negative, that a

reserve asset in tokenized form may have, depending on its design. Nevertheless, depending on the nature of the tokenized asset (in particular, any operational difficulties associated with monetizing the asset), it may be appropriate for a permitted payment stablecoin issuer to apply a haircut pursuant to its reserve asset and liquidity risk management requirements.

The OCC is finalizing § 15.11(b) with minor changes in addition to the non-substantive change to paragraph (b)(2) described above. Specifically, § 15.11(b)(7) now provides that, when the OCC approves the use of ''any other similarly liquid Federal Government-issued asset'' as a reserve asset, the OCC may impose conditions consistent with the purposes of the GENIUS Act. This addition makes clear, for example, that the OCC may impose conditions (*e.g.,* its maturity) on the use of a particular type of reserve asset to ensure that the asset is truly similarly liquid to the other types of reserve assets contemplated under the GENIUS Act. The OCC is not including corporate securities as permissible reserve assets. These assets are not Federal-Government issued, and thus section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)) does not provide an avenue to permit such assets. The OCC is also making technical edits to § 15.11(b)(8) to delete ''or paragraph'' as redundant, such that it now reads ''Any reserve described in paragraphs (b)(1) through (3), (b)(6), or (b)(7) of this section in tokenized form, provided that such reserves comply with all applicable laws and regulations.''

d. Reserve Asset Diversification and Concentration (§ 15.11(c))

i. Description of the Proposed Rule

Section 4(a)(4)(A)(iii) of the Act (12 U.S.C. 5903(a)(4)(A)(iii)) requires the OCC to issue regulations implementing reserve asset diversification, including deposit concentration at banking institutions and interest rate risk management standards that (1) are tailored to the business model and risk profile of permitted payment stablecoin issuers and (2) do not exceed standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. The proposed rule included two alternative options to implement these diversification and concentration limits in proposed § 15.11(c). ''Option A'' included a principles-based general requirement with an optional safe harbor containing quantitative requirements. ''Option B'' would have made the quantitative requirements mandatory for all issuers. Option A's principles-based general requirement would have required a permitted payment stablecoin issuer to maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks. In addition, the principles-based requirement in Option A in proposed § 15.11(c) would have required a permitted payment stablecoin issuer to measure and manage the risk that concentrating reserve assets at one eligible financial institution or a small number of eligible financial institutions may impair the ability of a permitted payment stablecoin issuer to satisfy redemption demands if individual eligible financial institutions are unable to return, or if there is a delay in returning, reserve assets placed by a permitted payment stablecoin issuer.[87] The proposed rule's diversification and concentration requirements would have applied to custodial relationships, including sub-custodial arrangements. Permitted payment stablecoin issuers would have been expected to ''look through'' any sub-custodial relationships to ensure that reserve assets are custodied at a sufficiently diverse number of eligible financial institutions needed to comply with the proposed rule's requirements.

Option A contained a safe harbor under which a permitted payment stablecoin issuer would be deemed to satisfy proposed § 15.11(c) if the permitted payment stablecoin issuer maintains on each business day: (i) at least 10 percent 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; (ii) at least 30 percent 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 business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions (*e.g.,* reverse repurchase agreements); (iii) no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures; (iv) no more than 50 percent of the amount provided in proposed § 15.11(c)(2)(i) at any one eligible financial institution; and (v) reserve assets with a weighted average maturity of no more than 20 days.

The safe harbor would also have required that a permitted payment stablecoin issuer maintain at least 30 percent 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 business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions.

The safe harbor would have also required that a permitted payment stablecoin issuer maintain no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures.

The safe harbor would have also required that a permitted payment stablecoin issuer maintain no more than 50 percent of the required daily liquidity specified under proposed § 15.11(c)(2)(i) at any one eligible financial institution. This requirement was intended to guard against the risk that problems at one eligible financial institution prevent a permitted payment stablecoin issuer from accessing its reserve assets. If a permitted payment stablecoin issuer is dependent on one eligible financial institution to maintain all or a large portion of its reserve assets, the permitted payment stablecoin issuer may be excessively exposed to, for example, operational concerns at that eligible financial institution or even the risk of the institution's failure.

To qualify for the safe harbor, proposed § 15.11(c)(2)(v) would have required that a permitted payment stablecoin issuer's reserve assets have a weighted average maturity of no more than 20 days.

Option B would have imposed the quantitative standards as mandatory requirements, rather than an optional safe harbor.

ii. Description of Comments and the Final Rule

Generally, more commenters expressed support for the ''Option A'' approach to reserve asset diversification over ''Option B.'' Several commenters supporting Option A stated that it appropriately balances rigor, flexibility,

[87] Eligible financial institutions that hold reserve assets in custody or safekeeping must be subject to supervision and comply with the requirements set forth in section 10 of the GENIUS Act (12 U.S.C. 5909). Institutions subject to OCC supervision would need to comply with the requirements set forth in proposed subpart C of part 15.

and clarity for permitted payment stablecoin issuers and enables appropriate tailoring. Some other commenters stated that Option A provides for appropriate tailoring to different business models and risk profiles. A few commenters stated that Option A would be consistent with established custody fundamentals or existing state-level frameworks. A few commenters favored Option A because it offers predictability for new entrants and flexibility for mature issuers to demonstrate diversification through risk management practices tailored to actual operations. One commenter stated that Option B would depart from Congressional intent because the proposed reserve requirements would be excessive and not properly tailored.

A few commenters supported Option A but suggested changes. One commenter stated that weighted average maturity provisions should be changed so as not to discourage holding longer-dated Treasuries (subject to the statutory 93-day cap). One commenter suggested the OCC make clear that Option A may require a buffer of extra reserve assets. One commenter suggested that small permitted payment stablecoin issuers should be presumed to comply with Option A.

Some commenters specifically addressed the proposed safe harbor provision. A few of these commenters stated generally that the safe harbor would provide flexibility for issuers. Several commenters stated that the safe harbor is improperly calibrated and suggested changes to the quantitative limits that they argued would reduce risk or better support liquidity needs. A few other commenters argued that quantitative thresholds were unnecessary, impractical, or inadequately supported by data. One of these commenters suggested that, if retained, issuers should be able to satisfy the safe harbor by meeting board-approved diversification requirements. Several commenters stated that the safe harbor should not be treated as a minimum requirement or baseline expectation. One commenter suggested that compliance with the safe harbor should be measured as of the close of each business day, with opportunity for a cure period of one business day.

Several commenters favored ''Option B'' instead. Some of these commenters stated that quantitative thresholds would create more certainty and consistency for both issuers and third parties compared to a principles-based approach without specific quantitative thresholds. A few of these commenters also recommended changes to the specific requirements under Option B. One commenter stated that mandatory limits including single-custodian caps could reduce risk but suggested the OCC should clarify that reserve composition requirements do not eliminate liquidity risk in the event of a third-party custodian's insolvency. One commenter supported Option B but suggested the OCC evaluate the impact of concentration limits and 20-day weighted average maturity to ensure they do not lead to unintended consequences.

One commenter stated that neither Option A nor Option B fully addresses concerns related to deposit flight, impacts to credit creation, and potential systemic risk in light of increasing connections between stablecoin issuers and the banking system, citing the example of Silicon Valley Bank.

A few commenters supported the establishment of minimum requirements for immediately available liquidity. One commenter noted that these requirements were preferable to issuers relying on sales or repurchase agreements to generate liquidity. A few commenters supported having a weekly minimum liquidity requirement. One commenter supported the 10 percent and 30 percent thresholds for daily and weekly liquidity requirements, respectively. One commenter recommended that the 10 percent daily liquidity requirement should be adjustable based on each issuer's demonstrated redemption profile, with 5 percent being an appropriate baseline for experienced issuers. The commenter further recommended that an issuer should be permitted to propose a threshold below the 5 percent minimum if the issuer can provide support for lower daily liquidity needs. One commenter suggested that the daily requirement should be calibrated to reflect actual historical redemption patterns instead of worst-case scenarios. One commenter stated that the OCC may need to revisit the 30 percent threshold for weekly liquidity at a later date to determine whether that threshold is still appropriate. A few commenters recommended raising the daily minimum liquid asset requirement, to at least 20 percent or 25 percent. One commenter recommended raising the weekly minimum liquidity requirement to 50 percent.

A commenter recommended that the timeframe used for the weekly liquidity framework should be calibrated to redemption expectations across the agencies. One commenter stated that the proposal would require issuers to honor redemption requests within two business days from the date of the redemption request. Accordingly, the commenter stated that liquidity and operational constraints would not prevent almost all permissible reserve assets from being monetized within the redemption window. Another commenter recommended that the rule clarify how issuers should comply with the daily and weekly liquidity requirements without maintaining a significantly high cash balance that does not promote the rule's liquidity objectives.

One commenter opposed the weekly liquidity requirement, stating that the requirement would not have a meaningful effect. This commenter stated that any reserve asset can be monetized within five business days. Several commenters opposed the daily liquidity requirement. Some commenters stated that the daily liquidity requirement would create unnecessary credit risk. One commenter stated that the minimum daily requirement is unnecessary because the scope of eligible reserve assets is highly liquid, as demonstrated by the requirements of SEC Rule 2a–7 (under which Treasury securities may count towards daily and weekly liquidity requirements). One commenter asserted that the 10 percent daily liquidity requirement lacks empirical or theoretical support and is inconsistent with international prudential standards, like the Basel III liquidity standards.

A few commenters recommended that the final rule adopt a principles-based approach in which issuers would be required to demonstrate the capability to monetize at least 10 percent and 30 percent of their reserves on an overnight and weekly basis, respectively. One of these commenters asserted that an issuer should be permitted to demonstrate its monetization capability through any combination of eligible reserve assets. Other commenters stated that a principles-based approach would permit issuers to hold reserves like tokenized money market funds, which have less credit risk than bank deposits and settle no later than the next day.

Several commenters commented on which assets should be eligible to count towards the daily and weekly liquidity requirements. One commenter recommended that eligible government money market funds offering same-day redemption should count towards the daily liquidity reserves requirement. A few commenters recommended that assets eligible to count towards the daily liquidity requirement should include reverse repurchase agreements, conducted on either an open or overnight basis. One commenter recommended that same- and next-day high-quality instruments should be

considered eligible reserve assets for purposes of the daily liquidity requirement. Another commenter suggested that all GENIUS Act-compliant reserve assets should count towards the daily liquidity requirement.

One commenter recommended that reserves for the weekly liquidity requirement should include any eligible reserve asset convertible to cash within five business days, including GENIUS Act-eligible money market funds. Such a liquidity framework, the commenter reasoned, would be focused on functional liquidity and, in turn, better reflect how liquidity is generated in funding markets. One commenter recommended that government money market funds should count towards the weekly liquidity requirement, as redemption and settlement typically occur within one business day. A few commenters recommended that qualifying registered funds, like exchange-traded funds, should count towards the weekly liquidity requirement, considering their short settlement period and their daily price and portfolio transparency.

One commenter stated that deposits are more vulnerable than custodied securities. One commenter noted that tokenized funds under SEC Rule 2a–7 are being developed primarily as collateral instruments rather than as cash payment instruments. One commenter suggested that any offset for expected inflows should be permitted only on a conservative basis. One commenter recommended that the OCC remove or replace the requirement in proposed § 15.11(c)(2)(ii) relating to Board review of the percentage of reserve assets required to be held that must be receivable within five days.

One commenter argued that concentration limits should be limited to uninsured deposit holdings because further concentration restrictions would add little stability and could increase operational and run risk or reduce reserve yields. This commenter also stated that it is not possible to apply concentration limits to United States Treasury repurchase agreements because there is only one remaining tri-party repurchase agreement clearing bank for United States Treasury repurchase agreements and it handles virtually all of the cleared tri-party repurchase agreement market.

Several commenters specifically addressed the proposed 40 percent concentration limit under the proposed safe harbor. A few commenters stated that the 40 percent limit was well calibrated. One commenter suggested the limit should be raised to 60 percent to reflect the limited number of custodians currently willing to serve stablecoin issuers. Another commenter suggested reducing the limit to 15 percent and explicitly prohibiting the use of affiliated bank deposits as qualified reserves unless ring-fenced under separate capitalization and governance structures. One commenter stated that the 40 percent threshold was too limiting and that permitted payment stablecoin issuers should have flexibility to use one or more custodians. One commenter noted the limit could be breached due to changes in asset prices rather than redemptions or transfers. Another commenter stated that concentration restrictions should be based on gross exposures, aggregated across affiliates, custody, deposits, and bilateral transactions. This commenter further suggested that, if the OCC adopts deposit concentration caps, they should be tiered by bank credit quality, distinguish between insured and uninsured exposure, and also distinguish between deposit exposure and collateralized repo exposure. Some commenters categorically objected to the 40 percent threshold. One commenter explained that the concentration limit would still allow large exposures in the form of uninsured deposits, which highlights problems associated with a single numerical threshold without distinguishing between private credit risk and infrastructure or custodian concentration. A few commenters suggested that concentration caps should be tiered based on the issuer's size, and one of these commenters also recommended higher limits for assets collateralized by United States Treasuries or held at systemically important financial institutions.

Several commenters argued that custodians or assets held in custody should be excluded from concentration limits. Some of these commenters stated that applying concentration and diversification limits to custodial arrangements would require permitted payment stablecoin issuers to manage a larger number of transactions across custodians, which increases the risk of operational and process errors without meaningfully reducing risks. One commenter stated that few institutions currently provide custodial services to issuers. A few commenters stated that custodians are highly regulated and pose little credit risk with respect to non-cash assets held off-balance sheet that are segregated from the custodian's proprietary assets. A few of these commenters stated that custodian-level concentration limits may introduce risks for permitted payment stablecoin issuers by fragmenting reserve assets across numerous custodians and banking relationships. One commenter stated that custodian diversification requirements would be novel, as SEC-registered money market funds and similar instruments are not subject to similar requirements, and could drive issuers away from the institutions best able to provide secure custody services. A few commenters suggested that concentration caps would be ineffective at preventing failures and could contribute to instability by spreading and potentially commingling reserve assets among the same set of large asset managers.

One commenter suggested that self-custodied assets should be explicitly excluded from the 40 percent limit. Another commenter suggested excluding deposits held at an OCC-regulated affiliate if the affiliate holds an equivalent amount of cash at its Federal Reserve master account and remains well-capitalized. A few commenters stated that the 40 percent cap should not apply to Federal Reserve Bank balances, and one of these commenters also suggested eliminating the cap for global systemically important banks (G–SIB).

Several commenters raised other criticisms of concentration limits. One commenter suggested the OCC exclude ETFs from the 40 percent requirement, or at a minimum explain the benefit of imposing the limit on ETFs, since shares are generally held through a third-party custodian subject to a legal and regulatory framework that addresses asset segregation and protects the investor in the event of the custodian's insolvency. This commenter also stated the 40 percent limit should not apply to self-custodied money market funds or on a look-through basis to a government money market fund's custodian or other service providers. One commenter stated that the 40 percent limit discourages the use of local banks for remote communities and proposed a higher limit for reserves held at insured depository institutions that are located in more remote areas and meet certain other criteria. One commenter stated that the 40 percent limit should apply specifically to uninsured deposits. One commenter suggested the OCC clarify the scope of ''other exposures'' and in particular should address whether and how intraday credit facilities, uncommitted liquidity lines, and custodial sub-arrangements extended by or through an eligible financial institution would count toward the cap.

A few commenters criticized the proposed look-through requirement. One of these commenters stated that the

approach would increase compliance costs and likely impose substantial monitoring and reporting burdens, which could also reduce operational efficiency and increase the risk of settlement delays or frictions. Another commenter stated that the requirement could create significant operational challenges since reserve assets may be held through omnibus accounts, sub-custody chains, or collateral-agent structures that do not map cleanly onto a single-institution concentration calculation. One commenter recommended removing the phrase ''through other exposures'' so that issuers would not need to ''look through'' sub-custodians to satisfy diversification requirements, as issuers would need to obtain and continuously monitor information about their custodians' internal sub-custodial arrangements and may be at risk of non-compliance due to subsequent events beyond their control. One commenter suggested the look-through requirement is unnecessary with respect to Treasury securities, repurchase agreements, and securities issued by a GENIUS Act-eligible investment fund, since these types of reserve assets ultimately reside with highly regulated central counterparties or central securities depositories.

A few commenters recommended that the OCC remove the requirement limiting the amount of daily liquidity an issuer may hold at one financial institution. They reasoned that the requirement is impractical and the risks associated with cash reserves held at regulated institutions are already effectively addressed within the existing prudential framework. A few commenters noted that ordinary transaction flows could cause an issuer to routinely breach a 50 percent limit on daily liquidity at a single institution, especially when an issuer places liquidity reserves in only two financial institutions. Commenters recommended the OCC address this issue by raising the limit to 60 percent or building flexibility into the limit on liquidity reserves held at a single institution.

A few commenters objected to the limits on deposit concentration, in whole or in part. One commenter suggested that there should be no limit on deposits at a single institution, and if such a deposit limit is established, the limit should be in the 20 to 25 percent range. Another commenter recommended that limits on deposits should not apply to insured deposits, and that, for uninsured deposits, the OCC should adopt a tiered limit for uninsured deposits that reflects historical loss rates. A few commenters advocated for the establishment of a lower deposit concentration limit, including more granular limitations. One commenter suggested that an issuer should be permitted to deposit no more than 5 percent of eligible reserve assets at depository institutions and have no more than 2 percent exposure to a single institution, with additional deposit balances permissible for purposes of operational liquidity.

Several commenters requested or suggested clarifications in the final rule regarding how to calculate the weighted average maturity. A few commenters requested confirmation that the weighted average maturity calculation would be performed on a portfolio basis, allowing issuers to hold a mix of maturities so long as the overall weighted average does not exceed the 20-day limit. Another commenter suggested the 20-day requirement be paired with amortized cost valuation. A commenter recommended that issuers whose stablecoins are predominantly used as settlement infrastructure for duration-bearing tokenized instruments be permitted to maintain a higher weighted average maturity, subject to supervisory approval. One commenter recommended that the weighted average maturity be extended in response to concentration in Treasury markets. Another commenter suggested the OCC have a two-year pilot program and modify the weighted average maturity requirements based on data collected during that timeframe. A few commenters opposed the use of SEC Rule 2a–7's methodology to calculate the weighted average maturity. One of these commenters explained that the key consideration for measuring liquidity is how quickly an issuer can convert a non-cash asset to cash. The commenter stated that use of the methodology in SEC Rule 2a–7 would effectively assign a 20- or 40-day maturity to funds with shares that can be redeemed at par in much less time. Because of the speed with which reserves can be redeemed, the commenter recommended the OCC assign a weighted average maturity of zero for money market funds.

Another commenter stated that payment stablecoins represent redemption-backed liabilities, whereas money market funds are investment products that seek to maintain stability of net asset value. Accordingly, the commenter stated that the calculation methodology under SEC Rule 2a–7, which includes ''maturity-shortening provisions'' for securities subject to a demand feature or interest rate reset, is not the appropriate measurement for stablecoin reserves. The commenter suggested that the final rule calculate maturity as the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made. A few commenters supported the 20-day weighted average maturity requirement. Several other commenters opposed the 20-day weighted average maturity on various grounds. Several of these commenters were concerned that the weighted average maturity requirement would limit issuers' ownership of reserve assets with longer maturities, including Treasuries, which would otherwise be permissible under the GENIUS Act. Commenters also asserted that the 20-day weighted average maturity requirement would constrain efficient reserve management, increase operational risk by requiring investment in short-term assets that mature or roll over rapidly, and would impose compliance burdens on issuers, who would need to ensure that reserve assets do not breach the 20-day weighted average maturity requirement. A few commenters stated that the proposed 20-day weighted average maturity requirement would provide little, if any, benefit to an issuer's liquidity and redemption capabilities.

Several commenters recommended that the OCC increase the length of the weighted average maturity. A few commenters recommended increasing the length to 40 days, to allow smaller issuers more flexibility and to allow more issuers to use three-month Treasuries. A few commenters recommended increasing the length to 60 days to align with money market funds and SEC Rule 2a–7, and to afford issuers greater flexibility to use Treasuries. A few commenters recommended increasing the length to 93 days, to align with permitted Treasury holdings.

Several commenters proffered their views on how the reserve requirements of the proposed rule might affect community banks. One commenter, for example, noted that payment stablecoin reserves may not be as stable as demand deposits and thus may subject community banks to a greater run risk, while another noted that community banks for that reason may not be willing to provide services to permitted payment stablecoin issuers. Another commenter argued that reserve diffusion requirements could increase the financial stability risk of a run on one permitted payment stablecoin issuer throughout a large number of community banks. However, other

commenters worried that payment stablecoins will shift stable funding sources away from community banks, reducing their competitiveness, and believed that reserve asset diversification should be premised in part on the funding needs of community banks. A few commenters argued that diversification should be risk-based and should not increase the risks to permitted payment stablecoin issuers or payment stablecoin holders to achieve other aims.

The final rule neither mandates that permitted payment stablecoin issuers use community banks nor requires community banks to take on permitted payment stablecoin issuers as customers. The OCC believes that this approach appropriately allows community banks to exercise their business judgment with respect to payment stablecoin activities. The OCC acknowledges that deposits that serve as reserves backing a payment stablecoin could, at this time, be less stable sources of funding than other types of deposits. It is possible that these deposits may become more stable over time (*i.e.,* as the GENIUS Act framework continues to be implemented). At this point, in light of the comments received, the OCC believes that diversification requirements that neither mandate nor discourage placement at community banks are appropriate.

The final rule makes a number of changes to § 15.11(c) in response to the comments received. Specifically, the OCC is adopting a hybrid approach using the principles-based approach from Option A and a modified and limited set of the quantitative requirements from Option B. The proposed rule included robust liquidity requirements but did not include stress testing or buffer requirements. The proposal noted that an alternative possibility would be to remove some of the proposed liquidity requirements, though this may warrant increased capital or buffer requirements. The final rule substantially lessens the quantitative liquidity, diversification, and concentration requirements that apply to permitted payment stablecoin issuers and instead imposes stress testing and buffer requirements in §§ 15.11 and 15.13. The OCC recognizes that, as a permitted payment stablecoin issuer sells more liquid assets to meet redemption requests in times of stress, it may temporarily fail to satisfy all of the terms in § 15.11(c) of the final rule. For example, a permitted payment stablecoin issuer might draw first on its deposits to timely redeem payment stablecoins, and, as a result, may temporarily fall below the 5 percent minimum while it reconfigures its reserve asset portfolio. Depending on the facts and circumstances, negative supervisory consequences for a failure to maintain that 5 percent minimum may be inappropriate, and the OCC will consider any supervisory actions for such a temporary violation in light of the totality of the circumstances causing the violation. A permitted payment stablecoin issuer should nevertheless appropriately diversify its reserve assets as soon as practicable following such an event. However, at no point can a permitted payment stablecoin issuer's reserve asset value be less than the outstanding issuance value of the permitted payment stablecoin issuer.

Consistent with the proposed rule, § 15.11(c)(1) provides that a permitted payment stablecoin issuer must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks. The final rule clarifies in § 15.11(c)(1)(iii) that, depending on relevant factors, including a permitted payment stablecoin issuer's risk profile, business model, and portfolio of reserve assets, a permitted payment stablecoin issuer may need to maintain an amount of reserve assets that exceeds the requirements of § 15.11(c)(2) and the reserve asset value of which exceeds outstanding issuance value. A permitted payment stablecoin issuer must measure and manage the risk that concentrating reserve assets at one eligible financial institution or a small number of eligible financial institutions may impair the ability of a permitted payment stablecoin issuer to satisfy redemption demands if individual eligible financial institutions are unable to return, or if there is a delay in returning, reserve assets placed by a permitted payment stablecoin issuer.

The final rule clarifies that, depending on relevant factors, including a permitted payment stablecoin issuer's risk profile, business model, and stock of reserve assets, a permitted payment stablecoin issuer may need to maintain reserve assets in excess of the daily liquidity amounts required under paragraph (c)(2) (discussed below). The OCC believes that this baseline principles-based approach, supplemented with the quantitative requirements described below, provides permitted payment stablecoin issuers sufficient flexibility while also providing a backstop against key risks that could result from undue concentration in assets that may be difficult to monetize within a day or exposures to a single counterparty. Permitted payment stablecoin issuers with less complex business models and lower risk profiles may be able to maintain a less diverse stock of reserve assets than permitted payment stablecoin issuers with more complex business models or higher risk profiles. However, section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)) mandates some reserve asset diversification for all permitted payment stablecoin issuers, both in types of reserve assets maintained and in the number of eligible financial institutions holding a permitted payment stablecoin issuer's reserve assets. The OCC expects that all permitted payment stablecoin issuers will need to maintain multiple reserve asset types, if only to serve as a backup to what is otherwise a permitted payment stablecoin issuer's primary reserve asset. Some permitted payment stablecoin issuers may need to maintain more robustly diverse stocks of reserve assets to satisfy § 15.11(c), depending on their business model, risk profile, and other relevant factors. For example, a large permitted payment stablecoin issuer with complex operations may need to maintain deposits with multiple eligible financial institutions, as well as a stock of Treasury bills, potentially custodied with more than one eligible financial institution in order to ensure they are capable of being monetized during periods of financial stress. Factors such as the number of parties that redeem directly with the permitted payment stablecoin issuer, the volume of redemptions (and volatility with respect to such volume), and the number and nature of the blockchains on which a payment stablecoin is traded could all increase the complexity of the permitted payment stablecoin issuer's operations and weigh in favor of maintaining multiple different pools of reserve assets.

Section 15.11(c)(2) of the final rule provides a modified version of the daily liquidity and counterparty concentration requirement from the proposed rule. Section 15.11(c)(2)(i) requires a permitted payment stablecoin issuer to maintain at least 5 percent of its reserve assets as demand deposits (or other deposits that may be withdrawn upon request at any time), funds in share accounts that are payable on demand, or money standing to the credit of an account with a Federal Reserve Bank.[88] This minimum daily liquidity requirement is intended to ensure that a payment stablecoin issuer has readily

[88] The final rule refers to ''funds in share accounts that are payable on demand,'' rather than ''insured shares,'' to clarify that such funds must be available on demand to meet the 5 percent minimum requirement in § 15.11(c)(2).

available funds necessary to meet redemption requests. While all of the proposed reserve assets should be liquid and easily monetizable, the requirement to have some minimum level of immediately liquid funds provides additional protection against the risk that a permitted payment stablecoin issuer would be unable to meet redemption requests in a timely manner, which is critical to maintain confidence in the permitted payment stablecoin issuer and the stablecoin industry as a whole. Including a baseline requirement to maintain a minimum percentage of liquidity that is immediately available (without the need to sell any assets, even highly liquid assets like Treasury securities) will help ensure a permitted payment stablecoin issuer's ability to meet redemption requests. In light of other changes to §§ 15.11(a) and 15.13 (*e.g.,* stress testing requirements), the final rule lowers this daily liquidity requirement from 10 percent to 5 percent of reserve assets. The requirements of §§ 15.11(a) and 15.13 are designed to ensure that permitted payment stablecoin issuers are able to timely redeem payment stablecoins, including in times of stress. Since these requirements will necessarily entail measures the permitted payment stablecoin issuer must take to maintain capacity to meet short-term redemption requests, it is appropriate to lower the quantitative requirement for daily liquidity. For example, when a permitted payment stablecoin issuer has capabilities to monetize reserve assets quickly because a large portion of their reserve assets is in the form of Treasury securities, whether held directly or by a custodian, that may obviate the need to hold a higher amount of daily liquidity.

The final rule does not include the requirement from proposed § 15.11(c)(4) requiring no more than 50 percent of daily liquidity to be held at any one eligible financial institution in light of the fact that the total requirement has been reduced to 5 percent (the total amount of required daily liquidity that could be held at a single eligible financial institution under the proposed rule). The OCC notes that, under § 15.12, a permitted payment stablecoin issuer must notify the OCC when it receives redemption requests in excess of 10 percent of its outstanding issuance value over a single 24-hour period. As discussed elsewhere, permitted payment stablecoin issuers that hold only 5 percent of their reserve assets as demand deposits or money standing to the credit of a Federal Reserve Bank should take steps to ensure that they can timely redeem tendered payment stablecoins under stressed conditions.

Section 15.11(c)(2)(ii)(A) of the final rule requires a permitted payment stablecoin issuer to limit its exposure to any one counterparty to no more than 40 percent of its reserve assets. Section 15.11(c)(2)(ii)(B) lists various exposures that are not subject to this limitation. Under the final rule, the following exposures are excluded: (1) exposures to the United States Government, (2) exposures to an appropriate custodian (as described in § 15.11(d)), resulting from reserve assets being held in the custody of the custodian, and (3) exposures resulting from centrally cleared repurchase agreements and centrally cleared reverse repurchase agreements. For clarity, reserve assets held directly by a permitted payment stablecoin issuer also are not subject to the 40 percent limit in § 15.11(c)(2)(ii)(A) because the permitted payment stablecoin issuer cannot be its own counterparty. The requirement in § 15.11(c)(2)(ii) is intended to prevent an issuer from being overly exposed to any one eligible financial institution or counterparty, including through a deposit relationship, bilateral repurchase agreement, bilateral reverse repurchase agreement, or investment company. While this requirement would not eliminate the chance of either temporarily or permanently losing reserve assets because of distress at an eligible financial institution holding reserve assets, it would ensure that permitted payment stablecoin issuers have other reserve assets available to satisfy redemption requests. The final rule modifies the counterparty limit by explicitly excluding exposures to the United States Government. As discussed above, exposures to Federal Reserve Banks would remain subject to this limit. The final rule excludes exposures resulting from centrally cleared repurchase agreements and reverse repurchase agreements due to the low credit risk associated with such transactions.

The final rule also does not apply the 40 percent limit to custodians that meet certain requirements (as discussed in greater detail below). The OCC agrees with commenters that imposing a limit on custodians that comply with the requirements of the GENIUS Act may introduce unnecessary operational risks without a corresponding benefit. At the same time, it is important that there are mechanisms in the final rule to help ensure that custodians of reserve assets comply with the terms of the GENIUS Act if they are to be exempt from the 40 percent limit. Accordingly, as discussed in the next section, the final rule imposes certain additional requirements on permitted payment stablecoin issuers with respect to custodians designed to ensure that the custodians comply with the requirements of the GENIUS Act.

Paragraph (c) of the final rule's § 15.11 does not include a weighted average maturity requirement. The OCC believes that changes to §§ 15.11(a) and 15.13 will be sufficient to ensure that the reserve asset portfolio of a permitted payment stablecoin issuer is sufficiently liquid without imposing a separate weighted average maturity requirement.

e. Custody of Reserve Assets (§ 15.11(d))

Self-Custody and Use of Affiliates

Several commenters suggested that the OCC place significant limits on, or prohibit, an issuer holding its reserve assets itself (self-custody). These commenters argued that self-custody and captive affiliate structures can undermine the independence of the custody function and create conflicts of interest inconsistent with safety and soundness. Some commenters stated that the proposed rule does not provide sufficient clarity on how self-custody would work in practice, including: (i) whether a permitted payment stablecoin issuer holding reserves directly would qualify as the covered customer or an eligible financial institution, (ii) how reserve assets would be segregated from proprietary assets, and (iii) whether the custody function would need to be separated from issuance and reserve management activities. A few commenters noted that, if self-custody is permitted, permitted payment stablecoin issuers should be required to maintain clear segregation, bankruptcy-remote protections, and operational separation. Some commenters argued that additional capital requirements should apply because the permitted payment stablecoin issuer would be assuming risks otherwise borne by an external custodian. Other commenters opposed intragroup reserve arrangements and urged the OCC to apply concentration limits across affiliated entities on a consolidated basis rather than institution by institution. In contrast, a couple of commenters stated that the OCC should not mandate fixed minimum allocations of reserve assets between affiliated and unaffiliated custodians and instead should focus on operational resilience, concentration risk, and effective segregation while allowing issuers flexibility in structuring custody arrangements.

Many commenters addressed how reserve assets should be managed when

a permitted payment stablecoin issuer is affiliated with, or is a subsidiary of, an insured depository institution. Some commenters stated that affiliated custody arrangements should be subject to consistent risk management standards and that reserve assets, liquidity-management functions, and control frameworks should be clearly maintained at the subsidiary level, with dedicated personnel, independent governance, and clear entity-level accountability to reduce the risk of internal commingling, competing liquidity demands, or unclear authority during stress. In contrast, one commenter stated that the OCC should not impose permitted payment stablecoin issuer-specific governance or staffing mandates on bank-subsidiary issuers and should allow them to use centralized group treasury and risk functions so long as applicable statutory standards are met. Another commenter opposed any exception from concentration caps that would allow an insured depository institution subsidiary to place all reserves at its parent or an affiliate. These commenters argued that statutory flexibility for omnibus commingling increases, rather than reduces, the need to avoid single-bank dependency and ensure strong segregation, control, and auditability.

Several commenters stated that the OCC should add additional requirements in instances in which a permitted payment stablecoin issuer custodies reserve assets or deposits cash reserve assets at an affiliate. These commenters stated that affiliate custody of reserve assets may give rise to significant risks as there is no independent custodian to provide an added layer of protection to holders of the relevant payment stablecoin. Commenters suggested, for example, either limiting the amount of reserves that may be custodied or deposited at an affiliate, imposing enhanced capital buffers, or including affiliate concentration risk as a factor that the permitted payment stablecoin issuer's independent accountant must consider.

The final rule, consistent with the proposal and the text of the GENIUS Act, does not prohibit self-custody of reserve assets or the use of an affiliate to hold reserve assets in custody. As discussed below, direct reserve asset holdings will not be subject to a counterparty limit but non-custodial exposures to affiliates will be. The OCC notes that, in the case of subsidiaries of national banks or Federal savings associations, the OCC will have clear visibility into the business of the parent and the subsidiary, through the supervisory process. The OCC agrees with commenters that reserve assets should be operationally separate from the other assets of a permitted payment stablecoin issuer. The OCC notes that § 15.11(a)(1)(ii) requires a permitted payment stablecoin issuer to maintain reserve assets that are identifiable and that are segregated and not commingled with other assets owned or held by the permitted payment stablecoin issuer. In addition, as discussed elsewhere, the final rule has been designed to permit the use of separate issuer SPVs, such that the reserve assets of each issuer would be segregated from one another. Finally, with respect to affiliate transactions, the OCC notes that insider and affiliate transactions must comply with the requirements of § 15.13 (described in greater detail below).

Fiduciary Responsibilities

Commenters expressed differing opinions on whether fiduciary treatment should be avoided to reduce regulatory uncertainty or required to strengthen segregation and insolvency protections. A few commenters suggested that the OCC clarify whether directed custody of reserve assets constitutes a fiduciary activity under 12 CFR part 9. Some commenters stated that directed, non-discretionary custody should not be treated as fiduciary by default unless the custodian independently performs a fiduciary function identified in part 9. In contrast, one commenter stated that reserve assets should be required to be held in a fiduciary capacity and that all institutions with custody of stablecoin reserves should hold those assets in a legally segregated manner for the exclusive benefit of stablecoin holders. That commenter also noted that fiduciary custody at a national trust bank provides stronger insolvency protections because the assets are not part of the custodian's estate, unlike ordinary deposits at a depository bank, which become general liabilities of the bank. The OCC declines to make a blanket statement that directed custody of reserve assets is a fiduciary activity. Whether a custodian is subject to 12 CFR part 9 or 12 CFR part 150 will depend, among other factors, on the charter type of the custodian and applicable law, including the agreement that the custodian has with its customer.

Some commenters stated that responsibility for determining whether assets qualify as permissible reserve assets, whether reserves are sufficient on a portfolio-wide basis, and how reserves should be classified or reported should remain with the issuer rather than the custodian. Other commenters noted that custodians often lack visibility into an issuer's full reserve portfolio, particularly where multiple custodians or intermediaries are used, and therefore should not be required to independently verify reserve composition, adequacy, sufficiency, or compliance with diversification and concentration requirements. As discussed in greater detail below, the OCC confirms that the permitted payment stablecoin issuer remains responsible for ensuring compliance with all requirements in the GENIUS Act and implementing regulations related to reserve assets and other requirements pertaining to its issuance of payment stablecoins.[89] Covered custodians under subpart C of the final rule are responsible for compliance with requirements contained within the GENIUS Act and subpart C related to appropriate custody of reserve assets and other covered assets.

Obligations of Third-Party Custodians To Ensure Compliance

Commenters addressed oversight of custodians, service providers, and counterparties, with some stating that permitted payment stablecoin issuers should conduct thorough initial due diligence and ongoing monitoring of custodians' legal status, financial condition, operational resilience, cybersecurity, and compliance programs, consistent with third-party risk management principles. In contrast, one commenter suggested that permitted payment stablecoin issuers should not be required to monitor the financial condition of all depository institutions holding reserve assets because those institutions are already subject to robust prudential regulation. Another commenter stated that a permitted payment stablecoin issuer should continuously monitor the condition of its counterparties and treat concentration risk as risk-sensitive.

One commenter suggested that the OCC clarify that third-party custodians are not responsible for ensuring that a permitted payment stablecoin issuer or foreign payment stablecoin issuer directs reserve assets to the correct account, such as a reserve account rather than a proprietary account. The commenter stated that, consistent with the futures commission merchant framework, the issuer should bear responsibility for segregation and avoiding commingling, while the custodian's role should be limited to

[89] As noted above, a permitted payment stablecoin issuer may use an investment adviser or asset manager to manage reserve assets under § 15.10 of the final rule, but the permitted payment stablecoin issuer remains responsible for ensuring compliance with the GENIUS Act and its implementing regulations.

recognizing and maintaining the designated account as separate. This commenter also noted that custodians should not be required to verify the sufficiency of reserve assets held by a permitted payment stablecoin issuer at the custodian or be subject to additional requirements with respect to transaction services they provide. One commenter requested that the OCC expressly confirm that prior OCC guidance, including Interpretive Letter 1172, to the extent it required custodians to monitor 1 to 1 reserve sufficiency, has been superseded by the GENIUS Act framework. Another commenter requested additional clarity regarding reserve assets held through custodians or intermediaries, including governance, control, and access rights.

As discussed in greater detail below, the final rule has been modified to provide additional clarity and notice to custodians. With respect to Interpretive Letter 1172, the OCC notes that the letter addressed deposit-taking activity and not custody. Nevertheless, the OCC confirms that a national bank or Federal savings association that holds deposits that serve as reserves or that holds other reserve assets in custody is not under an obligation to ensure that the reserve assets equal or exceed the outstanding issuance value of the payment stablecoin unless otherwise required by contract.

Under § 15.11(d) of the final rule, reserve assets in the custody of one or more eligible financial institutions will not be subject to the 40 percent limit in § 15.11(c)(2)(ii) provided that the permitted payment stablecoin issuer: (1) identifies itself to the custodian as a permitted payment stablecoin issuer; (2) ensures that the custodian commits to adhering to the requirements of section 10 of the GENIUS Act (12 U.S.C. 5909), including applicable implementing regulations; and (3) engages in appropriate due diligence and ongoing monitoring of its custodial arrangements to ensure compliance with applicable requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*), including applicable implementing regulations. These changes are intended to benefit custodians by providing them notice of when their obligations under section 10 of the GENIUS Act (12 U.S.C. 5909) attach. In addition, the requirements make clear that the permitted payment stablecoin issuer has an ongoing responsibility to conduct appropriate monitoring of the custodians that it employs. The OCC believes that this ongoing monitoring requirement will be both more effective and less burdensome than imposing a hard limit on the amount of exposure that a permitted payment stablecoin issuer can have to a single custodian. The final rule's approach requires a permitted payment stablecoin issuer to take appropriate steps to ensure that its custodians comply with the GENIUS Act. This puts an emphasis on understanding and analyzing the activities of custodians, whereas the proposal could have allowed a permitted payment stablecoin issuer to meet its obligations merely by diversifying among different custodians without engaging with the substance of the custodians' activities.[90]

f. Minimum Insured Deposit Requirement for Large Issuers

Proposed § 15.11(d) would have required a permitted payment stablecoin issuer with an outstanding issuance value of $25 billion or more to, on each business day, maintain at least 0.5 percent of its reserve assets in the form of insured deposits or insured shares at an insured depository institution, up to a cap of $500 million.

Several commenters opposed the proposed insured-deposit minimum. These commenters explained that the insured-deposit minimum would add significant operational complexity and liquidity risk without providing a commensurate prudential benefit, especially for large operational deposit balances that do not meaningfully benefit from deposit insurance. Regarding liquidity risk, a commenter asserted that many deposit insurance schemes have tighter settlement cutoff times than traditional demand deposit accounts, which would increase operational risk if reserves would not be immediately available. Furthermore, the FDIC's proposed restrictions on insured reserve balances would further complicate operationalizing the insured-deposit minimum requirement. A few commenters asserted that the OCC lacks the statutory authority to require issuers to place a percentage of reserve assets in numerous banks through the minimum insured deposit requirement. One commenter noted that the FDIC does not insure deposits above the $250,000 corporate limit, a limit that could render the minimum insured deposit requirement operationally infeasible. A commenter stated that the minimum insured deposit requirement would confuse stablecoin holders regarding what percentage of reserve assets are insured. Another commenter asserted that the requirement would unduly restrict an issuer's ability to manage counterparty and credit risk. One commenter noted that it is expensive to open numerous deposit accounts, and the costs necessary to comply with the minimum insured deposit requirement could impede the adoption of stablecoins.

One commenter requested clarification on how the minimum insured deposit requirement interacts with FDIC deposit insurance limits and capacity constraints at insured depository institutions. A few commenters suggested that if the minimum insured deposit requirement is finalized, it should not exceed the smaller of $100 million or 0.1 percent of reserve assets. A commenter recommended the OCC calibrate the minimum insured deposit requirement to recognize the distinction between reserves held at smaller banks and other institutions.

A few commenters were in favor of establishing a minimum insured deposit requirement and asserted that the proposed $25 billion threshold for issuers to be subject to the minimum insured deposit requirement is too high to prevent runs, de-pegging, and contagion. One of these commenters recommended lowering the threshold from $25 billion to $10 billion and raising the requisite percentage of reserve assets comprising insured deposits or shares from 0.5 percent to 5 percent, with total insured deposits or shares not to exceed $500 million regardless of the size of the issuer. A commenter opined that it is too early to determine whether all reserve deposits should be required to be insured in the event deposit insurance rules change, and that the final rule should not address such a requirement.

One commenter supported permitting issuers to use deposit placement services to comply with the GENIUS Act's diversification requirements for stablecoin reserves, subject to appropriate due diligence, including independent audit reports and Federal Financial Institutions Examination Council examinations. A few commenters opposed the use of deposit placement services for compliance with the diversification requirements, as the addition of intermediaries would increase operational complexity and counterparty risk.

After careful consideration of the comments, the OCC is not adopting a requirement to have a minimum insured deposit amount. The OCC agrees with commenters that this minimum requirement may introduce additional operational risk that does not merit the

[90] In response to certain comments, the OCC also confirms that, while a custodian may provide reserve asset valuation services, the permitted payment stablecoin issuer is responsible for ensuring that its reserve asset value equals or exceeds its outstanding issuance value at all times.

reduction in credit risk associated with having a minimum insured amount.

g. Composition Report, Monthly Certification, and Failure To Maintain Minimum Reserve Assets (§§ 15.11(e) Through (g))

i. Description of the Proposed Rule

Proposed § 15.11(e) would have required a permitted payment stablecoin issuer to publish on its website by noon on the last day of each month the composition of the issuer's reserves held pursuant to the GENIUS Act as of noon of the last day of the prior month, using a format substantially similar to the template provided in table 1 to proposed § 15.11(e). The report contained fields for the total number of outstanding payment stablecoins issued by the issuer and the amount (fair value) and composition of the reserves, including the average tenor and geographic location of custody of each category of reserve instruments. The information in the report, including the value of reserve assets, would have been reported as of the end of the previous month. Section 15.11(e) of the proposed rule would have implemented the requirement in section 4(a)(1)(C) of the GENIUS Act (12 U.S.C. 5903(a)(1)(C)).

Proposed § 15.11(f) implemented the applicable requirements of section 4(a)(3) of the GENIUS Act (12 U.S.C. 5903(a)(3)). This provision requires permitted payment stablecoin issuers to, each month, have the information disclosed in the previous month-end report examined by a registered public accounting firm. Proposed § 15.11(f)(1) would have required the examination of the previous month-end report to occur by noon on the last day of each month and would have required the report to be published on the permitted payment stablecoin issuer's website at the same time as the monthly report required under proposed § 15.11(e). Consistent with the Act, proposed § 15.11(f)(2) would have required the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of the permitted payment stablecoin issuer to submit to the OCC a certification that the monthly report is accurate. Under section 4(a)(3)(C) of the Act (12 U.S.C. 5903(a)(3)(C)), any person who submits this required certification knowing that such certification is false shall be subject to the same criminal penalties as those set forth under 18 U.S.C. 1350(c).

Proposed § 15.11(g) set forth the consequences and remedial measures that would have applied if a permitted payment stablecoin issuer did not comply with the requirements of proposed § 15.11. Proposed § 15.11(g)(1) would have required a permitted payment stablecoin issuer to notify the OCC through its appropriate supervisory office on any day in which its reserve asset amount has fallen below the required minimum in proposed § 15.11(a). Proposed § 15.11(g)(2) would have barred a permitted payment stablecoin issuer that falls below the required minimum from issuing new payment stablecoins until it had remediated the shortfall except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase. Proposed § 15.11(g)(3) provided that, if a permitted payment stablecoin issuer fails to meet its reserve asset requirement for 15 consecutive business days, it must begin liquidation of reserve assets and redemption of outstanding payment stablecoins consistent with § 15.12 and may not charge customers a fee to redeem their payment stablecoins at any time during the liquidation. The OCC would have been able to extend the time period under proposed § 15.11(g)(3) in its sole discretion. Because of the importance of maintaining minimum reserve asset levels, the proposed rule included automatic consequences for any non-compliance intended to prevent any concerns from developing further. This provision was intended to prevent chronic non-compliance with minimum reserve asset requirements. Proposed § 15.11(g)(4) stated that if at any point the OCC determined that a permitted payment stablecoin issuer had not demonstrated that it meets the reserve asset requirements in proposed § 15.11(a), (b), (c), or (d), the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer will attain compliance and the timeline for the plan. If the OCC determined, either before or after the submission of a plan, that a permitted payment stablecoin issuer faces a significant risk of being unable to attain compliance with the reserve requirements in proposed § 15.11(a), (b), (c), or (d) within a reasonable period, the OCC would have been able to order the issuer to initiate redemption of all outstanding payment stablecoins. Proposed § 15.11(g)(4) also stated that the OCC's authority to require a compliance plan or order redemption did not limit the OCC's authority to pursue other measures, including enforcement actions, if appropriate.

ii. Description of Comments and the Final Rule

Commenters generally supported proposed § 15.11(e) through (g), although some had a few suggested changes. With respect to § 15.11(e) and (f), several commenters suggested that the once-a-month reporting standard be dropped in favor of enhanced reporting,[91] such as through implementing random floating day attestations or surprise examinations. The OCC is not requiring an additional random floating day attestation at this time. The OCC has broad supervisory authority and may examine permitted payment stablecoin issuers, as appropriate, including on an immediate basis. In addition, the OCC will receive detailed information from permitted payment stablecoin issuers each week and will have the ability to flag any unusual activity using this information. In light of that, the OCC believes that imposing a random floating day attestation requirement across all issuers is unnecessary at this time. Permitted payment stablecoin issuers may, nevertheless, decide to engage in random-day reporting and certification as a best practice.

One commenter suggested that the monthly certification section be made public. Under the final rule, the report required under § 15.11(f)(1) must be made public and the certification required under § 15.11(f)(2) must be submitted to the OCC. Permitted payment stablecoin issuers or the OCC may choose to publish the certification. If a permitted payment stablecoin issuer failed to provide a certification, the OCC would take appropriate supervisory action. One commenter recommended using particular criteria for the monthly composition report. The OCC believes that the proposed criteria, supplemented by the reporting that the OCC will receive under § 15.14, is sufficient.

One commenter recommended that the OCC consider the Stablecoin Presentation and Disclosure Criteria developed by the AICPA in its rulemaking, recognizing that these criteria are already in use today and will continue to serve as the basis for issuer reporting and CPA examinations. Another commenter suggested the final rule specify that § 15.11(f) examinations are to be performed in accordance with the AICPA' Statements on Standards for Attestation Engagements, which could suggest particular assurance and

[91] Some of these commenters also addressed the requirement that excess reserves only be withdrawn once a month. The changes to § 15.11(a)(4) in the final rule address these comments.

independence standards for these examinations. The OCC recognizes that certain industry criteria have been adopted by accounting firms in evaluating disclosures by stablecoin issuers today, and the OCC recognizes the importance of suitable criteria for examination engagements that are relevant, objective, measurable, complete, and available for users of the report. However, the final rule does not mandate any particular criteria so long as the examination meets the statutory requirements under the GENIUS Act to preserve flexibility as industry standards continue to develop.

The proposed rule requested comments on the treatment of white-label arrangements or other arrangements where a single issuer issues multiple payment stablecoins. Several commenters stated that nothing in the GENIUS Act prohibits such arrangements. Other commenters noted that if such arrangements are allowed, the OCC should implement additional requirements. For example, several commenters requested clarification regarding whether proposed § 15.11(a)(1)(ii)'s requirement that reserve assets be segregated from other assets owned or held by the permitted payment stablecoin issuer applied as well to payment stablecoins issued on multiple blockchains (that is, whether the reserves backing issuances on each blockchain need to be segregated from each other or can be placed in an omnibus account). The OCC confirms that it is not necessary to separate reserve assets by blockchain for a payment stablecoin that is issued under a single brand. For example, a single brand of payment stablecoin could be available on both blockchain A and blockchain B. The payment stablecoin could be backed by a single pool of reserve assets. That pool of reserve assets would be subject to the identification and segregation requirements of § 15.11(a)(1)(ii) of the final rule. Some commenters argued against allowing issuers to commingle the reserves of each payment stablecoin or to utilize a combined report under proposed section 15.11(e), as that could increase the risk that holders of one stablecoin are affected by deficient reserves of a separately marketed payment stablecoin. One commenter suggested that risks related to multi-brand issuers are best addressed through disclosure requirements akin to the treatment of white-labeled deposit or prepaid banking products.

The final rule adopts § 15.11(e) of the proposed rule with minor changes. Specifically, the OCC is adding new paragraph (e)(1) and renumbering paragraphs (e)(1) and (e)(2) to (e)(1)(i) and (e)(1)(ii), respectively. The OCC is also making certain clarifying edits throughout.

The final rule also makes edits to Table 1 to paragraph (e). Table 1 to paragraph (e) provides a template for the monthly composition report. Table 1 has been updated to reflect the definition of reserve asset value. Footnote 1 to the table provides guidance as to how to report if an issuer issues multiple classes of payment stablecoins. The final rule revises this footnote to make clear that permitted payment stablecoin issuers should separately list different classes or brands, if applicable. The OCC has generally used these terms interchangeably and is making this revision for clarity. The footnote also states that, if a class or brand is secured by distinct pools of reserve assets, the permitted payment stablecoin issuer should describe both the operational and legal mechanisms for separately securing each brand or class (the proposal did not address operational mechanisms). Finally, consistent with other changes to the final rule, the OCC has revised footnote 1 to provide additional clarity for entities that use multiple separate issuer SPVs to issue payment stablecoins. The final rule makes clear that, if different payment stablecoins are issued by distinct issuers, such as SPV issuers, there should be a separate composition report for each class or brand. The final rule adopts § 15.11(f) as proposed with certain clarifying edits.

Regarding the consequences for failing to meet minimum reserve asset requirements in proposed § 15.11(g), commenters were largely supportive but offered various amendments or requested clarifications. Regarding the required notification in § 15.11(g)(1), one commenter requested that the OCC specify the exact format, submission mechanism, and timing window for the notification. The OCC is not revising the rule text in response to this comment. The final rule specifies that the permitted payment stablecoin issuer must provide notice through its supervisory office on any day in which the reserve asset amount falls below the required amount. The OCC believes that this is sufficient guidance and that adopting an overly formalistic submission mechanism may serve to delay prompt notification.

Regarding the prohibitions that are triggered if a permitted payment stablecoin issuer fails to satisfy the 1 to 1 reserve asset requirement at any time, several commenters asked that the OCC clarify that this does not apply to temporary and immaterial intraday shortfalls arising from normal settlement timing differences. These commenters are incorrect; the reserve asset requirement applies at all times and does not allow for shortfalls. It is important that payment stablecoin holders have confidence that their payment stablecoins are appropriately backed at all times, consistent with section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)), which does not require that a permitted payment stablecoin issuer only maintain 1 to 1 backing on an end-of-day basis. The OCC has, however, made one change to § 15.11(g)(2)(i) in response to comments. The final rule provides that the OCC may permit a permitted payment stablecoin issuer that is under-reserved to issue new payment stablecoins. This additional language will provide additional flexibility to address situations where it may be appropriate to allow a permitted payment stablecoin issuer to continue issuing when under-reserved while ensuring that an under-reserved permitted payment stablecoin issuer remains subject to appropriate scrutiny.

Regarding the 15-consecutive-business-day trigger period for reserve asset liquidation in proposed § 15.11(g)(3), commenters expressed views on both the length of the period and the consequences. First, one commenter stated that the 15-day threshold is too permissive and should be based on a failure for 12 days in any 15-day period. Another commenter believed the 15-day period was reasonable but stated that the OCC should retain discretion to accelerate the period for material shortfalls. Second, several commenters cautioned against automatic liquidation thresholds, arguing that this could be overly punitive and could be more likely to result in fire sales. Instead, these commenters suggested either that the issuers implement gradual remediation or wind-down plans or else that the OCC establish tailored remediation timelines based on the nature and severity of the shortfall. The OCC believes that the flexibility in paragraph (g)(4) eliminates the need for any revisions. If an issuer fails to be adequately reserved for a significant period, the OCC could require a remediation plan or order the redemption of all outstanding payment stablecoins of a permitted payment stablecoin issuer even if the issuer did not trigger the automatic redemption provisions in § 15.11(g)(3). The OCC also disagrees with the commenters who cautioned against automatic liquidation

thresholds. In the first instance, the OCC reiterates the importance of permitted payment stablecoin issuers meeting their required reserve levels at all times. Second, the OCC notes that the OCC has discretion to extend the 15 consecutive-business-day period. Thus, if circumstances warranted an extension, the OCC could provide one.

In § 15.11(g), the agency is finalizing the rule as proposed with certain clarifying edits throughout, including using the phrase ''minimum reserve asset amount required by paragraph (a) of this section'' for consistency in § 15.11(g)(1), (g)(2), and (g)(3). Additionally, in § 15.11(g)(2)(i), the OCC is clarifying that a noncompliant permitted payment stablecoin issuer may issue new payment stablecoins if permitted by the OCC. The OCC is also making technical changes to § 15.11(g)(4) and splitting that paragraph into three paragraphs (g)(4)(i) through (g)(4)(iii).

Other Comments

Exceptions for Smaller Issuers That Are Subsidiaries of OCC-Regulated Depository Institutions

Commenters had a variety of views concerning potential exceptions from the requirements of § 15.11. A commenter opposed creating an exception for smaller issuers or issuers that are subsidiaries of insured depository institutions from the proposal's concentration and diversification requirements. One commenter supported the use of narrow exceptions from the proposal's concentration and diversification requirements, subject to enhanced disclosure requirements. A few commenters recommended that the exception for a subsidiary of an insured depository institution should be limited to parent institutions that are well capitalized. One of these commenters also supported permitting subsidiaries of insured depository institutions to hold all reserve assets as deposits at the parent institution only if the parent institution holds an equivalent amount of cash in its Federal Reserve master account. The commenter also suggested permitting reserve assets to be held in a designated sub-account of the parent institution's master account or in the master account of the subsidiary issuer.

The OCC is not revising the rule in response to these comments. The OCC believes that applying the same general standards to permitted payment stablecoin issuers that are subsidiaries of insured depository institutions and those that are not will enhance the safety and soundness of permitted payment stablecoin issuers, help to ensure financial stability, and facilitate competitive equity among different types of issuers. The OCC notes, however, that several of the requirements in the final rule are principles-based and tailored based on the size and complexity of a permitted payment stablecoin issuer. Thus, certain smaller and less complex permitted payment stablecoin issuers may be able to achieve compliance with these provisions using a simpler approach than that which would be necessary for a large and complex permitted payment stablecoin issuer.

Reserve Asset Management, Mechanics, and Operations

The OCC requested comments on whether to include additional measures to address de-pegging in the secondary market. Several commenters responded that the OCC should not consider secondary market transactions owing to the risk of market manipulation or a potential lack of depth or reliability. The final rule does not include additional text concerning secondary market transactions except in the context of final § 15.16 (where such transactions are a factor the OCC may consider in determining whether unusual and exigent circumstances exist). While the OCC believes that secondary market transactions may provide important supervisory information (and the OCC intends to review such information for supervisory purposes), the requirements of the GENIUS Act do not impose requirements on permitted payment stablecoin issuers regarding reserve assets that directly bear on secondary market transactions.

3. Redemption (§ 15.12)

a. Overview of Changes From Proposed Rule to Final Rule for § 15.12

As described below, the OCC is adding new paragraph (a) (and renumbering subsequent paragraphs appropriately). This new paragraph addresses the timeline for redemption.

The OCC is adopting paragraph (a) as proposed other than renumbering it to paragraph (b), changing a reference from ''customer'' to ''payment stablecoin holder,'' adding ''in the policy'' before the colon, and making other conforming edits to reflect the renumbering of paragraphs in final § 15.12.

The OCC is adopting paragraph (b) as proposed other than renumbering it to paragraph (c) in the final rule and making clarifying edits. The reserved numbering for proposed § 15.12(b)(2) has been removed, which led to a renumbering and a minor clarifying edit in final § 15.12(c).

The OCC is renumbering proposed paragraph (c) to paragraph (d) and eliminating the automatic redemption provision that was contained in proposed § 15.12(c)(1) and described in proposed § 15.12(c)(2) and (c)(3). Section 15.12(d)(1) of the final rule provides that a permitted payment stablecoin issuer must provide notice to the OCC through its supervisory office within 24 hours if it receives redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period. Under § 15.12(d)(2) of the final rule, a permitted payment stablecoin issuer that experiences redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period may request that the OCC extend the timeframe for timely redemption. Under § 15.12(d)(3) of the final rule, the OCC may, in its discretion, grant or deny an extension request or impose discretionary limitations upon timely redemption in accordance with section 4(a)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)(i)).

The OCC is renumbering proposed paragraph (d) to paragraph (e), changing references from ''customer'' to ''payment stablecoin holders,'' and making other conforming edits to reflect the renumbering of paragraphs in final § 15.12. Where proposed § 15.12(d)(1)(iii) required disclosure of a link to the monthly composition report, final § 15.12(e)(1)(iii) requires disclosure of a web page that includes a link to the same report. The OCC is also adding new § 15.12(e)(1)(v), which would require a permitted payment stablecoin issuer to disclose that payment stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States. The OCC is also adding new § 15.12(e)(1)(vi) which requires a permitted payment stablecoin issuer to disclose that payment stablecoins are not deposits and are not backed by the full faith and credit of the United States, subject to deposit insurance by the FDIC, or subject to share insurance by the National Credit Union Administration. The OCC is removing the surplus phrase ''that it provides'' from § 15.12(e)(4). Finally, the OCC is adding new § 15.12(f) to clarify that the OCC will not require a permitted payment stablecoin issuer to redeem a payment stablecoin

to the extent the permitted payment stablecoin issuer's actions to redeem the payment stablecoin would cause the issuer to violate other applicable law.

b. Description of the Proposed Rule

Section 15.12 of the proposed rule addressed redemption requirements imposed by section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)). Consistent with the statute, under proposed § 15.12(a), a permitted payment stablecoin issuer must publicly disclose its redemption policy.[92] The OCC proposed that, in disclosing its redemption policy, the issuer must include, at a minimum, certain information. Specifically, proposed § 15.12(a)(1) provided that the issuer must include a timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins (which, under proposed § 15.12(b)(1)(i) may not exceed two business days following the date of the requested redemption). Proposed § 15.12(a)(2) would have required the issuer to include a statement consistent with proposed § 15.12(b)(1)(ii) that any discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, Federal Reserve, or the State payment stablecoin regulator, as applicable. Proposed § 15.12(a)(3) required that issuers include in their redemption disclosures a statement explaining the scenarios when the redemption period may be extended as provided for in proposed § 15.12(c). Proposed § 15.12(a)(4) provided that the issuer must provide a statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin. Proposed § 15.12(a)(5) would have required the issuer to specify the minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

Proposed § 15.12(b)(1) provided that an issuer's redemption policy must provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins. In proposed § 15.12(b)(1)(i), the OCC proposed to define ''timely'' to mean that the permitted payment stablecoin issuer would have to redeem a payment stablecoin no later than two business days following the date of the requested redemption. The OCC proposed this two-business-day timeframe as an outer limit on when a permitted payment stablecoin issuer must redeem a payment stablecoin and understands that many issuers may choose a timeframe that is less than two business days. Proposed § 15.12(b)(1)(ii), consistent with the statute, provided that discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, the Federal Reserve, or the State payment stablecoin regulator, as applicable.

Proposed § 15.12(c)(1) provided that the period for timely redemption is extended to seven calendar days if a permitted payment stablecoin issuer faces redemption demands in excess of 10 percent of its outstanding issuance value in a single 24-hour period. Under proposed § 15.12(c)(2), the extended redemption period would have applied to all redemption requests that are outstanding at the time the 10 percent threshold is met as well as any subsequent redemption requests following the time the threshold is met. Proposed § 15.12(c)(3) stated that the extension is non-discretionary and that a permitted payment stablecoin issuer may only redeem any of the outstanding or subsequent redemption requests prior to the seven-calendar-day period if the OCC determines that the issuer has the ability to redeem sooner in an orderly fashion and through a fair and transparent process or the OCC otherwise provides notice to the permitted payment stablecoin issuer that the extended redemption period no longer applies. Under proposed § 15.12(c)(4), a permitted payment stablecoin issuer that exceeds that 10 percent threshold would have been required to provide notice to the OCC through its supervisory office within 24 hours. Proposed § 15.12(c)(5) provided that the OCC may, in its discretion, extend timely redemption described in proposed § 15.12(b)(1) or (c)(1), as applicable, if the OCC determines that the permitted payment stablecoin issuer poses a threat to safety and soundness, financial stability, or such an extension is otherwise in the public interest.

Proposed § 15.12(d)(1) provided that a permitted payment stablecoin issuer must also publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and segregated from other information: (i) the name of the permitted payment stablecoin issuer that issues the payment stablecoin; (ii) that the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; (iii) the link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves as required under proposed § 15.11(e); and (iv) all fees associated with purchasing or redeeming payment stablecoins. The OCC included a requirement that the disclosures under proposed § 15.12(d)(1) be readily noticeable by customers, readily understandable by customers, and segregated from other information to provide more certainty on what it means to ''publicly, clearly, and conspicuously disclose [the information] in plain language.'' [93] The OCC proposed to include the requirement that the disclosures be segregated from other information to ensure that the information in the disclosures is not combined with other nonrelevant information that could obscure the importance of these disclosures.

Proposed § 15.12(d)(2) provided that an issuer must update the disclosures in proposed § 15.12(d)(1)(iv) if there are any changes in the fees associated with purchasing or redeeming stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers. Proposed § 15.12(d)(3) provided that a permitted payment stablecoin issuer must publish the disclosures in proposed § 15.12(d)(1) and any updates made in accordance with proposed § 15.12(d)(2) on the permitted payment stablecoin issuer's website. Proposed § 15.12(d)(4) provided that a permitted payment stablecoin issuer must include the disclosures in proposed § 15.12(d)(1) and any updates made in accordance with proposed § 15.12(d)(2) in any customer agreements that it provides.

c. Description of Comments and Final Rule

Commenters generally supported the majority of the requirements in proposed § 15.12(a). Some commenters disagreed on whether permitted payment stablecoin issuers should be permitted to set minimum redemption amounts. One commenter argued that the OCC should not require redemption

[92] Under section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), the issuer of a payment stablecoin must be obligated to convert, redeem, or repurchase a payment stablecoin for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

[93] 12 U.S.C. 5903(a)(1)(B)(ii).

of amounts greater than or equal to one stablecoin because such a low threshold would create disproportionate know-your-customer and anti-money-laundering burdens. Another commenter argued that the OCC should not impose a minimum redemption amount because redemption at par is a core feature of payment stablecoins. Commenters were also divided on whether permitted payment stablecoin issuers should be required to offer direct redemption to all payment stablecoin holders. Some commenters supported direct redemption for any holder, with no minimums, subject to compliance checks or the creation of a formal customer relationship through an onboarding process. In contrast, several commenters argued that issuers should be able to choose whether to have a fully retail redemption model or operate through institutional counterparties or authorized participants. One commenter went further by suggesting that redemptions should only be structured to take place with institutional counterparties and authorized participants, rather than through retail relationships. Similarly, another commenter indicated that permitted payment stablecoin issuers should not be required to screen and onboard any stablecoin holder who requests redemption.

In setting the requirement that a permitted payment stablecoin issuer must redeem any number greater than or equal to one payment stablecoin, the OCC looked to the structure of the Act and the relevant definitions. Notably, section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), defines ''payment stablecoin'' as a digital asset that an issuer ''is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'' The statutory language indicates that, while an issuer could set a minimum redemption threshold at a fraction of a payment stablecoin, an issuer redeems any number greater than or equal to one payment stablecoin under the GENIUS Act. Otherwise, a payment stablecoin would not be redeemable for a fixed amount of monetary value.[94] More generally, the OCC has identified nothing in the other provisions or structure of the Act, including the requirement to convert, redeem, or repurchase a payment stablecoin in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)) that distinguishes between retail or wholesale payment stablecoin holders.[95] Accordingly, the OCC has determined that a permitted payment stablecoin issuer must have the legal obligation to convert, redeem, or repurchase a payment stablecoin from any holder, subject to applicable law (*e.g.*, Federal laws, including BSA and economic sanctions requirements, including requirements of the customer identification program rule, certain non-U.S. laws, and State laws that are not preempted).[96]

To determine that a permitted payment stablecoin issuer does not have to redeem from any holder could result in the elimination of the obligation merely through a permitted payment stablecoin issuer limiting its customer base. For example, if a permitted payment stablecoin issuer were permitted to limit itself to only one institutional customer (*e.g.*, a digital asset service provider that served as a cryptocurrency exchange), and that customer ceased operations or its legal existence, the permitted payment stablecoin issuer would no longer have an obligation to convert, redeem, or repurchase from the remaining payment stablecoin holders. Such a result would not be consistent with the text of section 2(22) (12 U.S.C. 5901(22)). However, a permitted payment stablecoin issuer need not have a business that focuses on retail customers. Whether or not the permitted payment stablecoin issuer focuses on retail customers, it will have the legal obligation to be able to convert, redeem, or repurchase from such customers and should have appropriate procedures in place to onboard such customers, particularly in times of stress. In light of the foregoing, the OCC is finalizing § 15.12(a) as proposed with certain renumbering changes to reflect other changes in § 15.12, discussed in greater detail below. The provisions of proposed § 15.12(a) are codified in the final rule at § 15.12(b), and references to other sections of § 15.12 have been correspondingly updated. In addition, subsection (b) of the final rule includes ''in the policy'' before the colon and listed items, and paragraph (b)(4) of the final rule replaces a reference to a ''customer'' that was in proposed § 15.12(a)(4) with a reference to a ''payment stablecoin holder.'' The final rule also includes technical changes, including adding ''the'' in front of ''Federal Reserve'' in paragraph (b)(2) of the final rule.

Several commenters supported retaining a two-business-day standard for onboarded holders, particularly for direct counterparties, while some recommended that the OCC encourage same-day or real-time capabilities or tie shorter issuer commitments in terms of service to compliance expectations. One commenter recommended a 24-hour standard. Other commenters urged a more flexible, risk-based standard that accounts for reserve structure, safety and soundness, cross-border and intermediary arrangements, compliance reviews, and real-world settlement constraints. Commenters stated that the OCC should provide a clear timeframe for when redemption begins and ends. Commenters urged the OCC to adopt a clear, technology-neutral definition of redemption that focuses on completion of the issuer's obligations. Commenters requested clarification on when redemption is complete for compliance purposes, including whether completion occurs on burn initiation, block confirmation, ledger finality, or fiat currency credit to the customer's bank account. Several commenters suggested that redemption should be considered complete when the issuer either initiates payment, credits the holder's account, or fully processes the outgoing transfer, or when the holder receives fiat currency funds in its account. One commenter recommended a final-settlement approach based on receipt of funds by the redeeming party. Another recommended measuring compliance from the issuer's initiation of payment rather than final settlement.

Commenters also requested clarification on what is timely in various instances, including cross-border redemptions, court-ordered redemptions, and intermediated relationships. Several commenters supported preserving the two-business-day standard but allowing flexibility for delays caused by factors outside the issuer's control, such as payment-system disruptions, correspondent bank failures, or broader financial stress. Several commenters stated that the redemption timeline should begin only after the issuer is able to satisfactorily onboard the holder consistent with applicable laws and regulations. One commenter requested clarification that custodians should not be required to commit to specific settlement or release timeframes, and that the two-business-day standard should operate as an issuer liquidity and reserve requirement rather

[94] As discussed in greater detail below, a permitted payment stablecoin issuer could set a fee schedule that provided discounts for bulk redemptions or for new customers. Such a fee schedule would need to be publicly, clearly, and conspicuously disclosed in accordance with the final rule.

[95] A permitted payment stablecoin issuer must also meet its Bank Secrecy Act and economic sanctions obligations under the GENIUS Act.

[96] As discussed in greater detail below, new § 15.12(f) expressly confirms that the OCC will not require a permitted payment stablecoin issuer to redeem a payment stablecoin to the extent the permitted payment stablecoin issuer's actions to redeem the payment stablecoin would cause the issuer to violate other applicable law.

than a direct custodian obligation. One commenter requested recognition of comparable home-jurisdiction redemption standards in section 18(b) comparability determinations. One commenter requested that the OCC specify the consequences for untimely redemption.

The OCC agrees that it is important to provide a clear timeframe for when redemption begins and ends. Accordingly, the OCC is adding a new paragraph (a) (and renumbering subsequent paragraphs appropriately). This paragraph addresses the timeline for redemption and provides that, for purposes of § 15.12: (1) a permitted payment stablecoin issuer's obligation to redeem begins once: (i) the permitted payment stablecoin issuer has received a redemption order from a customer; [97] and (ii) if the permitted payment stablecoin issuer has onboarding procedures reasonably designed to not unduly delay the onboarding of retail or other customers, including in times of stress, the customer has been successfully onboarded and all other legal conditions necessary to permit redemption that complies with this part have been met. As discussed in greater detail below, permitted payment stablecoin issuers should have in place the capability to onboard new customers in times of stress. While many issuers may only interact directly with a small number of digital asset service providers in normal times, in times of stress or in the event of a failure of a digital asset service provider, payment stablecoin holders may seek to redeem directly with the permitted payment stablecoin issuer. The issuer should therefore have processes in place to address a sudden increase in customers.

Accordingly, paragraph (a)(1)(ii) is designed to ensure that a permitted payment stablecoin issuer cannot use deficiencies in its onboarding process as a pretext to artificially extend the timeline for redemption. Paragraph (a)(2) clarifies that redemption is deemed to occur when the permitted payment stablecoin issuer has fully processed and initiated the outgoing transfer of monetary value to the customer or the customer's financial institution as directed by the customer,[98] or, if requested by the customer, credited monetary value to the customer's account with the payment stablecoin issuer. This approach to the redemption timeline appropriately (1) focuses on aspects that are within the permitted payment stablecoin issuer's control (*i.e.*, the issuer sending monetary value rather than the customer receiving monetary value), (2) addresses potential complications that may arise in cross-border transactions or transactions with new customers, (3) ensures that an unduly short timeline will not conflict with a permitted payment stablecoin issuer's BSA/AML obligations and economic sanctions compliance requirements, and (4) aligns with current market practices. With this clarification concerning the redemption timeline, the OCC is retaining the baseline two-business-day timeline for timely redemption. The OCC believes this timeframe provides sufficient responsiveness to stablecoin holders who seek to redeem their stablecoins while also ensuring that issuers can appropriately manage liquidity demands. The OCC is not amending the rule to address comparable requirements of other jurisdictions, as those are best addressed through the determination that the Secretary of the Treasury makes pursuant to section 18(b) of the Act (12 U.S.C. 5916) and any associated reciprocal arrangements. In the event a permitted payment stablecoin issuer fails to timely redeem a payment stablecoin, the OCC intends to evaluate the facts and may take an appropriate enforcement action. The two-business-day timeline for timely redemption is a ceiling, and the OCC acknowledges that in order for payment stablecoins to be considered ''cash equivalents'' under GAAP and qualify as margin collateral under other requirements, the payment stablecoins may need to have an on-demand contractual right. Permitted payment stablecoin issuers may redeem earlier than two business days, but they may not redeem later than two business days, absent an extension of the period for timely redemption. Whether any particular payment stablecoin may qualify as margin collateral is outside the scope of this rulemaking.

One commenter urged the OCC not to permit issuers to freeze redemptions, including in unusual and exigent circumstances. Other commenters recommended a narrow safe harbor or exception where suspensions or delays result from clearly defined circumstances outside the issuer's control, such as system-wide disruptions, fraud investigations, sanctions screening, or payment-system failures, conditioned on the issuer providing notice and disclosure when the law permits. Many commenters opposed the proposed automatic seven-day stress extension and argued that it is pro-cyclical, could reinforce panic, and may undermine confidence or contribute to de-pegging. Several commenters recommended a discretionary or multi-factored approach instead of an automatic trigger. Commenters proposed alternatives including tailoring automatic extensions around reserve liquidity, requiring OCC notification of stress events and approval for an extension, a reserve-to-circulating-token trigger, and treating seven days as an outer limit rather than a mandatory delay.

Commenters also requested clarity on operational application of the trigger, including whether it would be triggered on a brand-by-brand basis for multi-brand or white-labeled coins, how to measure requests in pull-claim architectures where holders submit redemption requests but such requests are not immediately executed, whether the OCC may object or impose conditions, whether extensions apply to outstanding and subsequent requests, and queuing and communication practices during an extension. One commenter noted possible conflict where a United States issuer suspends redemption while a foreign affiliate remains redeeming.

Commenters requested clearer operational expectations for redemption throughput, automation, contingency staffing, banking-rail dependence, and stress readiness. One commenter supported requiring clear rules for timely and orderly customer redemption.

After considering the comments, the OCC is eliminating the automatic extension provided in proposed § 15.12(c). The OCC agrees with commenters that the automatic extension could prove pro-cyclical and trigger or exacerbate runs. At the same time, the OCC believes that it is important that the OCC receive prompt notice of any sudden spike in redemption requests, which may indicate stress at a permitted payment stablecoin issuer. Accordingly, § 15.12(d)(1) of the final rule provides that a permitted payment stablecoin issuer must provide notice to the OCC through its supervisory office within 24 hours if it receives redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period. Under § 15.12(d)(2) of the final rule, a permitted payment stablecoin issuer

[97] The OCC notes that the revised definition of customer includes a person who requests that a permitted payment stablecoin issuer convert, redeem, or repurchase a payment stablecoin.

[98] Consistent with the revised definition, a payment stablecoin holder would become a customer of the permitted payment stablecoin issuer upon requesting redemption.

that experiences redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period may request that the OCC extend the timeframe for timely redemption. The OCC may, in its discretion, grant or deny the extension request or impose discretionary limitations upon timely redemption in accordance with section 4(a)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)(i)). The OCC expects to use this authority sparingly and that redemption extensions will be rare. The OCC notes that the OCC may also impose (and the permitted payment stablecoin issuer may request) discretionary limitations upon timely redemption in certain other circumstances, consistent with the statute.[99] The OCC would impose any such limit so as not to trigger or exacerbate runs or other stress events. The notification requirement in the final rule will provide the OCC with an early opportunity to assess whether such limitations may be appropriate and justified under the statute. The OCC notes that, because permitted payment stablecoin issuers may face redemption requests from payment stablecoin holders (subject to appropriate onboarding and screening), permitted payment stablecoin issuers should have in place processes to appropriately and promptly screen and onboard new customers, including in times of stress. It would be prudent for a permitted payment stablecoin issuer to provide disclosures concerning its onboarding process so that customers understand the process and how it may affect the timing of redemption (including when the permitted payment stablecoin issuer is under stress).

Commenters generally supported the proposed disclosures. Many supported including additional disclosures that payment stablecoins are not insured and, in one case, not legal tender. Several commenters requested clear disclosures regarding redemption rights, timeframes, fees, reserve composition, operational disruptions, and the identity of the legal issuer responsible for redemption.

Several commenters supported disclosure of redemption fees and fee changes, limits on hidden or abusive fees, point-of-transaction disclosure flexibility, and clarification that fee disclosure obligations apply to issuers rather than all market participants. Other commenters requested clearer allocation of disclosure responsibilities among issuers, exchanges, custodians, and intermediaries.

A few commenters supported disclosures requiring such an affirmative statement, with commenters stating that the OCC should either require such disclosure, provide sample disclosures, or require a standardized disclosure related to certain prohibitions against deceptive language in the GENIUS Act (12 U.S.C. 5903(a)(9)). One commenter stated that such a requirement should be principles-based and should emphasize prominence, timing, and customer comprehension. A different commenter opposed a requirement for such disclosure, stating that such disclosures were not required by the Act, and the prohibition itself obviates the need for disclosures. The commenter further stated that to the extent the OCC believes such additional disclosures are required, the OCC should only consider requiring them if and when actual market practices or consumer confusion demonstrate a clear need. Additionally, a few commenters stated that the OCC should require disclosures that provide that the issuer's payment stablecoins are not insured by the FDIC and not eligible for pass-through insurance.

The OCC is adopting proposed § 15.12(b) and (d) but renumbered as § 15.12(c) and (e) in the final rule, with certain additional modifications. First, the paragraph includes renumbering in light of new § 15.12(a). Second, because the OCC is no longer reserving § 15.12(b)(2), the OCC has consolidated proposed § 15.12(b)(1) into final § 15.12(c) with a clarification (adding ''that state'' before the colon) and appropriate renumbering.

Third, final § 15.12(e) includes certain disclosures beyond those proposed in § 15.12(d). The OCC believes that the baseline disclosures in proposed § 15.12(d) are appropriate and consistent with the statute but that certain additional disclosures would provide important additional clarity to customers and payment stablecoin holders. New § 15.12(e)(1)(v) would require a permitted payment stablecoin issuer to disclose that payment stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States. This requirement would align with the prohibition against deceptive names in section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)) and § 15.10(c) of the final rule. New § 15.12(e)(1)(vi) would require a permitted payment stablecoin issuer to disclose that payment stablecoins are not deposits, not backed by the full faith and credit of the United States, not subject to deposit insurance by the FDIC, and not subject to share insurance by the National Credit Union Administration. This would align with the prohibition against misrepresentation of insured status in section 4(e) of the Act (12 U.S.C. 5903(e)) and the definition of payment stablecoin (which excludes deposits) in section 2(22) of the Act (12 U.S.C. 5901(22)). The OCC has legal authority to require the disclosures under sections 4(a)(1)(B)(ii), 4(a)(9), and 4(e) of the Act (12 U.S.C. 5903(a)(1)(B)(ii), (a)(9), and (e)). Waiting for market practices to develop prior to requiring such disclosures does not appear prudent, given that the benefit of disclosing this information to payment stablecoin holders outweighs the minimal burden of including these statements in disclosures to payment stablecoin holders. This burden appears particularly minimal since such redemption disclosures are mandatory regardless of whether the OCC chose to add these additional requirements.

The final rule also replaces certain references to ''customers'' with ''payment stablecoin holders'' to be clear that disclosures should be readily noticeable and understandable to payment stablecoin holders, including those who have not yet become customers (*i.e.,* payment stablecoin holders who have not interacted directly with the permitted payment stablecoin issuer, including by requesting redemption from the permitted payment stablecoin issuer). Certain requirements would, however, apply only to customers with whom the issuer has a current relationship. These changes are appropriate in light of the change to the definition of ''customer'' described above. For a similar clarifying purpose, the OCC is replacing the phrase ''The link to the monthly composition report'' in proposed § 15.12(d)(1)(iii) with ''The website that contains a link to the monthly composition report'' in final § 15.12(e)(1)(iii). Final § 15.12(e)(4) does not include ''that it provides,'' which was included in proposed § 15.12(d)(4), because the phrase introduced a risk of ambiguity while adding no substantive description of the relevant disclosures.

A few commenters provided suggestions for the format of disclosures, including that they should be on the issuer's website, provided at the point of issuance or sale, and in a standalone format before the transaction is completed. Commenters also stated that disclosures should be prominent and obvious on the issuer's website, application interface, and in any promotional materials. Another commenter stated that the OCC should adopt a specific standardized data

[99] *See* 12 U.S.C. 5904(a)(1)(B).

format for stablecoin-related disclosures and that on-chain disclosure has its advantages. One commenter stated that the OCC should not impose technically infeasible disclosure obligations at every downstream transaction touchpoint and that there should be issuer-level disclosures rather than at the point of sale. Moreover, one commenter stated that disclosures should not be made through terms of service while another commenter stated that permitted payment stablecoin issuers should provide a fuller set of disclosures on their primary user interfaces and web pages. One commenter stated that any such disclosures should be continuously available, prominent, and linked with the issuer's core redemption, reserve, and product-risk disclosures. A few commenters suggested that the OCC should establish safe harbors or standardized disclosure templates for payment stablecoin disclosures that emphasize clarity and brevity.

The OCC declines to provide sample disclosures or a standardized format for such disclosures but notes that the disclosures must meet the requirements of § 15.12(e)(1). That section requires that the permitted payment stablecoin issuer's disclosures must publicly, clearly, and conspicuously disclose the required information in plain language and in a format that is readily noticeable to payment stablecoin holders, readily understandable by payment stablecoin holders, and segregated from other information. Such sample disclosures are not necessary because the disclosure requirements are simple and clear. The OCC is not instituting a principles-based requirement because it believes that disclosing this limited additional information does not impose significant burden on permitted payment stablecoin issuers.

The OCC does not believe it is prudent to pick a specific format for disclosures, given that a Federal disclosure regime specific to stablecoins did not exist prior to the passage of the Act. Therefore, the market needs to develop prior to the OCC considering whether there should be a specific format for disclosures. The OCC is not opposed to on-chain disclosures, so long as such disclosures meet the requirements in § 15.12(e). Similarly, the OCC takes no view on whether disclosures should be at the issuer level or at the point-of-sale, so long as they meet the requirements of the Act and this final rule. To the extent the disclosures are made through the terms of service, but the disclosures are not conspicuous and readily noticeable to payment stablecoin holders, such disclosures would not comply with the requirement in § 15.12(e)(1) of the final rule. The OCC is not establishing safe harbors or standardized disclosures because there may be different formats of disclosures that can satisfy the requirements in § 15.12(e), and the OCC believes the disclosure requirements are straightforward and do not necessitate further clarification beyond what is in the final rule.

While the OCC agrees with commenters that stated that permitted payment stablecoin issuers should have to disclose that payment stablecoins are not insured by the FDIC, the OCC did not include any requirements related to pass-through insurance as the FDIC's notice of proposed rulemaking addresses the applicability of pass-through insurance, and the FDIC's proposal has not yet been finalized. Once the FDIC finalizes its rulemaking, the OCC will consider whether any revisions to 12 CFR part 15 are necessary.

Many commenters also made suggestions of other categories of disclosures the OCC should consider. One commenter stated that there should be clear disclosure requirements for permitted payment stablecoin issuers and intermediaries regarding the timing, content, and roles of each party so consumers understand the relevant risks. Commenters also suggested that permitted payment stablecoin issuers should disclose the redemption rights of payment stablecoin holders, the nature of the issuing entity, that the payment stablecoin is issued by a permitted payment stablecoin issuer, the identity of the primary Federal regulator, and a warning, if applicable, that all transactions using the payment stablecoin are not reversible. One commenter also suggested disclosures related to operational risk, including disclosures regarding blockchain network participation, all blockchain activities, risks from a network disruption, and third-party details. Another commenter stated that the OCC should work with the FDIC to require disclosures regarding how customer funds are protected by reserve requirements,[100] how customers can convert their payment stablecoins back to dollars, and information about insured and uninsured balances. Commenters also suggested prohibitions on nonbank permitted payment stablecoin issuers using the word ''bank'' in their names, marketing materials, websites, application interfaces, and any other communications targeted at customers.

The OCC is not adopting any additional disclosure requirements in the final rule beyond the changes already discussed to § 15.12(e). With respect to disclosures surrounding intermediaries, the OCC believes that disclosing the name of the permitted payment stablecoin issuer that issued the payment stablecoin under § 15.12(e)(1)(i) is sufficient to help customers understand the entity they can redeem from. Additionally, disclosing the primary Federal regulator might cause confusion because several Federal agencies have different responsibilities under the Act. The OCC also believes that disclosing that transactions using a payment stablecoin are not reversible, which may not always be the case, is unnecessary and could similarly cause confusion. The OCC also believes disclosure regarding blockchain activities need not be mandatory, but, to the extent issuers believe they would be helpful, they may provide this information to customers. While a nonbank permitted payment stablecoin issuer referring to itself as a ''bank'' is not explicitly prohibited by the Act, such representations might raise concerns under other applicable laws. Moreover, the OCC already requires public disclosure of reserve assets in the monthly composition report required under § 15.11(e) of the final rule. The OCC is not adding a disclosure requirement for the token asset identifier, but issuers may disseminate this information if it would be helpful to customers.

A few other commenters asked for additional clarity related to disclosures. One commenter stated that the OCC should articulate a more defined reasonableness standard based on the net impression of the communication and provide examples of likely violations and compliant communications. One commenter asked for clarity on the responsibility allocation and stated that issuers should remain responsible for their marketing materials while digital asset service providers should be responsible for their own customer-facing representations. The commenter further stated that both should be expected to maintain controls designed to prevent misrepresentation. Another commenter stated that it would be helpful to understand which factors the OCC would consider in evaluating such disclosures. Another commenter stated that the OCC should clarify how it will implement prohibitions on deceptive

[100] Similarly, one commenter stated that there should be standards for the user interfaces that people will use to access permitted payment stablecoin issuers and that those standards should describe the payment stablecoin's relationship to reserves.

marketing practices, provide clarity around marketing practices, and strengthen the customer protection objectives of the prohibition. The commenter further stated that the OCC should clarify the factors it would consider relevant to finding a disclaimer sufficiently clear and specific and provide examples of disclaimers that would be acceptable. Another commenter stated that the OCC should establish disclosure safe harbors for clarity and brevity.

Section 15.12(e)(1) provides sufficient clarity regarding the requirements for the disclosures required by the final rule. The disclosure requirements under § 15.12(e) apply to permitted payment stablecoin issuers, and therefore issuers are responsible for those particular disclosures. The OCC agrees that permitted payment stablecoin issuers should have controls designed to prevent misrepresentation, which would generally be part of an effective risk management program required under § 15.13 of the final rule. Permitted payment stablecoin issuers are also responsible for overseeing service provider arrangements under § 15.13(a)(7), which means that their service providers should have appropriate measures in place designed to meet the requirements of this final rule.

Permitted payment stablecoin issuers may include additional disclosures as best practices. For example, depending on a permitted payment stablecoin issuer's business model, it may be important to provide disclosures relating to the timeframe for onboarding new customers (including in times of stress). As market practices develop and the OCC gains additional experience supervising permitted payment stablecoin issuers, the OCC may consider proposing additional or revised disclosures, as appropriate.

The final rule includes new § 15.12(f), which confirms that the OCC will not require a permitted payment stablecoin issuer to redeem a payment stablecoin to the extent the permitted payment stablecoin issuer's actions to redeem the payment stablecoin would cause the issuer to violate other applicable law.[101] The OCC is adding this provision to make clear that the OCC would not consider it a violation of the Act or part 15 if a permitted payment stablecoin issuer failed to redeem a payment stablecoin due to, for example, its obligations under applicable BSA and economic sanctions requirements because the OCC would not require such a redemption. As another example, if a foreign jurisdiction required that a permitted payment stablecoin issuer be licensed or registered to redeem a payment stablecoin in a foreign country and the issuer did not have such a license or registration, the OCC would not require the issuer to redeem a payment stablecoin from a payment stablecoin holder who is in a foreign country in which the issuer was not licensed or registered. The OCC may consider revising § 15.12(f) over time based on, among other things, the nature of the conflicting laws that arise.[102]

Relationship of Redemption Requirements to Liquidity and Reserve Requirements

Several commenters stated that liquidity requirements should be calibrated to the issuer's actual redemption obligations or contractual redemption period. Some commenters requested clarification on how issuers are expected to satisfy redemption obligations under the proposed liquidity thresholds and settlement mechanics. Other commenters supported strict reserve, stress-testing, and prompt par redemption requirements to protect consumers and reduce run risk.

One commenter argued that credit risk management should focus on actual counterparty and redemption risk rather than temporary fair-value fluctuations, particularly for reserves held at supervised insured depository institutions. Commenters also requested flexibility for affiliate and cross-border reserve structures, including reserve rebalancing across regulated affiliates and recognition of on-chain reserves under reciprocity arrangements. Comments related to liquidity and risk management requirements are addressed in the sections of the preamble discussing § 15.11 and § 15.13, respectively.

Fees

Commenters were divided on whether redemption fees should be permitted. Some commenters supported allowing fees if they are market-driven, transparent, proportionate, and tied to genuine processing costs. One commenter also argued that minting and burning fees are ordinary in commercial transactions and may provide needed revenue in low-rate environments. Other commenters supported prohibiting redemption fees that reduce the value received below par, while distinguishing ancillary service charges such as foreign exchange conversion or expedited settlement. The GENIUS Act clearly contemplates that permitted payment stablecoin issuers may charge fees, subject to appropriate disclosures. *See, e.g.,* section 4(a)(1)(B)(ii) of the Act (12 U.S.C. 5903(a)(1)(B)(ii)). Accordingly, the OCC is not limiting permitted payment stablecoin issuers from charging properly disclosed fees except in the event of liquidation for failure to meet liquidity, capital, or operational backstop requirements, or pursuant to an enforcement action, as appropriate.[103]

Foreign Jurisdictions

One commenter requested that the OCC address issuers operating in foreign jurisdictions and the risk that economically similar instruments issued under different regimes could confuse holders about reserve backing and redemption rights. Disclosure requirements applicable to permitted payment stablecoin issuers and the requirements of section 18 of the GENIUS Act (12 U.S.C. 5916), its implementing regulations, and any conditions imposed thereunder should help to address potential issues relating to confusion.

Multiple Chains

Commenters requested clarification on how reserve requirements, redemption timelines, reporting obligations, and the 10 percent threshold apply when issuance is distributed across multiple chains with different finality characteristics. Commenters also requested clarification that cross-chain and cross-network interoperability activities directly support issuance and redemption and that the OCC address the operational, settlement, interoperability, and control risks of cross-chain transfers used to meet redemption demands. The final rule applies in a technology-neutral manner and thus its application does not change based on the particular blockchain on which a payment stablecoin operates. The 10 percent threshold applies on a per-brand basis. With respect to interoperability, section 12 of the GENIUS Act (12 U.S.C. 5912) provides that the Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, other relevant standard-setting organizations, and State bank and credit union regulators, shall

[101] ''Applicable law'' does not include any State law that is preempted.

[102] The OCC will scrutinize attempts to inappropriately use § 15.12(f) in a manner that attempts to evade the provisions of the GENIUS Act and 12 CFR part 15.

[103] A permitted payment stablecoin issuer may, for example, use a properly disclosed fee structure to impose higher fees on redemption requests for small amounts of payment stablecoins or for redemption requests arising from foreign jurisdictions.

assess and, if necessary, may prescribe standards to promote interoperability. The OCC is actively engaging in assessing issues relating to interoperability, in consultation with other regulators. The OCC is not, however, imposing interoperability standards in this rulemaking.

Civil Recovery

One commenter recommended tolling the ordinary two-business-day redemption timeframe upon receipt of a qualifying civil recovery order until the order is satisfied, requiring the issuer to satisfy order-related redemptions before ordinary requests and notify the OCC within 24 hours. The commenter stated that qualifying orders should include pre-judgment restraining orders under 18 U.S.C. 983(j), civil forfeiture orders under 18 U.S.C. 981 or 21 U.S.C. 881, restitution orders in Federal criminal proceedings, and writs of execution or judgment liens. This comment addresses an issue that is generally outside the scope of this rulemaking. Accordingly, the OCC is not revising the rule to address the issue at this time but may consider it as part of future rulemakings addressing part 15. The OCC may, in the interim, use its reservation of authority to toll the two-business-day redemption timeframe in connection with a civil order, as appropriate.

Finally, the OCC notes that the requirements of § 15.12 apply only to the redemption of a payment stablecoin by the permitted payment stablecoin issuer (including any entity acting as agent on behalf of the permitted payment stablecoin issuer) and do not apply to secondary market trading.

4. Risk Management (§ 15.13)

Section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)) provides that the OCC must issue regulations implementing appropriate operational, compliance, and information technology risk management principles-based requirements and standards that are tailored to the business model and risk profile of permitted payment stablecoin issuers and are consistent with applicable law. This provision also requires that Bank Secrecy Act and sanctions compliance standards be implemented. The Bank Secrecy Act and sanctions compliance requirements are addressed in a different proposed rule.[104] Proposed § 15.13 addressed the remaining requirements and standards required under section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)). Proposed § 15.13 also addressed interest rate risk management standards under section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)).

a. Overview of Changes From Proposed Rule to Final Rule for § 15.13

The OCC is adopting § 15.13(a)(1) through (a)(5) as proposed except for changes to four provisions. In final § 15.13(a)(1)(i) on internal controls and information systems, the description of the organizational structure no longer includes an internal control structure. The final version of this paragraph also has a new phrase at the end; the OCC moved the proposed segregation of duties to this phrase and added a reference to dual controls. In final § 15.13(a)(2)(i), the phrase ''size, complexity, or scope of operations'' has been moved before ''permitted payment stablecoin issuer'' for clarity. In final § 15.13(a)(3)(ii), the phrase ''adequate'' is changed to ''sufficient'' and moved after the term information, and ''to an extent commensurate with their duties'' now qualifies the information sufficient for management and the board of directors to assess the level of interest rate exposure risk. Both of these changes are meant to clarify the expectations related to the information provided in periodic reporting to management. Additionally, other technical edits were made to final § 15.13(a)(4) to enhance readability of the provision.

The agency is adopting § 15.13(a)(6) on insider and affiliate transactions with several revisions. Paragraph (a)(6)(i) clarifies that a permitted payment stablecoin issuer must ensure the listed conditions are satisfied alone and in the aggregate. Additionally, the OCC has replaced proposed § 15.13(a)(6)(i)(A), which addressed transactions that would be excessive or pose significant risks of material financial loss, with § 15.13(a)(6)(i)(A) and (B). The final § 15.13(a)(6)(i)(A) addresses transactions that are quantitatively detrimental in light of the business model of the permitted payment stablecoin issuer. Transactions posing significant risks of material financial loss are covered in final § 15.13(a)(6)(i)(B). The OCC is adopting proposed § 15.13(a)(6)(i)(B) and (C), renumbered as § 15.13(a)(6)(i)(C) and (D), as proposed with technical edits to add commas and replace ''or'' with ''and'' when referring to transactions with, or involving, non-insiders and non-affiliates.

The OCC is adopting proposed § 15.13(a)(7) and (a)(8) as proposed, except that final § 15.13(a)(7)(ii) expands the list of applicable requirements to include GENIUS Act requirements and has technical edits to move the phrase ''by contract'' to enhance readability. There is also a technical change in § 15.13(a)(7)(iii) to replace ''permitted payment stablecoin issuers'' with ''a permitted payment stablecoin issuer.''

The final rule includes new § 15.13(a)(9) and (a)(10). Section 15.13(a)(9) concerns monetization and stress testing, with requirements addressing the capability of a permitted payment stablecoin issuer to support timely redemption, the ability of a permitted payment stablecoin issuer to reliably access and monetize reserve assets, and regular stress testing of the reserve asset portfolio. Section 15.13(a)(10) covers foreign exchange risk and the use of foreign exchange risk management instruments by permitted payment stablecoin issuers.

The OCC is adopting § 15.13(b) as proposed with changes to five paragraphs. First, in § 15.13(b)(2) addressing board oversight of an information technology and security program, the proposal's reference to a specific Information Technology and Security Officer title has become a reference to a qualified individual responsible for the program. Second, whereas proposed § 15.13(b)(4)(i) would have required a permitted payment stablecoin issuer's information technology program to ensure the security and confidentiality of records containing nonpublic personal information, final § 15.13(b)(4)(i) also requires the program to ensure the security and confidentiality of sensitive customer information.

Third, final § 15.13(b)(6) is modified to clarify that it concerns the permitted payment stablecoin issuer's ability to monitor and adjust the program. Related to this clarification, final § 15.13(b)(6)(i) includes the proposed language for § 15.13(b)(6) except for a phrase related to evaluation and adjustment of the program, and the OCC is adding § 15.13(b)(6)(ii), which provides that the permitted payment stablecoin issuer must evaluate and adjust the information technology and security program, as appropriate, based on the monitoring required by § 15.13(b)(6)(i).

Fourth, final § 15.13(b)(7) is modified for non-substantive edits, to add clarifying language, and to separate the provision into § 15.13(b)(7)(i)(A) through (C). In addition, final § 15.13(b)(7)(ii) covering notification of unauthorized access to sensitive customer information for a group of customers includes clarifying edits, including that the proposal's reference to a group of files instead refers to the files of a group of customers. Fifth, final

[104] *See* 91 FR 37840 (June 24, 2026).

§ 15.13(b)(8) on information technology resilience removes the specific reference to disruptions, and it corrects a preposition in the proposal.

b. Description of Comments and General Overview of Final Rule Approach

The GENIUS Act requires that the regulation's requirements and standards be ''principles-based.'' Accordingly, the OCC proposed flexible standards in § 15.13 that scaled based on the nature, scope, and risk of a permitted payment stablecoin issuer's activities. Most of the standards in proposed § 15.13 were adapted from relevant provisions of 12 CFR part 30, appendices A and B, which in turn implement 12 U.S.C. 1831p–1.[105] The OCC identified standards from appendices A and B of 12 CFR part 30 that fit the requirements of section 4(a)(4)(A)(iii) or 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii) or (a)(4)(A)(iv)) and then, consistent with the statute, adapted and tailored those standards to the business models of permitted payment stablecoin issuers, as appropriate. In addition, on July 14, 2025, the OCC issued a joint statement, together with the Federal Reserve and FDIC, on Risk Management Considerations for Crypto-Asset Safekeeping,[106] and the standards in proposed § 15.13 were consistent with the considerations described in the joint statement.[107]

The OCC is adopting proposed § 15.13 with targeted changes. The final rule retains the principles-based and technology-neutral approach of the proposed rule, but the final rule has been modified to provide additional clarity, include stress test requirements, and address foreign exchange risk management. A description of the general comments received pertaining to proposed § 15.13 and the OCC's responses is below, followed by a description of specific comments relevant to proposed § 15.13 and changes made in the final rule.

Many commenters opined on whether § 15.13 should be principles-based as opposed to prescribing specific requirements. For example, a few commenters suggested that principles-based requirements and standards allow for needed flexibility while maintaining strong governance, operational resilience, and financial controls. Other commenters recommended principles-based requirements and standards accompanied by clear supervisory guidance. One commenter noted the importance of providing sufficient detail to enable consistent compliance and examination if maintaining a principles-based approach. A few commenters indicated that a principles-based approach allows for better scaling to an institution's size, complexity, and risk profile.

Additionally, many commenters discussed whether the rule should remain technology-neutral. For example, several commenters suggested that in order to remain principles-based, § 15.13 should not impose specific requirements around the use of particular technical elements of stablecoins due to rapid technological changes occurring in the industry. Other commenters, however, suggested that while requirements in general should be principles-based, the framework should focus on technology-specific risks given the technological nature of the industry. In particular, these commenters recommended addressing the risks or benefits associated with distributed ledger technology in greater detail.

Section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)) provides that risk management standards and requirements must be ''principles-based.'' In addition, the nature of many of the areas covered by the § 15.13 risk management provisions is such that implementation will depend on the business model, activities, and circumstances of each institution. Because of this nature, principles-based requirements are appropriate as a matter of policy as well as required by law. Additionally, the OCC has historically taken a technology-neutral approach to rulemaking, which it intends to continue. Employing a technology-neutral approach will help ensure that the requirements of 12 CFR part 15 adequately address the core risks applicable to permitted payment stablecoin issuers even as technology changes. Thus, while the final rule includes certain references to concepts that generally apply to distributed ledger technology (*e.g.,* private keys), the final rule does not favor one particular technological solution over another.

Several commenters suggested requiring real-time monitoring of smart contract activity, distributed ledger activity, reserve management, and redemption activity. A few commenters suggested requiring real-time and API-based reporting for regulators. The above discussion of § 15.11(a) considers these and similar comments with respect to how permitted payment stablecoin issuers satisfy their reserve requirements under the GENIUS Act, and the below discussion of § 15.14 relates to audits, reports, and supervision. The final rule does not include a real-time monitoring requirement for permitted payment stablecoin issuers (consistent with the technology-neutral and principles-based approach that the OCC has taken with respect to § 15.13). The OCC notes, however, that the final rule requires permitted payment stablecoin issuers to back payment stablecoins with reserve assets on at least a 1 to 1 basis at all times. Refer to the discussions of § 15.11 and § 15.14 for more about how permitted payment stablecoin issuers satisfy this requirement.

Several commenters suggested allowing a permitted payment stablecoin issuer that is an insured depository institution subsidiary to satisfy risk management requirements through the insured depository institution's risk management framework. Commenters making this recommendation argued that doing so would reduce duplication of requirements. Some commenters made this recommendation specifically in situations where the parent insured depository institution's framework explicitly encompasses the permitted payment stablecoin issuer's specific activities and risk profile. Other commenters suggested that compliance may be based on a parent's risk management framework where the parent's framework already addresses the risks covered in § 15.13 in a manner that is at least equivalent in outcomes. A few commenters recommended that any compliance based on a parent's framework be subject to supervisory confirmation, rather than automatically and conclusively determining that the subsidiary is in compliance, and that the OCC retain discretion to require additional or standalone risk management for risks that are not adequately addressed by the parent's framework. Alternatively, one commenter argued that a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution should not be allowed to satisfy risk management requirements

[105] While the standards listed in 12 U.S.C. 1831p–1 provide a useful reference point for standards that may be applicable to permitted payment stablecoin issuers, the OCC is not invoking 12 U.S.C. 1831p–1 as a source of authority for issuing these risk management requirements. Accordingly, the specific requirements for violating 12 U.S.C. 1831p–1 would not necessarily apply to permitted payment stablecoin issuers (*e.g.,* a mandatory plan).

[106] *See* OCC News Release 2025–68, ''Agencies Issue Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping'' (July 14, 2025), *https://www.occ.gov/news-issuances/news-releases/2025/nr-ia-2025-68.html.*

[107] Consistent with the recommendations in the Digital Financial Technology Report, the OCC intends to provide additional clarity with respect to digital asset activities undertaken by OCC-supervised entities.

by reference to the parent institution's existing framework and that in all cases compliance should be demonstrated by the permitted payment stablecoin issuer.

A parent insured depository institution will separately be subject to the requirements of 12 CFR part 30, Appendices A and B, and other applicable requirements, and the OCC will separately supervise the insured depository institution parent's risk management. A permitted payment stablecoin issuer that is a subsidiary of an insured depository institution may rely on the parent's risk management framework to the extent that the parent's risk management framework addresses the requirements of the GENIUS Act and 12 CFR part 15 and to the extent the management of the permitted payment stablecoin issuer plays a meaningful role in the risk management framework related to the permitted payment stablecoin issuer's activities. Similarly, a permitted payment stablecoin issuer that is an SPV may rely on the risk management framework of its parent entity, provided that the parent entity's risk management framework complies with and adequately addresses § 15.13. The OCC will reduce duplicative regulatory requirements to the fullest extent possible.

Many commenters discussed whether the rule should include additional tailoring of risk management requirements and standards across permitted payment stablecoin issuers. Several commenters called for consistent standards for all permitted payment stablecoin issuers regardless of size, which they asserted would establish a common safety and soundness baseline and promote regulatory clarity. Many other commenters supported a tailored framework to allow community banks better access to the stablecoin market. A few commenters advocated for a combination of standardized and tailored frameworks. For example, one commenter suggested that there be baseline risk management standards across permitted payment stablecoin issuers with tailoring that takes into account other regulatory requirements with which the permitted payment stablecoin issuer is already required to comply. One commenter advocated for tailored requirements based on specific risk profile and complexity rather than simply by size.

The Act requires ''risk management principles-based requirements and standards . . . that are tailored to the business model and risk profile of permitted payment stablecoin issuers.'' [108] Consistent with the statutory requirement, it is appropriate to require risk management requirements and standards appropriate to the size and complexity of a permitted payment stablecoin issuer and the nature, scope, and risk of its activities. Accordingly, the final rule includes broad principles-based language that accounts for the size and complexity of a permitted payment stablecoin issuer.

Some commenters suggested strategies to address challenges posed by interoperability in payment stablecoin transactions. The above discussion of § 15.12 addresses commenters who referred to interoperability in the context of certain payment stablecoin transactions (issuance and redemption). Some commenters advocated for developing mandatory interoperability standards in coordination with the National Institute of Standards and Technology (NIST). Other commenters opposed including interoperability standards in the final rule. Some favored including high-level principles-based standards. The final rule does not mandate interoperability standards in recognition of the relative novelty of the payment stablecoin industry. The OCC notes, however, that under section 12 of the GENIUS Act (12 U.S.C. 5912), the primary Federal payment stablecoin regulators, in consultation with NIST, other relevant standard-setting organizations, and State bank and credit union regulators, shall assess and, if necessary, may prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability. As the industry develops, the OCC will continue to work with the other regulators to assess whether it is necessary to prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability.

A few commenters suggested that permitted payment stablecoin issuers should be required to acquire insurance against certain risks, for example, cyber, crime, or professional liability insurance. A few commenters suggested that there should be minimum coverage requirements, potentially tailored based on size and complexity of the permitted payment stablecoin issuer. A few commenters suggested that disclosure of insurance coverage should be required to regulators but not the public. A few commenters argued that a potential problem posed by requiring insurance coverage may be the lack of availability of particular types of insurance.

[108] 12 U.S.C. 5903(a)(4)(A)(iv).

The OCC recognizes insurance as a piece of risk management but does not prescribe particular private insurance requirements. This approach is consistent with the OCC's treatment of other OCC-supervised entities.

c. Description of Proposed Rule, Comments, and Final Rule

Proposed § 15.13(a)(1) would have required that a permitted payment stablecoin issuer have internal controls and information systems that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for: (i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; (ii) effective risk assessment; (iii) timely and accurate financial, operational, and regulatory reporting, including with respect to reports required under proposed part 15; (iv) adequate procedures to safeguard, manage, control, and monetize assets, including reserve assets; and (v) compliance with applicable laws and regulations. Internal controls refer to the systems, policies, procedures, and processes effected by the board of directors and other personnel to safeguard permitted payment stablecoin issuer assets, limit or control risks, achieve permitted payment stablecoin issuer objectives, and ensure compliance with applicable laws and regulations. The internal controls standards in proposed § 15.13(a)(1) were modeled on the internal controls standards in 12 CFR part 30, with some adjustments to accommodate the particular activities and risks of permitted payment stablecoin issuers.

A few commenters discussed requirements relating to the risk assessments under § 15.13(a)(1). One commenter suggested taking an open-methodology approach where OCC examiners could audit the risk assessment methodology rather than only its output and the OCC could establish principles for what constitutes an acceptable approach rather than needing to endorse any specific methodology. Several commenters discussed the benefits of real-time or continuous risk monitoring and reporting. One commenter opined that adequate risk assessment requires continuous monitoring of the full cycle of stablecoin activity, including both on- and off-chain activity. Another commenter suggested that risk assessment frameworks should be

assessed against a baseline standard for all permitted payment stablecoin issuers. Some commenters supported strong internal controls, including segregation of duties, independent validation, dual or multi-party approvals, and strong governance over issuance systems. Another commenter noted that, with respect to reserve asset management, while assets should be appropriately segregated and independently controlled, any personnel or governance requirements should be proportional to the size and complexity of the issuer and implemented through broader reserve asset and risk management standards rather than as a separate standalone requirement. In contrast, some commenters suggested more specific direction concerning the appropriate organizational structure and responsibilities, such as greater clarity on the oversight role of the board of directors and requiring boards of directors to approve and implement a risk appetite statement.

The OCC is adopting paragraph (a)(1) as proposed with a change in § 15.13(a)(1)(i). Section 15.13(a)(1)(i) has been modified to delete ''with appropriate segregation of duties and an internal control structure'' and add '', including appropriate segregation of duties and dual controls.'' These modifications are not substantive but instead clarify that segregation of duties and dual controls may be elements of an organizational structure that facilitates internal controls. In response to commenters, the OCC is not mandating any particular method for risk assessment, and the OCC expects that different permitted payment stablecoin issuers may take different approaches based on the size and complexity of the issuer and the nature, scope, and risk of its activities. This approach is most consistent with the statutory requirement to provide tailored and principles-based risk management standards. Effective risk management depends on an effective risk assessment since a permitted payment stablecoin issuer cannot effectively manage its risks without an understanding of its risk profile. Procedures to safeguard, manage, control, and monetize assets will be expected to include measures to monitor and ensure the deposit concentration and diversification requirements are met. Likewise, procedures will be expected to address potential risks related to fraud and the theft of payment stablecoins or other assets.

The OCC proposed that § 15.13(a)(2) require permitted payment stablecoin issuers to have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for (i) adequate monitoring of the system of internal controls through an internal audit function, or for a permitted payment stablecoin issuer whose size, complexity, or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls; (ii) independence and objectivity; (iii) qualified persons responsible for the audit function; (iv) adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings; (v) adequate documentation of tests and findings and any corrective actions; (vi) verification and review of management actions to address deficiencies; and (vii) review by the institution's audit committee or board of directors of the effectiveness of the internal audit systems.

A few commenters discussed requirements related to internal audit systems in proposed § 15.13(a)(2). A commenter suggested specific requirements to guide internal audit structure. Specific suggestions related to revising the rule to reference specific proprietary internal audit practice frameworks and clarifying who constitutes a qualified person by requiring that such persons possess appropriate education, relevant experience, and certain professional certifications that demonstrate competency in internal auditing or other relevant expertise. A few commenters suggested that the OCC clarify structural independence expectations. One commenter suggested that the OCC address governance as a distinct area of internal audit coverage; require that procedures be developed, implemented, and adhered to; ground internal audit monitoring in a risk-based approach; require clear ownership and timelines in management action plans; clarify internal audit's purview over all material risk areas in § 15.13; require all permitted payment stablecoin issuers to establish an internal audit function; and rely on internal audit work in carrying out its supervision activities. A few commenters recommended that the rule require third-party or independent audits, or at least that systems have the records or ability to be audited by an independent party.

After careful consideration of the comments, the OCC is adopting paragraph (a)(2) as proposed except for a clarifying edit to § 15.13(a)(2)(i). Internal audit systems are intended to provide objective, independent reviews of permitted payment stablecoin issuer activities, internal controls, and information systems to help the board of directors and management monitor and evaluate internal control adequacy and effectiveness. An internal audit system, among other items, is expected to independently test and review systems, as appropriate, related to (1) a permitted payment stablecoin issuer's compliance with the GENIUS Act and requirements in any final rules implementing the GENIUS Act; (2) payment systems; [109] and (3) third-party risk management. Well-planned, properly structured audit programs are essential to effective risk management and internal control systems. Effective internal audit programs are a critical defense against fraud and provide vital information to the board of directors about the effectiveness of internal control systems. An internal audit program's coverage includes evaluating compliance systems, safeguards around use of payment systems, and risks posed by relationships with and dependence on third parties. While it is important that internal audit functions be conducted by qualified persons with an appropriate level of independence from other business lines, the final rule does not mandate a particular organizational structure (for example, three lines of defense). Section 15.13(a)(2) does not prescribe a one-size-fits-all approach to risk management. Smaller permitted payment stablecoin issuers with a lower risk profile may be able to comply using a simpler, less delineated organizational structure, or may be able to outsource certain functions such as the internal audit function, while larger permitted payment stablecoin issuers, with higher risk profiles, may require organizational structures with more clearly delineated risk management functions, including internal audit personnel. The OCC's approach is grounded in the principles-based framework, and prescriptive requirements or references to proprietary frameworks or certifications are unnecessary for the rule text. Moreover, a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution or that is a SPV may rely on the audit framework of its parent, provided the parent's framework complies with § 15.13. Final § 15.13 does not mandate

[109] A payment system is the mechanisms, rules, institutions, people, markets, and agreements that make the exchange of payments possible. *See* OCC, *Comptroller's Handbook,* ''Payment Systems,'' 99 (2021).

the use of an external audit, but such an audit may be appropriate for some permitted payment stablecoin issuers. Moreover, permitted payment stablecoin issuers must comply with the requirements of § 15.14, including applicable audit requirements.

Proposed § 15.13(a)(3) addressed interest rate risk and would have required a permitted payment stablecoin issuer to (i) manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities and (ii) provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.[110]

Several commenters discussed the interest rate risk provisions in proposed § 15.13(a)(3). Some commenters suggested that the OCC replace specific requirements in other provisions of the rule (*e.g.,* weighted average maturity in proposed § 15.11) with more robust risk management capabilities for interest rate risk (*e.g.,* stress testing, haircuts). Another commenter suggested that the OCC include interest rate risk, among other items, in capital requirements.

The OCC is adopting § 15.13(a)(3) as proposed with clarifying edits. While permitted payment stablecoin issuers hold reserve assets that may, depending on their type, have limited or no duration (*e.g.,* in the case of demand deposits), it is still important for permitted payment stablecoin issuers to be mindful of this risk, particularly in light of the role of interest rate risk in the previous failures of money market funds, whose investments, like those of permitted payment stablecoin issuers, were supposed to be limited to short-duration safe assets.[111] Increases in interest rates, particularly in short time periods, can reduce the value of interest-sensitive reserve assets, potentially impacting their fair value, marketability, and the permitted payment stablecoin issuer's ability to meet redemptions. Similarly, changes in interest rates can affect the earnings and long-term viability of permitted payment stablecoin issuers since their earnings may rely in substantial part on interest earned on reserve assets. Likewise, increases in interest rates may reduce the demand for payment stablecoins, particularly since permitted payment stablecoin issuers are prohibited from paying interest to stablecoin holders solely in connection with the holding, use, or retention of payment stablecoins under final § 15.10(c)(4).

Proposed § 15.13(a)(4) would have required a permitted payment stablecoin issuer's asset growth to be prudent and commensurate with a permitted payment stablecoin issuer's risk management capabilities, operational capacity, and staffing. A couple of commenters addressed this provision. One stated that the interest rate exposure, asset growth, asset quality, and earnings standards from 12 CFR part 30 should be adapted to focus on reserve composition, liquidity, redemption capacity, operational scalability, and run-risk management rather than traditional banking intermediation. Another suggested that the risk management standards should include an emphasis on growth management.

The OCC is adopting § 15.13(a)(4) as proposed with clarifying edits. While there are no hard limits to how quickly permitted payment stablecoin issuers may grow, permitted payment stablecoin issuers must ensure that growth does not undercut the permitted payment stablecoin issuer's capabilities to comply with the requirements of this rule and other applicable law. For example, rapid issuance of new payment stablecoins would require a rapid increase in reserves, and permitted payment stablecoin issuers must ensure that they maintain the capabilities to maintain these reserves in compliance with § 15.11 and maintain the ability to access and monetize the reserves in order to meet redemption requests. The approach in the final rule is sufficiently tailored to the business models of permitted payment stablecoin issuers and balances flexibility with the need to appropriately manage the risks associated with asset growth.

Proposed § 15.13(a)(5) would have required that a permitted payment stablecoin issuer establish and maintain a risk management system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels that would be required under subpart E of proposed part 15. Commenters generally supported requiring permitted payment stablecoin issuers to adopt risk management systems commensurate with their size and complexity and the nature and scope of their operations. Some commenters recommended including additional and more prescriptive requirements with respect to how a permitted payment stablecoin issuer monitors its earnings and other risks. Some commenters stated that the rule should include more bank-like risk management requirements.

The OCC is adopting § 15.13(a)(5) as proposed. To reflect the distinct characteristics of permitted payment stablecoin issuers, the standards on earnings in § 15.13(a)(5) do not include all the listed elements in paragraph II.H in appendix A to 12 CFR part 30, from which the earnings standard in proposed § 15.13(a)(5) was adapted. Permitted payment stablecoin issuers must nevertheless comply with the overarching requirement to evaluate and monitor earnings. It may be particularly important for permitted payment stablecoin issuers to evaluate the volatility and sustainability of earnings, since changes in short-term interest rates could have sudden impacts on permitted payment stablecoin issuer earnings. Section 15.13(a)(5) provides risk management requirements that are appropriately tailored to the business model of permitted payment stablecoin issuers. The OCC declines to include additional prescriptive requirements in the rule text in keeping with the principles-based approach to risk management under 12 CFR part 15 and section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)).

Proposed § 15.13(a)(6) addressed insider and affiliate transactions and was intended to protect a permitted payment stablecoin issuer from entering into detrimental transactions with insiders or affiliates. Under proposed paragraph (a)(6)(i), a permitted payment stablecoin issuer would have been required to ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates: (1) are not excessive and do not pose significant risks of material financial loss; (2) are conducted on terms that are the same or at least as

[110] The GENIUS Act explicitly authorizes interest rate risk management standards under section 4(a)(4)(A)(iii) (12 U.S.C. 5903(a)(4)(A)(iii)) whereas section 4(a)(4)(A)(iv) (12 U.S.C. 5903(a)(4)(A)(iv)) authorizes the other requirements and standards proposed in § 15.13. The OCC proposed that interest rate risk management standards be included under proposed § 15.13 since it is a risk management standard like the other standards already included in proposed § 15.13.

[111] Mismanagement of interest rate risk was a leading cause of failure in two of the three money market funds in the United States in which the net asset value of the fund fell below $1 (also referred to as ''breaking the buck''), ultimately leading to liquidation. *See* In the Matter of John E. Backlund, et al., Investment Company Act Release No. 23639 (January 11, 1999) (SEC administrative order involving the Community Bankers U.S. Government Money Market Fund liquidated in 1994); In the Matter of First Multifund Advisory Corp. and Milton Mound, Initial Decision, File No. 3–5881 (December 29, 1982) (SEC initial decision involving the First Multifund for Daily Income liquidated in 1978).

favorable to the permitted payment stablecoin issuer as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates (or in the absence of comparable transactions, are offered on terms and under circumstances that, in good faith, would be offered to, or would apply to non-affiliates or non-insiders); and (3) are appropriately documented and reviewed by the board of directors. Proposed paragraph (a)(6)(ii) would have required a permitted payment stablecoin issuer to appropriately monitor and validate compliance with these requirements.

Some commenters requested additional clarity with respect to the scope of transactions that were prohibited under proposed § 15.13(a)(6). Some stated that the OCC should define what is ''excessive.'' Others stated that the paragraph should incorporate additional provisions from Regulation W (12 CFR part 223) or Regulation O (12 CFR part 215). Others cautioned against using a more prescriptive or quantitative approach for insider and affiliate transactions. One commenter stated that the proposal needs further clarification, as the proposal used a principles-based standard that does not reflect differences among issuers. The commenter recommended separate rules for insured depository institution subsidiaries and nonbank permitted payment stablecoin issuers. Some commenters stated that § 15.13(a)(6) was appropriately scoped and tailored.

The final rule modifies paragraph (a)(6) to provide more clarity while maintaining a principles-based approach. First, paragraph (a)(6)(i) has been modified to include the phrase ''alone or in the aggregate'' to clarify the scope of transactions between the permitted payment stablecoin issuer and its affiliates or insiders to which paragraph (a)(6)(i) applies. In addition, the OCC has modified paragraph (a)(6)(i)(A) to remove the word ''excessive'' and provide greater specificity as to the types of transactions prohibited under the final rule. Paragraph (a)(6)(i)(A) of the final rule prohibits transactions that are quantitatively detrimental to the permitted payment stablecoin issuer in light of the business model of the permitted payment stablecoin issuer. The degree of risk and potential loss associated with one or more transactions is dependent on the business model of the permitted payment stablecoin issuer. As a result, the particular business model will be relevant to whether a particular transaction, a series of transactions, or transactions in the aggregate would be appropriate for a permitted payment stablecoin issuer to consider in the context of fulfilling its § 15.13 risk management obligations. A permitted payment stablecoin issuer that conducts insider and affiliate transactions consistent with sections 22(g), 22(h), 23A, and 23B of the Federal Reserve Act (12 U.S.C. 375a, 375b, 371c, 371c–1) and the implementing regulations of those sections (Regulations O and W) is likely to satisfy its § 15.13(a)(6)(i)(A) risk management obligations. Paragraph (a)(6)(i)(B) of the final rule incorporates the requirement from proposed § 15.13(a)(6)(i) that transactions between a permitted payment stablecoin issuer and its affiliates or insiders do not pose significant risks of material financial loss. Within the language proposed at § 15.13(a)(6)(i)(B), the OCC is making non-substantive clarifying edits. The OCC is adopting the remainder of § 15.13(a)(6) as proposed with renumbered paragraphs.

Proposed § 15.13(a)(7) addressed requirements for overseeing third-party service provider arrangements. Specifically, a permitted payment stablecoin issuer must (i) exercise appropriate due diligence in selecting its service providers; (ii) require its service providers by contract to implement appropriate measures designed to meet the requirements of part 15; and (iii) as appropriate, monitor its service providers to confirm they have satisfied their obligations under proposed part 15.

Several commenters requested clarification on third-party risk management practices. For example, a few requests for clarification concerned whether banks may oversee stablecoin-related programs through established program-management structures. A few comments requested clarification that regulated entities are responsible for compliance outcomes even when relying on third-party providers. Other comments requested clarification that evaluating a permitted payment stablecoin issuer's service provider oversight program requires assessing performance in addition to contractual provisions. Some commenters requested robust third-party risk management expectations given community banks' reliance on third-party technology partners in the digital assets space. Other commenters requested specific reference to third-party service providers in the rule, for example, by referencing the establishment and monitoring of service level agreements as a component of the contractual and monitoring requirements in § 15.13(a)(7).

The OCC is adopting § 15.13(a)(7) as proposed with two minor changes. The final rule includes a reference to compliance with the GENIUS Act in addition to compliance with part 15. Paragraph (a)(7) provides an appropriately robust and principles-based approach with respect to third-party risk management. As part of this monitoring, a permitted payment stablecoin issuer must review audits, summaries of test results, or other equivalent evaluations of its service providers. The final rule also moves the phrase ''by contract'' for clarity.

Proposed § 15.13(a)(8) would have required a permitted payment stablecoin issuer to (i) appropriately monitor and validate compliance with the requirements of § 15.11 and (ii) manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the permitted payment stablecoin issuer.

As discussed above, several commenters recommended that the OCC use a stress testing framework in place of the prescriptive and quantitative requirements in proposed § 15.11. Consistent with this feedback, the OCC is adopting § 15.13(a)(8) as proposed but is also adopting new § 15.13(a)(9), which provides monetization and stress testing requirements. Under the new § 15.13(a)(9)(i), a permitted payment stablecoin issuer must ensure that the reserve asset portfolio, taken as a whole, is capable of supporting timely redemption under both normal and stressed conditions, including by conducting analyses considering a range of redemption scenarios.[112] Under § 15.13(a)(9)(ii), a permitted payment stablecoin issuer must also maintain and demonstrate to the OCC the ability to reliably access and monetize reserve assets necessary to meet redemption requests in normal and stressed conditions, taking into account: (A) market access; (B) financing channels; (C) haircut assumptions; and (D) operational readiness. Additionally, under § 15.13(a)(9)(iii), a permitted payment stablecoin issuer must engage in regular stress testing of the reserve asset portfolio in order to confirm that the portfolio of reserve assets will continue to equal or exceed outstanding issuance value in stressed conditions,

[112] Permitted payment stablecoin issuers should consider the makeup of their reserve asset portfolio in light of their respective business models. For certain issuers it may be appropriate to hold reserves comprising money to standing to the credit of an account with a Federal Reserve Bank, funds held as demand deposits, or funds in share accounts that are payable on demand beyond the amount required under § 15.11(c)(2).

including in significant positive interest rate scenarios.

The OCC is also adding new § 15.13(a)(10) which addresses the risk management of foreign exchange risk. The proposal asked whether the OCC should explicitly provide that managing foreign exchange risk is a permissible activity for the issuers of stablecoins that are not denominated in the United States dollar and whether to include limitations relating to the management of foreign exchange risk. Commenters generally favored permitting foreign exchange risk management as a permitted activity. Commenters noted that permitting foreign exchange risk management would reduce risk. Some commenters emphasized that the final rule should not permit speculation.

Consistent with this feedback, the final rule requires foreign exchange risk management for issuers that issue payment stablecoins that are denominated in monetary value other than the United States dollar, subject to certain conditions designed to ensure that the foreign exchange risk is appropriately hedged and that the permitted payment stablecoin issuer does not use its foreign exchange risk management program as a means of engaging in impermissible speculation. Under the final rule, a permitted payment stablecoin issuer that issues a payment stablecoin denominated in monetary value other than the United States dollar must hedge any residual foreign exchange risk identified pursuant to the monetization and stress testing requirements of § 15.13(a)(9) in accordance with § 15.13(a)(10). Section 15.13(a)(10)(ii) states that the permitted payment stablecoin issuer: (A) may not take anticipatory positions or maintain residual positions in the instruments used to hedge the permitted payment stablecoin issuer's foreign exchange risk, except as necessary for the orderly establishment or unwinding of a hedging position; (B) must hedge to retain no more than minimal foreign exchange risk; (C) must not use foreign exchange risk management as a means to speculate, including with respect to the appreciation or depreciation of any national currency; and (D) must have in place policies and procedures that appropriately manage its foreign exchange risk and any attendant risks, including risks relating to the posting or collection of margin, foreign exchange counterparties, and basis risk. The policies and procedures must include adherence to the below-described § 15.13(a)(10)(iii) and (iv). Under § 15.13(a)(10)(iii), before a permitted payment stablecoin issuer engages in foreign exchange risk management, it must provide prior notice to the OCC through its supervisory office and receive the OCC's approval. Additionally, under § 15.13(a)(10)(iv), the permitted payment stablecoin issuer must adhere to any limit or other condition to the OCC's approval under § 15.13(a)(10)(iii). Such limits or conditions are likely to concern how the permitted payment stablecoin issuer remains both capable of meeting redemption requests in a timely manner and fully reserved.

Notably, while a permitted payment stablecoin issuer that issues a non-dollar-denominated payment stablecoin must engage in foreign exchange risk management under the final rule, foreign exchange derivatives are not permitted reserve assets under section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)). Accordingly, the fair value of foreign exchange derivatives used to hedge a permitted payment stablecoin issuer's foreign exchange risk is not included in the reserve asset value of the permitted payment stablecoin issuer, and a permitted payment stablecoin issuer may need to hold a buffer to ensure that its non-dollar-denominated payment stablecoins remain properly reserved. Such derivatives may, however, be relevant to the permitted payment stablecoin issuer's liquidity risk management and ability to timely redeem payment stablecoins. A permitted payment stablecoin issuer that issues a non-dollar-denominated stablecoin should consider and address the effectiveness of its hedging instruments and how such instruments may behave in times of stress. For example, the need to rapidly unwind and reapply hedges in times of stress may limit the effectiveness of the permitted payment stablecoin issuer's hedging strategy. Accordingly, permitted payment stablecoin issuers should carefully consider their ability to manage foreign exchange risk before issuing a non-dollar-denominated payment stablecoin. Likewise, the OCC expects it would closely review such activities, both as proposed and on an ongoing basis.

Proposed § 15.13(b) addressed risk management requirements relating to information technology and security. Several commenters suggested addressing risk management expectations for specific technologies, such as smart contracts or super intelligence. For example, a few commenters suggested requiring smart contract controls governing activities such as minting, burning, and freezing. Other commenters suggested establishing specific requirements governing the use of super intelligence, given that, as the commenters noted, its use may become commonplace among permitted payment stablecoin issuers in their compliance programs. The final rule includes a reference to smart contracts but does not impose detailed requirements with respect to particular technologies. This level of detail is consistent with the GENIUS Act and the principles-based and technology-neutral approach that 12 CFR part 15 is taking toward risk management.

Proposed § 15.13(b)(1) provided that a permitted payment stablecoin issuer must implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks. The OCC is finalizing § 15.13(b)(1) as proposed.

Under proposed § 15.13(b)(2), the board of directors of the permitted payment stablecoin issuer, or an appropriate board committee, would have been required to approve the information technology and security program described in paragraph (b)(1). The board would have been required to oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. The oversight required of the board or committee would have included assigning specific responsibility for program implementation and review of program-related reports.

A few commenters supported requiring a permitted payment stablecoin issuer to have a Chief Risk Officer or Chief Audit Executive in addition to the Information Technology and Security Officer. Some commenters suggested that it is more important for the rule to require permitted payment stablecoin issuers to have officers and employees with the responsibilities of certain roles, such as a Chief Risk Officer, rather than requiring a specific officer or role. A few commenters suggested requiring a Chief Risk Officer with explicit responsibilities distinct from the Information Technology and Security Officer, for example, requiring a Chief Risk Officer with explicit responsibility for protocol-level exposure above a materiality threshold. Another commenter suggested that a subsidiary permitted payment stablecoin issuer should be able to satisfy any requirement for a Chief Risk Officer if the subsidiary's parent has a Chief Risk Officer. Another commenter suggested that a tailored approach to requiring a Chief Risk Officer or Chief Audit Executive ought to be adopted,

where the requirements should be proportionate to the size and complexity of the issuer and consistent with standards applicable to comparable financial institutions.

The OCC is adopting § 15.13(b)(2) with a modification to refer to ''a qualified individual responsible for the program'' and deleting the reference to an ''Information Technology and Security Officer.'' The OCC agrees with some commenters that it is more important for a permitted payment stablecoin issuer to have qualified individuals with the relevant responsibilities for overseeing the information technology and security program rather than to prescribe certain required titles or role names. The OCC is not requiring permitted payment stablecoin issuers to have additional named roles at this time. Permitted payment stablecoin issuers should generally create organizational roles to appropriately manage their operations. As discussed above, a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution may rely on the parent's risk management framework, including certain shared employees, provided that the parent's risk management framework addresses the requirements of part 15 and the management of the permitted payment stablecoin issuer plays a meaningful role in the risk management framework related to the permitted payment stablecoin issuer's activities.

Under proposed § 15.13(b)(3), a permitted payment stablecoin issuer's information technology and security program would have needed to include (i) an inventory and classification of assets, processes, and sensitivity of data; (ii) controls supporting and safeguarding sensitive information and processes; (iii) evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended; (iv) periodic independent testing; and (v) a comprehensive and effective incident identification and assessment process and incident response program.

Several commenters suggested various specific information security requirements that, they argued, would be broadly appropriate for payment stablecoin issuers. These commenters' descriptions indicate that these reflect the current and latest standards given the existing operational models and technology related to payment stablecoins. The OCC is adopting § 15.13(b)(3) as proposed. The OCC believes that the requirements of § 15.13(b)(3) are appropriately principles-based and technology-neutral. This approach will help ensure that the requirements remain relevant as relevant technology and best practices continue to develop.

Under proposed § 15.13(b)(4), a permitted payment stablecoin issuer's information technology and security program would have had to include administrative, technical, and physical safeguards designed to (i) ensure the security and confidentiality of records containing nonpublic personal information about a customer; (ii) protect against any anticipated threats or hazards to the security or integrity of such records; (iii) protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and (iv) ensure the proper disposal of such records.

A few commenters suggested requiring permitted payment stablecoin issuers to adopt privacy-preserving technologies to limit public disclosure of information. Some commenters suggested that demonstrating adoption of privacy-enhancing technologies should be sufficient to show compliance with risk management information security requirements. The OCC is not mandating the use of any particular privacy-enhancing technology in the final rule, consistent with the OCC's technology-neutral and principles-based approach to § 15.13. Permitted payment stablecoin issuers must ensure that their activities comply with § 15.13(b) and applicable BSA/AML-related requirements. Whether a particular privacy-enhancing architecture can comply with both provisions will depend on the facts of that particular architecture. Accordingly, the OCC is not commenting generally on whether a particular architecture is permitted or prohibited.

Because § 15.13 must be principles-based and technology-neutral, as described above, the OCC believes that imposing requirements surrounding privacy-enhancing technology would be inappropriate. The OCC notes that § 15.13(b) does include requirements concerning the security of customer information, including developing an information technology and security program, ensuring the security and confidentiality of records containing nonpublic personal information about a customer, protecting against any anticipated threats or hazards to the security or integrity of records that could result in harm or inconvenience to any customer, and ensuring the proper disposal of such records. The OCC is adopting paragraph (b)(4) with one clarifying change. The final rule includes a reference to sensitive customer information, in addition to nonpublic personal information. Sensitive customer information will generally be a subset of nonpublic personal information. The final rule clarifies that, to the extent there is sensitive customer information that is not nonpublic personal information, the permitted payment stablecoin issuer must nonetheless take appropriate steps to ensure the security and confidentiality of such information.

Proposed § 15.13(b)(5) provided that a permitted payment stablecoin issuer must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery, incorporating: (i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and (ii) material developments specifically related to supported digital assets and their underlying ledgers.[113]

A commenter described key backup and recovery procedures with continuity exercises as one facet of a broader risk management framework. Another commenter suggested that the rule emphasize robust practices for change management alongside other management tools like pre-implementation testing. A separate commenter asked for additional guidance on change management and information security in general. The OCC is adopting § 15.13(b)(5) as proposed. The OCC believes that the requirements of the final rule are appropriately principles-based and technology-neutral. This approach will help ensure that the requirements remain relevant as relevant technology and best practices continue to develop. The OCC anticipates issuing additional guidance concerning various provisions of the GENIUS Act and will consider what additional guidance concerning change management and information security may be appropriate.

Proposed § 15.13(b)(6) would have required that a permitted payment

[113] If a permitted payment stablecoin issuer holds digital assets on a customer's behalf, the permitted payment stablecoin issuer's risk management practices must reflect this activity. Consistent with the July 14, 2025 *Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping,* a permitted payment stablecoin issuer holding digital assets on a customer's behalf would be required to maintain risk management practices, and information security practices in particular, that reflect the permitted payment stablecoin issuer's capacity to understand a complex and evolving asset class, ability to ensure a strong control environment, and appropriate contingency plans to address unanticipated challenges in effectively providing services to customers.

stablecoin issuer monitor, evaluate, and adjust, as appropriate, its information technology and security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements, such as mergers and acquisitions, alliances, joint ventures, third-party arrangements, and changes to applicable information systems. Some commenters recommended adopting a more prescriptive approach that would incorporate references to more specific types of technology and audits. Others stated that compliance with recognized industry security and risk management standards serves as evidence of compliance with § 15.13(b)(6). The OCC is adopting § 15.13(b)(6) as proposed with clarifying edits. Instead of the proposed language where § 15.13(b)(6) was titled ''Adjust the program'' and described the obligation to ''monitor, evaluate, and adjust,'' the final rule clarifies the requirement to both monitor and adjust through an edited title and a new structure: final § 15.13(b)(6)(i) focuses the proposed language on monitoring, and the new § 15.13(b)(6)(ii) addresses the need to evaluate and adjust the program in light of that monitoring. The OCC believes that the requirements of the final rule are appropriately principles-based and technology-neutral.

Proposed § 15.13(b)(7)(i) would have required a permitted payment stablecoin issuer to conduct a reasonable investigation when it became aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, to determine the likelihood that the information had been or would be misused. If the permitted payment stablecoin issuer determined that misuse of customer information had occurred or was reasonably possible, the permitted payment stablecoin issuer would have needed to notify the customer or customers affected or possibly affected as well as the OCC as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determined that notification would interfere with a criminal investigation and provided the permitted payment stablecoin issuer with a written request for the delay. If delayed by investigation, the permitted payment stablecoin issuer would have needed to notify its customers of the misuse or possible misuse of customer information as soon as law enforcement notified the permitted payment stablecoin issuer that notification would no longer interfere with the investigation. Proposed § 15.13(b)(7)(ii) recognized that there may be situations where the permitted payment stablecoin issuer determines that a group of files has been accessed improperly but is unable to identify which specific customers' information has been accessed. If the circumstances of the unauthorized access led the permitted payment stablecoin issuer to determine that misuse of the information was reasonably possible, it would have needed to notify all customers in the group.

Several commenters discussed the customer notification requirements. Some commenters suggested that due to the broad proposed definition of customer, the customer notification requirements were impractical. Some commenters also requested clarity as to the definition of ''sensitive customer information.'' Specifically, commenters requested clarification that GLBA data privacy protections apply by defining ''sensitive customer information'' or replacing that term with ''nonpublic personal information.'' The final rule, in § 15.2, narrows the definition of customer substantially. Accordingly, the OCC is adopting § 15.13(b)(7) with non-substantive adjustments. Specifically, the final rule replaces a reference to ''a group of files'' with ''the files of a group of customers'' for additional clarity. Additionally, the OCC is making clarifying edits, such as adding more precise wording to describe the actions of the relevant law enforcement agency. The OCC is also separating the proposed § 15.13(b)(7)(i) into final § 15.13(b)(7)(i)(A) through (C).

Proposed § 15.13(b)(8) provided that a permitted payment stablecoin issuer's information technology and security program must include measures to ensure continuity of operations and recover critical functions in the face of disruptions, including by business impact analyses, testing of vulnerabilities, and testing with critical service providers.

Some commenters stated that § 15.13(b)(8) should be modified to include specific additional items such as ongoing monitoring of critical service provider performance. The language of § 15.13(b)(8) is broad enough to include such monitoring to the extent necessary to ensure continuity of operations.

The OCC is adopting § 15.13(b)(8) with two modifications. First, the final rule omits the phrase ''in the face of disruptions'' because the phrase was not necessary to include. Recent corporate information technology system failures have demonstrated the importance of measures to maintain operational resilience. Permitted payment stablecoin issuers should ensure that they have sufficient controls to reliably address operational issues that may arise with burning and minting new stablecoins and should conduct appropriate due diligence before supporting any new distributed ledger. Operational resilience will be particularly important for permitted payment stablecoin issuers, who will depend on customer confidence in the stable value and availability of their stablecoins. Second, the final rule changes ''testing of vulnerabilities'' to ''testing for vulnerabilities'' to clarify the purpose of the testing.

5. Audits, Reports, and Supervision (§ 15.14)

a. Overview of Changes From Proposed Rule to Final Rule for § 15.14

The OCC is adopting § 15.14 as proposed with certain modifications described below. The OCC is adopting § 15.14(a) through (c) as proposed.

The OCC is revising paragraph (d) to shorten the length of the extended examination cycles to an ''18- to 24-month period'' from an ''18- to 36-month period.'' The OCC is further revising § 15.14(d)(3) by adding '', together with any affiliated permitted payment stablecoin issuers,'' and removing ''or less than $25 billion in total monthly trading volume.'' The OCC is making a technical change to the heading in paragraph (d), using the word ''examination'' instead of the word ''exam.'' The OCC is adopting the remainder of § 15.14(d) as proposed.

The OCC is adopting § 15.14(e) through (i) as proposed except for separating proposed § 15.14(i) into § 15.14(i)(1) through (3) with minor technical edits.

The OCC is revising § 15.14(j)(4) to limit the reporting requirement to ''Federal qualified nonbank payment stablecoin issuers'' by adding the following language to the beginning of the subparagraph, ''In the case of a Federal qualified nonbank payment stablecoin issuer.'' The OCC is adopting the remainder of § 15.14(j) as proposed.

The OCC is revising § 15.14(k) by removing the reference to the board of directors in the first sentence, which would have required the board of directors to make all compliance certifications. Instead, the OCC is adding an additional sentence at the end of the paragraph, which provides that the initial certification must be provided by the permitted payment stablecoin issuer's board of directors, whereas subsequent certifications may be

provided by the issuer's Bank Secrecy Act officer, board of directors, or an appropriate committee of the board of directors. The OCC is also revising § 15.14(k) to replace the phrase ''defined in § 15.30'' with ''set forth in § 15.30.'' Furthermore, the OCC is separating proposed § 15.14(k) into § 15.14(k)(1) and (2).

The OCC is revising § 15.14(l) by replacing ''$50 billion in outstanding issuance value'' with ''$50 billion in total consolidated outstanding issuance value'' and making a clarifying edit. The OCC is also adding the phrase ''rules and'' before ''auditing standards'' in § 15.14(l)(1) and making a clarifying edit to § 15.14(l)(2)(ii). The OCC is renumbering paragraph (l)(2)(iii) as (l)(3) and renumbering the rest of paragraph (l)(3) appropriately. The OCC is adopting the remainder of § 15.14(l) as proposed.

The OCC is adopting § 15.14(m) through § 15.14(o) as proposed with clarifying edits in § 15.14(m)(1).

b. Examinations

i. Description of the Proposed Rule

Section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)) authorizes primary Federal payment stablecoin regulators, including the OCC, to supervise permitted payment stablecoin issuers, as defined in the statute, that are not State qualified payment stablecoin issuers with an outstanding issuance of less than $10 billion in payment stablecoins. Section 6(a)(3) of the GENIUS Act (12 U.S.C. 5905(a)(3)) authorizes the OCC to examine permitted payment stablecoin issuers to assess the nature of their operations and the financial condition of the permitted payment stablecoin issuer; the financial, operational, technological, compliance, and other risks associated with the permitted payment stablecoin issuer that may pose a threat to the safety and soundness of the permitted payment stablecoin issuer or the stability of the financial system of the United States; and the systems of the permitted payment stablecoin issuer for monitoring and controlling the risks. Pursuant to section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)), the OCC may only request examinations at a cadence and in a format that is similar to that required for similarly situated entities regulated by the OCC.

Proposed § 15.14(a) provided that the OCC will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in proposed § 15.14(d).

Consistent with the OCC's statutory authority to supervise permitted payment stablecoin issuers, proposed § 15.14(d) would have provided the OCC with the option to examine some permitted payment stablecoin issuers on an 18- to 36-month cycle, as determined by the OCC, in its sole discretion, if the issuers satisfied the following conditions: (1) the permitted payment stablecoin issuer currently is not subject to a formal enforcement proceeding or order; (2) no person acquired control, as specified in § 15.14(m), of the permitted payment stablecoin issuer during the preceding 12-month period in which a full-scope examination would have been required but for proposed § 15.14(d); (3) the permitted payment stablecoin issuer has an outstanding issuance value of less than $1 billion or less than $25 billion in total monthly trading volume; and (4) the permitted payment stablecoin issuer is in compliance with all of the reserve requirements set forth in proposed § 15.11 and the reporting requirements in proposed § 15.14. The proposed criteria for certain permitted payment stablecoin issuers to qualify for an 18- to 36-month examination cycle were similar to the factors the OCC considers for national banks and Federal savings associations under 12 CFR 4.6(b).

Consistent with the OCC's statutory authority under the GENIUS Act and the OCC's supervisory authority over national banks and Federal savings associations, proposed § 15.14(e) would have allowed the OCC to conduct examinations of permitted payment stablecoin issuers as frequently as the agency deemed necessary, including examinations of a limited scope.[114] The OCC proposed this provision to ensure the agency had a clear mechanism, consistent with its statutory authority, to conduct ad hoc examinations when emergencies or risks to the safety and soundness of a permitted payment stablecoin issuer or the financial stability of the United States required the agency to deviate from its routine 12- or 18- to 36-month examination cycle.

Proposed § 15.14(b) would have required that, upon request, permitted payment stablecoin issuers grant OCC examiners prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type. The OCC, through its examination authority over national banks and Federal savings associations, has authority to access the officers, agents, and books and records of these institutions.[115] The books and records of a permitted payment stablecoin issuer include, but are not limited to, information retained on distributed ledgers. Sections 6(a)(1), (3), and (4) of the GENIUS Act (12 U.S.C. 5905(a)(1), (3), and (4)) give the OCC similar authority to supervise and examine permitted payment stablecoin issuers. Proposed § 15.14(b) would have applied the OCC's examination authority to permitted payment stablecoin issuers in the same manner that it is applied to national banks and Federal savings associations. Additionally, proposed § 15.14(c) would have clarified that the OCC may conduct examinations either on site or remotely. Proposed § 15.14(f) would have provided that all permitted payment stablecoin issuers must maintain a complete set of books and records in English. Proposed § 15.14(g) would have required all permitted payment stablecoin issuers to develop and implement a records retention policy that ensured the permitted payment stablecoin issuer could demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

ii. Description of Comments and Final Rule

Many commenters submitted general comments about the proposed examination framework and requested that the OCC modify or incorporate various concepts into the proposed examination framework. The OCC received several comments related to the imposition of uniform standards on permitted payment stablecoin issuers. Specifically, several commenters stated that banks operate in a highly regulated environment, and if permitted payment stablecoin issuers offer bank-like products, they should also be subject to the same supervisory expectations to which banks are subject. One commenter also stated that inconsistent standards or permitted payment stablecoin issuer-specific safe harbors risk creating perceived tiers of payment stablecoin quality. The commenter further added that keeping standards high and uniform protects the global ''singleness'' of U.S.-issued dollar stablecoins and urged the OCC to establish uniform examination, reporting, capital, and other prudential requirements. Another commenter claimed that nonbank stablecoin issuers present materially different supervisory considerations and argued that the OCC should apply more stringent, standalone audit, reporting, and transparency

[114] *See* 12 U.S.C. 5905(a)(3).

[115] 12 U.S.C. 481 and 1464.

requirements to nonbank issuers to account for the absence of consolidated supervision, ongoing examination, and access to the Federal banking safety net. The commenter further argued that applying uniform requirements across bank and nonbank issuers would fail to recognize these differences and could place community banks at a competitive disadvantage despite their significantly higher level of existing regulatory oversight.

After considering these comments, the OCC is finalizing § 15.14 as proposed with certain minor changes and clarifications. The overall framework continues to recognize the key differences between the business models of banks and permitted payment stablecoin issuers while ensuring that the OCC receives sufficient information from permitted payment stablecoin issuers to carry out its supervisory duties under the GENIUS Act.

One commenter stated that, where a technology provider has been examined by another Federal regulator in connection with stablecoin services, the OCC should consider that examination work as part of its own independent evaluation. The commenter stated that this approach would reduce duplicative burden on community banks and their technology partners without compromising OCC supervisory authority. The OCC takes seriously its obligation to reduce duplication in supervision and regulation and has substantial experience coordinating with other regulators. The OCC will take appropriate steps to minimize duplicative efforts while supervising permitted payment stablecoin issuers, and therefore it is not necessary to change the final rule in response to this comment.

Another commenter stated that the supervisory framework for permitted payment stablecoin issuers should align, to the greatest extent possible, with existing supervisory and regulatory structures applicable to banking organizations and financial institutions. Where entities are already subject to comprehensive oversight with respect to capital, liquidity, operational resilience, and risk management, additional requirements should be designed to complement, rather than duplicate, those obligations. As required by statute, the OCC will pursue examination and supervisory policies that maximize efficiency and minimize duplication, including, where appropriate, coordinating examination activities and leveraging existing supervisory frameworks.[116]

[116] *See* 12 U.S.C. 5905(a)(4)(B).

Another commenter stated that the compliance window is very short, that the statutory penalties starting in January 2027 will mount quickly, and that permitted payment stablecoin issuers are likely to fail as a result. The effective date is set by section 20 of the GENIUS Act (12 U.S.C. 5901 note (effective date)). The OCC will monitor permitted payment stablecoin issuers' compliance with the GENIUS Act and part 15 and take enforcement actions as appropriate in light of the facts and circumstances of any particular violation. While the OCC recognizes that the time period between the issuance of this final rule and the effective date of the GENIUS Act is short, permitted payment stablecoin issuers should take seriously their obligations to comply with the provisions of the GENIUS Act as they become effective. Moreover, as discussed in more detail below, prospective permitted payment stablecoin issuers with pending applications with the OCC on the effective date of the Act may submit a request for a waiver not to exceed 12 months.

One commenter recommended that the OCC clarify that it has exclusive authority to exercise visitorial powers with respect to subsidiaries of national banks in the final rule. Under section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)), a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with an outstanding issuance value of less than $10 billion ''shall be subject to supervision by the appropriate primary Federal payment stablecoin regulator.'' As described in the preamble section discussing Self-Executing Provisions, the OCC will not include provisions related to the visitorial powers in the final rule. Permitted payment stablecoin issuers are encouraged to discuss any issues or questions as they arise related to the OCC's visitorial authority.

Another commenter recommended that the OCC not mandate the public disclosure of proprietary models, algorithms, thresholds, schemas, or decision logic. No provision in the proposal mandates the public disclosure of proprietary models, algorithms, thresholds, schemas, or decision logic, so the OCC is not making any changes to the final rule to address this comment.

Two commenters stated that the OCC should provide supervisory guidance or examination manuals specific to payment stablecoin issuers over time to promote transparency, consistency, and predictability in examination practices as the regime matures. The OCC plans to issue supervisory guidance and examination manuals specific to permitted payment stablecoin issuers, as necessary.

One commenter recommended that the OCC adopt an outcomes-based examination framework focused on customer protection, transaction integrity, and compliance rather than specific technologies. The commenter stated that this approach would avoid regulatory lock-in, preserve flexibility as technology evolves, and allow execution quality to be assessed through the Uniform Financial Institutions Rating System (*i.e.,* CAMELS) component analysis supplemented by stablecoin-specific examination procedures. Another commenter urged the OCC to clarify that privacy-preserving distributed ledger architectures would be permissible under the proposal, so long as they remain verifiable and consistent with reserve, audit, reporting, and examination requirements. The commenter stated that such clarification would reduce uncertainty, remove a barrier to adopting more privacy-protective infrastructure, and support consumer privacy.

First, no provision in the proposed rule expresses any preference for one technological approach or protocol over another. The OCC intentionally adopted a technology-neutral approach in the proposed rule, consistent with the agency's general approach towards technology, and this approach will continue in the final rule. Second, consistent with this approach, the OCC declines to include any language regarding the permissibility of privacy-preserving architectures. If a permitted payment stablecoin issuer's distributed ledger architecture would allow the permitted payment stablecoin issuer to comply with the requirements of the GENIUS Act and 12 CFR part 15, the OCC would generally regard such architecture as permissible. The OCC is not making any changes to the final rule to address this comment.

After careful consideration of the comments received, the OCC is finalizing the examination provisions in § 15.14 with certain modifications described below.

Proposed § 15.14(a) provided that the OCC would conduct a full-scope examination [117] of each permitted

[117] A full-scope examination refers to the comprehensive review of a permitted payment stablecoin issuer's financial condition, risk management practices, compliance with laws and regulations, and overall safety and soundness. The OCC's proposed exercise of its examination authority over permitted payment stablecoin issuers mirrors the OCC's current examination authority

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payment stablecoin issuer subject to OCC supervision at least once every 12-month period, unless the permitted payment stablecoin issuer qualifies for an extended cycle under § 15.14(d). One commenter stated that, if the OCC required each permitted payment stablecoin issuer to issue only a single brand of payment stablecoin, maintaining multiple permitted payment stablecoin issuers would result in increased and duplicative examination and assessment costs. The commenter stated that under proposed § 15.14(a), which provided that the OCC ''will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in proposed § 15.14(d),'' given the common risk management and back-office functions of white-label issuers today, it is not clear what benefit multiple examinations across affiliated permitted payment stablecoin issuers would accomplish. The commenter further stated that those costs were not considered in the proposal's economic analysis. This analysis was based on the proposed rule, which did not mandate that each permitted payment stablecoin issuer be limited to a single brand of payment stablecoin. As discussed above, and as required by statute, the OCC will pursue examination and supervisory policies that maximize efficiency and minimize duplication, including, where appropriate, coordinating examination activities and leveraging existing supervisory frameworks.[118] The OCC is adopting this provision as proposed. With respect to the comments concerning limiting each permitted payment stablecoin issuer to a single brand of payment stablecoin, the OCC has elected not to impose such a requirement by regulation. The OCC has, however, made targeted edits throughout part 15, including in § 15.14, to accommodate business models that use multiple issuer SPVs. For such a business model, the OCC intends to examine the family of issuer SPVs at once as part of a single examination to reduce burden.

Proposed § 15.14(b) would have required permitted payment stablecoin issuers, upon OCC request, to provide prompt and complete access to all officers, directors, employees, agents, and all relevant books, records, and documents of any type. One commenter stated that if a permitted payment stablecoin issuer has a parent company, the OCC must ensure that the agency has appropriate visibility into and cooperation from the parent company, including access to relevant records and financial information. The OCC notes that its examination and supervisory authorities extend to information necessary to assess the condition, risks, and compliance of the permitted payment stablecoin issuer. Where relevant information is maintained by a parent company, the OCC expects the issuer to ensure that such information is made available to the agency consistent with applicable law and supervisory requirements.[119] The agency is adopting § 15.14(b) as proposed.

Proposed § 15.14(c) would have authorized the OCC to conduct examinations of each supervised permitted payment stablecoin issuer either on-site or remotely. This subsection preserved supervisory flexibility as to examination modality while maintaining the examination requirement established in § 15.14(a). The agency did not receive any comments related to this section and is adopting this provision as proposed.

Proposed § 15.14(d) would have provided the OCC with the option to examine some permitted payment stablecoin issuers on an 18- to 36-month cycle, as determined by the OCC, in its sole discretion, if the issuers satisfied the following conditions: (1) the permitted payment stablecoin issuer currently is not subject to a formal enforcement proceeding or order; (2) no person acquired control, as specified in § 15.14(m), of the permitted payment stablecoin issuer during the preceding 12-month period in which a full-scope examination would have been required but for proposed § 15.14(d); (3) the permitted payment stablecoin issuer has an outstanding issuance value of less than $1 billion or less than $25 billion in total monthly trading volume; and (4) the permitted payment stablecoin issuer is in compliance with all of the reserve requirements set forth in proposed § 15.11 and the reporting requirements in proposed § 15.14. The proposed criteria for certain permitted payment stablecoin issuers to qualify for an 18- to 36-month examination cycle were similar to the factors the OCC considers for national banks and Federal savings associations under 12 CFR 4.6(b). In the proposal, the agency sought feedback on whether the criteria for eligibility for an extended examination cycle were appropriately calibrated and whether the timeframe for an extended examination cycle was appropriate.

A number of commenters expressed support for the extended examination cycle available to smaller issuers. Two commenters stated that providing for an extended examination cycle would encourage new permitted payment stablecoin issuers to enter the market by reducing the regulatory burden on smaller and less complex institutions that are in full compliance with reserve and reporting requirements. Two other commenters stated that the proposed timeframe for an extended examination cycle is appropriate, provided that the OCC applies these criteria flexibly and on a risk-sensitive basis rather than as a mechanical threshold test and retains supervisory discretion to shorten an issuer's examination cycle where emerging risks, market events, or supervisory concerns warrant more frequent review. The commenters recommended that the OCC adopt a broader risk-based assessment framework under which eligibility for an extended examination cycle may also take into account relevant qualitative and quantitative supervisory indicators, including: redemption volatility and concentration of redemption activity; reserve asset composition and liquidity profile; operational and governance maturity; prior examination findings and compliance history; and complexity of group structure and outsourcing arrangements.

Two commenters stated that waiting multiple years between examinations of a permitted payment stablecoin issuer is unreasonable. One of the commenters expressed support for supervising permitted payment stablecoin issuers in a manner similar to insured depository institutions but argued that due to the rapid speed at which the underlying technology can evolve, extending the examination cycle beyond 18 months is not prudent.

After consideration of the comments regarding the extended examination cycle, the OCC is shortening the extended examination cycle in § 15.14(d) to 18 to 24 months from 18 to 36 months. The 18- to 24-month examination cycle is appropriate because, as discussed below, it will be supplemented by weekly and quarterly reporting from each permitted payment stablecoin issuer. This reporting will allow the agency to conduct continuous

over national banks and Federal savings associations. This mirroring ensures the OCC is requesting examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities the OCC regulates, as required by section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)).

[118] *See* 12 U.S.C. 5905(a)(4)(B).

[119] The OCC notes that it has examination authority with respect to certain affiliates of national banks and Federal savings associations. *See* 12 U.S.C. 481; 12 U.S.C. 1464, 12 U.S.C. 1820(d). In addition, the OCC notes that, under § 15.14(m), the OCC would be made aware of certain changes in control with respect to a permitted payment stablecoin issuer.

monitoring of the condition of permitted payment stablecoin issuers, which reduces the need for more invasive supervisory tools such as full- or limited-scope examinations. In the final rule, the OCC maintains its authority to deny a permitted payment stablecoin issuer an extended examination cycle and to adjust the length of a permitted payment stablecoin issuer's examination cycle, including restoring the permitted payment stablecoin issuer to a 12-month examination cycle where appropriate.

The OCC has also opted to remove ''trading volume'' as a factor for whether a permitted payment stablecoin issuer qualifies for an extended examination cycle. After considering the comments, the OCC believes that it will be sufficient to look to the outstanding issuance value of a permitted payment stablecoin issuer without regard to the trading volume. As discussed in greater detail below, permitted payment stablecoin issuers will, nevertheless, be required to report certain information concerning trading volume.

Finally, § 15.14(d)(3) of the final rule provides that, to qualify for an extended examination cycle, the permitted payment stablecoin issuer must have an outstanding issuance value, together with any affiliated permitted payment stablecoin issuers, of less than $1 billion. The OCC is making this change in recognition of business models that use multiple issuer SPVs. The OCC is adopting § 15.14(d) with the shortened extended examination cycle, removal of trading volume, and inclusion of affiliated permitted payment stablecoin issuers in the calculation of the $1 billion threshold discussed above.

Proposed § 15.14(e) would have clarified that § 15.14 does not limit the OCC's authority to examine a permitted payment stablecoin issuer more frequently whenever the OCC deems it necessary. The provision expressly preserves the OCC's ability to conduct limited-scope examinations, as well as more frequent examinations. One commenter stated that the OCC should clarify objective triggers for limited-scope or ad hoc examinations while preserving emergency authority. The OCC declines to adopt objective triggers or measures that could give rise to the initiation of a targeted or limited examination. The OCC has not adopted similar objective triggers or measures for national banks and Federal savings associations, and the OCC did not find any compelling reasons to deviate from that approach with respect to permitted payment stablecoin issuers. For example, miscalibration of objective triggers or measures for limited-scope or ad hoc examinations could result in a supervisory framework that is overly inclusive and imposes unnecessary burden on institutions through excessive examinations or a framework that is underinclusive and provides less opportunity to identify and address material financial risks to permitted payment stablecoin issuers. The OCC has significant experience in determining examination frequency and scope in the context of national banks and Federal savings associations. As the OCC develops experience in examining and supervising permitted payment stablecoin issuers, it will consider whether it should revisit or revise the examination schedule and the triggers or measures for conducting limited-scope or ad hoc examinations. Therefore, the OCC is adopting § 15.14(e) as proposed.

Proposed § 15.14(f) would have required all permitted payment stablecoin issuers to maintain a complete set of books and records in English. The agency did not receive any comments related to this section and is adopting this provision as proposed.

Proposed § 15.14(g) would have required all permitted payment stablecoin issuers to develop and implement a records retention policy. The policy must ensure that the issuer can demonstrate compliance with the GENIUS Act, part 15, and all other applicable laws and regulations. One commenter recommended that the OCC revise the proposal to establish minimum standards for records retention. The OCC has elected not to codify minimum records retention standards in order to provide permitted payment stablecoin issuers with flexibility to manage and maintain their respective books and records while still being able to demonstrate compliance with applicable laws and regulations. Further, the agency has not established general retention standards for national banks and Federal savings associations, so establishing minimum records retention standards for permitted payment stablecoin issuers would be inconsistent with the agency's supervisory approach for national banks and Federal savings associations. The OCC may revisit this approach in the future if permitted payment stablecoin issuers would benefit from minimum records retention standards. The OCC is adopting § 15.14(g) as proposed.

c. Reports

i. Description of Proposed Rule

Section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires that each permitted payment stablecoin issuer shall, upon request, submit to the appropriate Federal payment stablecoin regulator a report on: the financial condition of the permitted payment stablecoin issuer; the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act; and the compliance of the Federal qualified nonbank payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. Section 6(a)(4) of the GENIUS Act (12 U.S.C. 5905(a)(4)) requires the OCC to take certain actions to promote efficiency in the supervision and examination of permitted payment stablecoin issuers. The OCC, in supervising and examining permitted payment stablecoin issuers, to the fullest extent possible, must use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information.

Proposed § 15.14(j) implemented section 6(a)(2) of the GENIUS Act and would have required each permitted payment stablecoin issuer subject to the requirements of section 6(a)(1) of the Act to, upon request, submit to the OCC a report on: (1) the financial condition of the permitted payment stablecoin issuer; (2) the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; (3) compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act and proposed part 15; and (4) compliance of the permitted payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. In an effort to clarify the GENIUS Act's requirements, the OCC proposed in § 15.14(j)(4) to expand the requirement that Federal qualified nonbank payment stablecoin issuers produce reports of compliance with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury to all permitted payment stablecoin issuers.[120]

[120] The OCC notes that section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires all permitted payment stablecoin issuers to provide the subsequent list of reports in section 6(a)(2)(A) through (D) to the OCC upon request, whereas section 6(a)(2)(D) refers to the compliance of ''the Federal qualified nonbank payment stablecoin

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In addition to the regulations codifying the reporting requirements in section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)), pursuant to its supervisory authority in section 6(a)(1) of the Act (12 U.S.C. 5905(a)(1)), the OCC proposed in § 15.14(h) to require permitted payment stablecoin issuers to submit on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form that will be available at *www.occ.gov*.[121] Proposed § 15.14(h) would have required all permitted payment stablecoin issuers to submit a confidential weekly report to the OCC in the manner and form specified by the agency. Under the proposal, a permitted payment stablecoin issuer would have been required to provide information regarding stablecoin issuance and redemption, trading volume, and reserve assets for each payment stablecoin it issued. The report would have included information relating to the blockchains on which the payment stablecoin was listed, outstanding issuance value, secondary market activity and price movements, redemption volume and timing, detailed information regarding reserve assets, and other relevant information. The agency published the weekly and quarterly reporting forms for notice and public comment on June 12, 2026.[122]

At a high level, the OCC proposed requiring permitted payment stablecoin issuers to provide information regarding issuance and redemption, trading volume, and reserve assets for each payment stablecoin they issue. The OCC proposed that the weekly report would include information relating to the blockchains on which the payment stablecoin was listed, outstanding issuance value, secondary market activity and price movement, redemption volume and timing, detailed information regarding reserve assets, and other relevant information. In the proposal, the OCC stated that requiring a permitted payment stablecoin issuer to provide a confidential set of data on a weekly basis for each payment stablecoin it issued would allow the agency to understand the permitted payment stablecoin issuer's operations and the risks unique to its business model. This regular data reporting would have allowed the OCC to tailor its examinations to be risk-based, which would have reduced the burden of examinations by focusing the scope of examinations. In addition, the OCC stated that this regular reporting framework would have allowed the agency to identify and respond more quickly to emerging novel risks and financial stability risks. Further, in support of this reporting framework, the OCC stated its belief that the proposed set of information is currently tracked on a regular basis by stablecoin issuers.

The OCC proposed in § 15.14(i) a separate provision that would have required permitted payment stablecoin issuers to submit quarterly reports of financial condition to the OCC, including, but not limited to, an income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC within 30 days of the end of the prior quarter. The OCC also proposed to require that each quarterly report of financial condition include a declaration from the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report was true and correct to the best of their knowledge and belief. The correctness of the quarterly report of condition would have also been attested to by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer making such declaration, with the attestation stating that the report had been examined by them and to the best of their knowledge and belief was true and correct. The OCC proposed requiring these declarations and attestations to ensure that the permitted payment stablecoin issuer's officers and directors were accountable for the accuracy of the permitted payment stablecoin issuer's reports of financial condition.

Proposed § 15.14(k) implemented section 5(i) of the GENIUS Act (12 U.S.C. 5904(i)). Consistent with the statute, under the proposed rule, not later than 180 days after the approval of an application, as defined in proposed § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer would have had to submit to the OCC a certification by its board of directors that the permitted payment stablecoin issuer had implemented anti-money laundering and economic sanctions compliance programs that were reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

ii. Description of Comments and Final Rule

Many commenters submitted general comments about the proposed reporting framework and requested that the OCC modify or incorporate various concepts into the proposed reporting framework. Several commenters expressed general support for the OCC's proposed reporting framework. The commenters stated that the cadence and data fields were sufficient to support the prudential regulation of permitted payment stablecoin issuers. One commenter expressed support for the reporting framework on the grounds that it may reduce the need for more intrusive or frequent on-site examinations. Another commenter expressed support for standardized reporting forms on the grounds that they are a proportionate mechanism to improve supervisory visibility into the operational, liquidity, and market risks of permitted payment stablecoin issuers.

Several commenters encouraged the OCC to coordinate stablecoin reporting requirements under the proposal with other Federal payment stablecoin regulators, stating that interagency coordination is essential to promote consistency, reduce duplication, and ensure an efficient supervisory framework for institutions subject to multiple Federal regulators. At this time, the OCC has determined that the issuance of OCC-specific reporting forms for OCC-supervised permitted payment stablecoin issuers best ensures that the weekly and quarterly reporting forms are available when the agency's stablecoin regulations become effective. In the future, the OCC will consider potentially using an interagency framework for the submission of reports to promote consistency.

Several commenters recommended additional reporting requirements to strengthen supervisory oversight of permitted payment stablecoin issuers.

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issuer with the requirements of the Bank Secrecy Act.'' Based on the structure of section 6(a)(2), the OCC believes all permitted payment stablecoin issuers must, upon request, produce each of the listed reports and that the OCC could request the report required in section 6(a)(2)(D) from a permitted payment stablecoin issuer. Additionally, section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)) gives the OCC supervisory authority over all permitted payment stablecoin issuers, which provides the OCC with further authority to request the report in section 6(a)(2)(D).

[121] *See* 12 U.S.C. 5905(a)(1) and (2). With regard to reporting by a permitted payment stablecoin issuer as to its assets under custody, section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)) provides an additional statutory grant of authority.

[122] *Proposed Information Collection; Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency,* 91 FR 35795 (June 12, 2026).

One commenter urged the OCC to require monthly reporting of any instances in which a permitted payment stablecoin issuer extends the redemption period beyond two business days to complete compliance checks. Another commenter suggested that regulators consider collecting data on transaction rejections, delays, account closures, and geographic restrictions to improve visibility into access-related outcomes. A further commenter recommended that the OCC consider requiring an annual attestation report on management's assertions regarding the effectiveness of internal controls over stablecoin operations and reserves. Another commenter recommended that the final rule require every OCC-supervised permitted payment stablecoin issuer to file a current report with the OCC within one business day whenever the secondary market trading price of its payment stablecoin deviates downward from $1.00 by more than one quarter of one percent.

One commenter stated that new reporting obligations should leverage information already maintained in the ordinary course of business wherever possible. The commenter noted that payment stablecoins may present supervisory visibility challenges that are not fully addressed by traditional banking or payments reporting, particularly once stablecoins circulate beyond initial issuance and redemption channels. The commenter stated that the OCC should consider whether targeted, standardized, machine-readable reporting fields are appropriate to capture material secondary-market activity, concentration, operational interventions, and other risk indicators that may be observable through issuers, service providers, or private or public blockchain data. The commenter claimed that such an approach would help avoid supervisory blind spots while remaining consistent with a risk-based and operationally practicable framework.

One commenter stated that smaller institutions may lack the staffing and systems needed to support frequent or highly granular reporting, including weekly submissions, and urged the OCC to account for those operational constraints. The commenter recommended that the OCC rely on existing supervisory information and frameworks for bank-affiliated issuers wherever practicable and avoid requirements that would force new technology investments, additional staffing, or duplicative attestations without clear supervisory benefit. The commenter also urged the OCC to provide standardized reporting tools if more frequent reporting is required and supported an additional tier for small issuers to better align requirements with risk and operational capacity. The commenter further stated that nonbank permitted payment stablecoin issuers warrant more prescriptive reporting obligations, given the absence of an ongoing prudential supervisory relationship comparable to that applicable to insured depository institutions. Another commenter stated that traditional core systems are often limited to two decimal places, whereas other stablecoins require six. The commenter stated that the agency should consider the operational modernization required to support stablecoins. The OCC recognizes that some banks may currently lack the operational capacity to support certain payment stablecoin activities. Such institutions are not required to engage in payment stablecoin activities, but, to the extent that they do so, they must do so in a safe and sound manner, which may entail modernizing certain systems.

Several commenters recommended that the agency adopt a risk-based reporting framework based on a permitted payment stablecoin issuer's size, complexity, and risk profile. In general, the commenters recommended that the OCC implement reduced or streamlined reporting requirements for smaller and less complex permitted payment stablecoin issuers. The commenters claimed that these permitted payment stablecoin issuers do not present the same risk as larger, more complex permitted payment stablecoin issuers and therefore should not be subject to the same reporting requirements. Some commenters added that a reduced reporting burden would result in a reduction in operating expenses for smaller permitted payment stablecoin issuers. One commenter recommended that the OCC impose reduced reporting requirements on those permitted payment stablecoin issuers that qualify for an extended examination cycle under § 15.14(d). Upon consideration, the OCC has determined that all permitted payment stablecoin issuers should be required to submit weekly reporting and quarterly reports of condition because this information is essential to the oversight of permitted payment stablecoin issuers and the stablecoin market. The OCC has proposed reporting forms for comment and will revise those forms, as appropriate, based on the comments received. In addition, the OCC intends to evaluate the information it receives from reports from permitted payment stablecoin issuers to consider whether to revise the reporting forms to reduce burden while still providing the information necessary to the OCC's supervision.

Commenters urged the OCC to adopt a reporting framework that maintains regulatory differentiation between bank and nonbank stablecoin issuers. The commenters stated that bank-affiliated issuers should be permitted to satisfy stablecoin-specific reporting obligations through streamlined, integrated disclosures—such as supplemental schedules to Call Reports—while nonbank issuers should be subject to more robust, standalone reporting and audit requirements commensurate with their risk profile and lack of prudential supervision. Commenters stated that this approach would preserve safety and soundness, promote regulatory consistency, and support community bank participation in stablecoin activities without disadvantaging institutions that already operate under a rigorous supervisory framework.

After careful consideration of the comments, the OCC has determined that all permitted payment stablecoin issuers should be subject to uniform reporting requirements. This approach ensures that the OCC receives a consistent set of data across all permitted payment stablecoin issuers. As discussed, the OCC considered the information to be collected to be an appropriate minimum amount of data for permitted payment stablecoin issuers. The receipt of this data will also allow the OCC to calibrate its supervisory approach to each permitted payment stablecoin issuer and minimize supervisory disruptions associated with limited and full-scope examinations. Moreover, reporting consistency should help the OCC ensure comparability and better facilitate market oversight.

A few commenters urged the OCC to focus reporting on primary market data, including primary market issuance, redemption activity, and reserve composition. One commenter emphasized that the proposed weekly reporting should focus on primary market data instead of secondary market data. The commenters added that, if the OCC does require secondary market reporting, the data collected should focus on material secondary market indicators relevant to prudential supervision and market integrity. Some of the commenters also noted the challenges with reporting secondary market data since market activity occurs across multiple venues and through intermediaries where the permitted payment stablecoin issuer may lack full visibility. The OCC will consider this comment in conjunction with comments

received on the draft reporting forms and revise the final forms accordingly.[123]

One commenter stated that a permitted payment stablecoin issuer's reporting and risk management obligations are overly focused on primary market activity—*i.e.,* issuance and redemption of payment stablecoins directly between the issuer and its customers. The commenter claimed that this creates two distinct and serious gaps that the final rule should address: one in safety and soundness oversight and one in illicit finance compliance. The commenter stated that permitted payment stablecoin issuers should be required to submit reporting when secondary market prices move below $1.00 and implement a real-time secondary market transaction monitoring program to detect unusual activity and report anomalies to the OCC. The OCC will consider this comment along with the comments received on the draft reporting forms when deciding what modifications should be made in the final forms with respect to secondary market data.[124]

One commenter stated that the proposed categories of information in the reporting forms would not require information about the protocol or set of protocols on which the stablecoins are deployed. The commenter added that the weekly reporting forms should, at a minimum, include a list of protocols on which the permitted payment stablecoin issuer's stablecoins are deployed above a certain threshold. The same commenter further added that the OCC should impose a similar reporting requirement for tokenized reserves. The OCC will consider this comment along with comments received on the draft reporting forms when finalizing the reporting forms.[125]

One commenter recommended that the agency consider including a broader set of quality indicators in the final rule. The commenter proposed including peg stability, price integrity, liquidity depth, exit feasibility, holder concentration, technical risk, and network and infrastructure dependencies.

Several commenters stated that the OCC should require all reporting forms for weekly, monthly, and quarterly reporting to be in a standardized, machine-readable format, including eXtensible Business Reporting Language (commonly known as ''XBRL'') or ISO 20022-aligned structures. The commenters generally stated that requiring reporting in a machine-readable format would allow for efficiencies including automated data extraction and the ability to easily compare reporting across permitted payment stablecoin issuers.

On June 25, 2026, pursuant to the Financial Data Transparency Act (FDTA),[126] the OCC and other Federal agencies issued a joint final rule establishing joint data standards.[127] In addition to the joint rule, the FDTA also directs each agency to issue individual rules adopting applicable joint standards for certain collections of information under their respective purview. The OCC has not issued its agency-specific rulemaking adopting applicable joint standards. In developing and finalizing the weekly, monthly, and quarterly reporting forms, the OCC will ensure that the reporting forms are consistent with the FDTA and the agencies' joint rule. Of note, the OCC will be able to accept some ISO 20022 structures, such as eXtensible Markup Language (commonly known as ''XML'').

The agency received several comments concerning whether the agency should implement real-time reporting. A few commenters expressed support for real-time reporting. One commenter noted that some relevant data exists on-chain and can be extracted in real time. Another commenter stated that the implementation of real-time reporting could meaningfully reduce the frequency of on-site examinations.

Conversely, several commenters opposed the adoption of real-time reporting and stated that it should not be required in the final rule. The commenters generally claimed that real-time reporting would be unnecessary or overly burdensome. One commenter stated that while permitted payment stablecoin issuers may track certain data in real time, translating such data into a form ready for supervisory reporting often requires reconciliation, validation, and normalization processes that would make real-time external reporting unnecessarily burdensome. Another commenter stated that some data fields are not observable in real time and that a weekly reporting cadence is more aligned with the operational rhythm already used by issuers. Another commenter stated that a weekly reporting cadence is preferable to real-time reporting and suggested that the weekly reporting framework could be supplemented with event-driven reporting.

Upon consideration, the OCC has declined to incorporate a real-time reporting component into the reporting framework for permitted payment stablecoin issuers. The OCC has determined that a weekly and quarterly reporting cadence will provide the agency with sufficient data and supervisory visibility into the stablecoin market. Further, the agency is sensitive to the increased operational expense and burden that the implementation of real-time reporting would impose on permitted payment stablecoin issuers. For these reasons, the OCC has declined to impose a real-time reporting requirement on permitted payment stablecoin issuers. The OCC may reconsider this position in the future if, for example, effective supervision of the stablecoin market demands the implementation of real-time reporting or future technological advances mean that implementing real-time reporting would not be overly burdensome for permitted payment stablecoin issuers.

A few commenters stated that the OCC should publish and solicit comment on the weekly and quarterly reporting forms and instructions referenced in the proposal in advance of finalizing the reporting forms. On June 12, 2026, the OCC published the weekly and quarterly reporting forms and instructions and requested public comment on the forms and their instructions.[128] The OCC will consider the comments on these forms, as well as those described above, when finalizing the reporting forms for permitted payment stablecoin issuers.

One commenter stated that the OCC should specify the reporting categories and their required level of detail in the rule text itself. The commenter expressed concern that if the reporting categories and the required level of detail are not included in the rule, the OCC could modify the reporting forms without proceeding through the formal rulemaking process, which would include notice and comment.

The final rule does not incorporate or specify the reporting fields or the required level of detail. Inclusion of such language is unnecessary to provide the public with prior notice and opportunity to comment on the reports. As with the proposed reporting forms, the agency has solicited public comments on both the reporting framework (*i.e.,* weekly and quarterly reporting) through the notice of proposed rulemaking on March 2,

[123] *See* 91 FR 35795.

[124] *Id.*

[125] *Id.*

[126] *See The Financial Data Transparency Act of 2022,* Public Law 117–263, title LVIII, 136 Stat. 3421.

[127] *See Financial Data Transparency Act Joint Data Standards,* 91 FR 38246 (June 25, 2026).

[128] *See* 91 FR 35795.

2026 [129] and the reporting forms and instructions, which the agency published on June 12, 2026.[130] In both adopting and amending the reporting forms, the OCC will adhere to administrative laws and regulations, including the Paperwork Reduction Act.[131]

Weekly Reports

As discussed above, proposed § 15.14(h) would have required all permitted payment stablecoin issuers to submit a confidential weekly report to the OCC in the manner and form specified by the agency. Under the proposal, a permitted payment stablecoin issuer would have been required to provide information regarding stablecoin issuance and redemption, trading volume, and reserve assets for each payment stablecoin it issues. The report would have included information relating to the blockchains on which the payment stablecoin operates, outstanding issuance value, secondary market activity and price movements, redemption volume and timing, detailed information regarding reserve assets, and other relevant information. As discussed above, the agency published the weekly and quarterly reporting forms for notice and public comment on June 12, 2026. The following discussion includes comments received in response to the proposal's issuance on March 2, 2026, and the weekly reporting forms and instructions' issuance on June 12, 2026.

A few commenters expressed support for the weekly reporting cadence on the grounds that the reporting framework is generally well calibrated and directionally appropriate. However, the commenters also expressed a desire for the OCC to narrow the data fields to categories more closely tied to the statutory requirements and prudential oversight. For example, commenters recommended recalibrating the data fields to focus on liquidity, reserve management, and redemptions.

Several commenters also expressed opposition to the weekly reporting requirement. Generally, the commenters opposed the weekly reporting requirement on the grounds that it is overly burdensome, particularly for smaller issuers. In some cases, the commenters questioned the supervisory value of weekly reporting. The commenters also expressed a preference for a variety of reporting alternatives, including monthly reporting, monthly reporting accompanied by event-triggered reporting, and quarterly confidential reporting in addition to quarterly public reporting. One commenter added that if the OCC adopts weekly reporting, the data fields should be limited to the core data fields necessary to monitor a permitted payment stablecoin issuer for safety and soundness.

Under proposed § 15.14(h), the weekly reporting submitted to the OCC would have been confidential. One commenter expressed the view that stablecoin holders would benefit from having access to weekly reporting and encouraged the OCC to make the weekly reporting available to the public. Two commenters opposed the disclosure of weekly data on the grounds that it could create market distortions, reveal commercially sensitive information, and risk encouraging short-term market reactions to normal operational fluctuations that do not reflect underlying prudential concerns. Further, the commenters stated that disclosures should be focused on statutorily required disclosures such as reserve composition. One of the commenters expressed an openness to the disclosure of aggregated statistics on payment stablecoin issuance and volumes, among other things, for payment stablecoins.

One commenter stated that the weekly reporting under proposed § 15.14(h) is not designed to identify protocol-level exposure. Specifically, the commenter stated that the data fields enumerated in proposed § 15.14(h) are appropriate for entity-level reserve and redemption oversight, but do not capture the protocol deployment of stablecoin-denominated assets where systemic risk is concentrated.

Several commenters opposed the OCC's proposed weekly collection of ''the 100 persons that hold or trade the stablecoin the most.'' Commenters generally opposed the collection of this information on several grounds. First, commenters stated that the OCC has not articulated a clear supervisory rationale for collecting this data and that this information is not essential to understanding a permitted payment stablecoin issuer's operations. Second, commenters claimed that issuers cannot reliably produce this data because payment stablecoins frequently trade through exchanges and intermediaries, which limits permitted payment stablecoin issuers' ability to reliably identify the top 100 holders on a recurring basis. Finally, the commenters claimed that the required disclosure of top-holder information raises significant privacy concerns. Several commenters presented solutions ranging from removing the collection of this data from the weekly reporting form to focusing the collection on the top 100 wallets, which would not include any beneficial ownership information.

Upon review of the comments, the OCC intends to keep the weekly reporting confidential. The agency believes that the confidentiality of this reporting serves the interest of promoting the exchange of supervisory information between permitted payment stablecoin issuers and the OCC. In the future, the OCC may consider publishing a limited set of data if it would be useful to the public. For example, the OCC may consider publishing a limited set of aggregate statistics based on the weekly reporting. The OCC published a draft weekly reporting form for comment that requests information on the top 100 payment stablecoin wallet addresses, not information identifying the top 100 individual persons holding payment stablecoins of an issuer.[132] The OCC believes the collection of this information will provide important supervisory data points related to concentration risk, payment stablecoin volatility, and other payment stablecoin characteristics that are important to the OCC's supervision of permitted payment stablecoin issuers. The OCC plans to make adjustments to the reporting forms as appropriate to address comments received, as the market develops, and as the OCC gains experience supervising permitted payment stablecoin issuers.

Quarterly Reports

As discussed above, proposed § 15.14(i) would have required all permitted payment stablecoin issuers to submit a quarterly report of financial condition within 30 days after the end of the prior quarter and in a standardized format prescribed by the OCC. Under the proposal, permitted payment stablecoin issuers would have been required to submit quarterly reports of financial condition to the OCC, including, but not limited to, an income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding

[129] *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,* 91 FR 10202 (March 2, 2026).

[130] 91 FR 35795.

[131] *See* the *Paperwork Reduction Act of 1995,* 44 U.S.C. 3501 *et seq.*

[132] 91 FR 35795; OCC Bulletin 2026–24, ''GENIUS Act: Reporting Forms and Instructions for Permitted Payment Stablecoin Issuers Subject to the Jurisdiction of the Office of the Comptroller of the Currency,'' (June 11, 2026), *https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-24.html.*

issuance value, and assets under custody, in a standardized format. The agency published the weekly and quarterly reporting forms for notice and public comment on June 12, 2026.[133] The following discussion includes comments received in response to the proposal's issuance on March 2, 2026.

A few commenters expressed support for requiring permitted payment stablecoin issuers to provide quarterly reports of financial condition. The commenters generally stated that quarterly reporting is an important tool to both compare permitted payment stablecoin issuers and prevent the deterioration of market confidence.

Several commenters stated that permitted payment stablecoin issuers that are subsidiaries of national banks that already file Call Reports should not be required to submit a separate quarterly report in order to minimize duplicative reporting requirements, reduce reporting burden, and lower compliance costs. The commenters generally advocated that these permitted payment stablecoin issuers be allowed to submit a stablecoin-specific appendix or schedule.

Some commenters stated that the OCC should allow other executives, besides the Chief Financial Officer or the individual performing the equivalent function, to provide the quarterly report attestation. The commenters also recommended that the OCC allow a subset of the board of directors and senior management, as opposed to all members of the board of directors and senior management, to attest to the correctness of quarterly reports. The OCC believes that the Chief Financial Officer, or the individual performing the equivalent function, is the correct member of senior management to be accountable for providing an attestation to the accuracy of quarterly reports. A single accountable member of senior management will help ensure that a member of senior management has ownership of a permitted payment stablecoin issuer's financial reporting function. Similarly, the OCC believes that requiring all members of the board of directors and senior management to attest to the correctness of quarterly reports will help ensure that the board of directors and senior management are engaged in the oversight of the permitted payment stablecoin issuer's financial reporting function.

Upon consideration of the comments received, the OCC has elected to adopt the quarterly reporting provision as proposed with new subdivisions and other technical edits. Final § 15.14(i)(1) requires a quarterly report on the financial condition, final § 15.14(i)(2) requires a declaration that the report is true and correct, and final § 15.14(i)(3) requires certain signatures of directors and senior management. The technical edits involve the addition of ''and'' to final § 15.14(i)(1) for clarity and the addition of commas in final § 15.14(i)(3) for clarity. In the interest of promoting transparency, the OCC has determined that each permitted payment stablecoin issuer must submit a quarterly report of condition. The agency has adopted this approach because it establishes a uniform requirement across all permitted payment stablecoin issuers and will minimize public confusion about where to find quarterly reports of condition for permitted payment stablecoin issuers. If some permitted payment stablecoin issuers were allowed to attach quarterly reports of condition to Call Reports, the public could find it challenging to locate stablecoin-specific quarterly reporting forms if it is not widely known or understood that a permitted payment stablecoin issuer is a subsidiary of an institution that is a Call Report filer. Therefore, the OCC has elected to adopt a uniform quarterly reporting requirement for all permitted payment stablecoin issuers.

One commenter stated that large and complex permitted payment stablecoin issuers (*e.g.,* those above $10 billion in payment stablecoin issuance or that meet the other criteria cited above) should be required to report at a much higher frequency than quarterly, similar to the prudential bank requirements for the largest banking organizations. Under § 15.14(h) of the final rule, all permitted payment stablecoin issuers will be required to provide weekly confidential reporting to the OCC.

One commenter stated that the quarterly reporting requirement in proposed § 15.14(i) should be tailored to ensure proportionality across the rulemaking and consistency across prudential regulators, to avoid unnecessary duplication and be consistent with a risk-based supervisory approach.

One commenter recommended making quarterly reporting data publicly available as the reports are likely to contain material facts that are pertinent to stablecoin holders and other data users. Similar to the publication of Call Reports, the OCC intends to publish the quarterly reporting forms for OCC-supervised permitted payment stablecoin issuers.

Other Supervisory Reports

Proposed § 15.14(j) addressed section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) and would have required each permitted payment stablecoin issuer subject to the requirements of section 6(a)(1) of the Act to, upon request, submit to the OCC a report on: (1) the financial condition of the permitted payment stablecoin issuer; (2) the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; (3) compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act and proposed part 15; and (4) compliance of the permitted payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.[134]

In an effort to clarify the GENIUS Act's requirements, the OCC proposed in § 15.14(j)(4) to expand the requirement in section 6(a)(2)(D) of the GENIUS Act (12 U.S.C. 5905(a)(2)(D)) that Federal qualified nonbank payment stablecoin issuers produce reports of compliance with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury to all permitted payment stablecoin issuers.

The proposal also requested feedback on this expanded approach and whether the OCC should apply this requirement to all permitted payment stablecoin issuers. One commenter stated that the requirement should apply to all OCC-supervised permitted payment stablecoin issuers. The commenter stated that BSA and sanctions risks are not meaningfully reduced by charter type. The commenter also claimed that stablecoin-specific AML and CFT expectations are being applied internationally across issuer categories rather than solely to nonbanks. The commenter further recommended providing uniform substantive coverage with proportional, non-duplicative collection of information—*i.e.,* if a bank subsidiary's parent already provides equivalent information through existing supervisory channels, the OCC can rely on that information to avoid duplicate reporting. Another commenter stated that the requirements to provide reports on compliance with the BSA should not be required for permitted payment stablecoin issuers that are already subject to the BSA, including national

[133] *Id.*

[134] *See* 12 U.S.C. 5905(a)(2).

banks (whether insured or otherwise) and their subsidiaries.

After careful consideration of the comments, the OCC has elected to revise § 15.14(j) in the final rule to better reflect section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)). As a result, final § 15.14(j)(4) will apply only to Federal qualified nonbank payment stablecoin issuers [135] in the final rule, codifying the reporting requirements as provided for in the GENIUS Act and not expanding the requirement to all permitted payment stablecoin issuers. The OCC notes that it may nevertheless obtain information relating to the compliance of a permitted payment stablecoin issuer with the requirements of the Bank Secrecy Act and laws authorizing the imposition of sanctions as part of ongoing supervision.

BSA Certification

Proposed § 15.14(k), implementing section 5(i) of the GENIUS Act (12 U.S.C. 5904(i)), would have required a permitted payment stablecoin issuer, no later than 180 days after approval under § 15.30 and annually thereafter, to submit a board certification regarding its AML/CFT and sanctions compliance programs. The certification would have needed to state that the permitted payment stablecoin issuer had implemented programs reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, including money laundering for cartels and designated foreign terrorist organizations, and the financing of terrorist activities, consistent with the GENIUS Act.

Commenters addressed the burden associated with the requirement. Specifically, one commenter stated that the proposed post-approval requirement to submit a certification of having implemented anti-money laundering and sanctions compliance programs is unnecessary, as such programs would have already been vetted by the OCC as part of the approval and organization process required for a national trust bank. As stated above, this regulation is implementing a statutory provision, so the annual post-approval certification is mandated by the GENIUS Act.[136] Another commenter stated that if ongoing compliance certifications are required under § 15.14(k), AML and sanctions-related certifications should be made by the AML officer rather than the board, given the officer's direct responsibility for and proximity to those programs. After careful consideration of the comments and burden associated with the requirement generally, the OCC has decided to amend § 15.14(k) to provide permitted payment stablecoin issuers with increased flexibility to provide the annual certifications by allowing the board of directors to provide the initial certification and then all subsequent annual certifications may be provided by the board of directors, an appropriate committee of the board of directors, or the Bank Secrecy Act officer. While it is important that the board of directors demonstrates its oversight of the permitted payment stablecoin issuer's compliance function through submission of the initial certification, this approach balances the goal of ensuring that the board of directors is actively involved in the oversight of the permitted payment stablecoin issuer's compliance program at the initiation of operations and minimizing the board of directors' ongoing administrative burden. As required by statute, the OCC will pursue examination and supervisory policies that maximize efficiency and minimize duplication, including, where appropriate, limiting requests for supplemental or ad hoc reporting from OCC-supervised permitted payment stablecoin issuers.[137]

Another commenter stated that the OCC should consider requiring foreign payment stablecoin issuers accessing United States banking infrastructure through OCC-supervised institutions to provide AML certifications equivalent to those of permitted payment stablecoin issuers. Section 5(i) of the GENIUS Act (12 U.S.C. 5904(i)) does not impose a certification requirement on foreign payment stablecoin issuers—only permitted payment stablecoin issuers. As discussed below, however, consistent with section 18(c)(2)(A) of the Act (12 U.S.C. 5916(c)(2)(A)), a foreign payment stablecoin issuer registered with the OCC must produce the reports required of a permitted payment stablecoin issuer under § 15.14 as well as any other reports the OCC may require.[138] The OCC believes that the reports required under § 15.14, and other reports that the OCC may require, will generally be sufficient to ensure compliance with applicable AML/CFT and sanctions provisions. To the extent such reports are not sufficient to demonstrate such compliance, the OCC may require additional reporting pursuant to § 15.31(b)(2)(i).

The OCC is also revising § 15.14(k) to replace the phrase ''defined in § 15.30'' with ''set forth in § 15.30.'' This is a technical change in light of the fact that § 15.30 sets forth the process for approving an application but does not separately define approval. The OCC is also dividing proposed § 15.14(k) into final § 15.14(k)(1) and (2), with final § 15.14(k)(2) describing which individuals provide the initial and subsequent certifications.

d. Audits

Section 4(a)(10) of the GENIUS Act (12 U.S.C. 5903(a)(10)) requires that a permitted payment stablecoin issuer with more than $50 billion in consolidated total outstanding issuance value that is not subject to certain reporting requirements under Federal securities laws prepare an annual financial statement. Section 4(a)(10) further provides that a registered public accounting firm must perform an audit of the annual financial statement. Under this section, the audited annual financial statement must also be made publicly available on the permitted payment stablecoin issuer's website and be submitted annually to the primary Federal payment stablecoin regulator.

Proposed § 15.14(l) implemented the requirements of section 4(a)(10) of the GENIUS Act. Under the proposed rule, each permitted payment stablecoin issuer with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) would be required to prepare, in accordance with GAAP, an annual financial statement that included the disclosure of any related party transactions, as defined by GAAP. Proposed § 15.14(l)(1) required that a registered public accounting firm conduct an audit of the financial statements in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board (PCAOB). This provision incorporates the requirement in section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) that an audit described in section 4(a)(10)(A)(ii) shall ''be conducted in accordance with all applicable auditing standards established by the PCAOB, including those relating to auditor independence, internal controls, and related party transactions.'' As a part of its oversight of accounting firms that audit public companies, the PCAOB has authority to establish the applicable audit standards

[135] Although not a defined term in the GENIUS Act, the OCC interprets the term ''Federal qualified nonbank payment stablecoin issuers'' to mean Federal qualified payment stablecoin issuers that are nonbank entities.

[136] *See* 12 U.S.C. 5904(i).

[137] *See* 12 U.S.C. 5905(a)(4)(B).

[138] A foreign payment stablecoin issuer may request an exemption from an otherwise applicable reporting requirement.

for those accounting firms. The GENIUS Act, however, did not amend the PCAOB's authority to establish audit standards for permitted payment stablecoin issuers that are not required reporters under the Securities Exchange Act of 1934.[139] Thus, none of the PCAOB's audit standards would be applicable to a permitted payment stablecoin issuer if the permitted payment stablecoin issuer were not a required reporter under the Securities Exchange Act of 1934. Nevertheless, the GENIUS Act states that audits conducted pursuant to section 4(a)(10)(A)(ii) must ''be conducted in accordance with all applicable auditing standards established'' by the PCAOB. In light of the language of section 4(a)(10)(A)(iii) of the Act (12 U.S.C. 5903(a)(10)(A)(iii)), it is appropriate to clarify that the ''applicable auditing standards'' in this context means those auditing standards that would apply if the permitted payment stablecoin issuer were subject to the reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)). The OCC determined that the most logical applicable audit standards are those that would apply if the permitted payment stablecoin issuer were a filer under section 13(a) or 15(d) of the Securities Exchange Act of 1934 because section 4(a)(10)(A)(i)–(iii) of the Act (12 U.S.C. 5903(a)(10)(A)(i)–(iii)) appear intended to address those entities that would otherwise be subject to the requirements of sections 13(a) or 15(d) of the Securities Exchange Act of 1934.

The standards would be enforced by the OCC for permitted payment stablecoin issuers subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)). Consistent with this framework, the OCC may at any time request that a registered public accounting firm provide to the OCC certain additional information or documents relating to information provided by the permitted payment stablecoin issuer. The registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)). Proposed § 15.14(l)(2) would have required the permitted payment stablecoin issuer to: (1) make the audited financial statement publicly available on its website, and (2) submit the audited financial statement annually to the OCC. Under proposed § 15.14(l)(2)(ii), a permitted payment stablecoin issuer would have been required to submit to the OCC annually, within 120 days of the end of its fiscal year, an audited financial statement. If a permitted payment stablecoin issuer were unable to timely file all or any portion of its financial statements, proposed § 15.14(l)(2)(iii) would have required the permitted payment stablecoin issuer to submit a written notice of late filing to the OCC that would: (A) disclose the permitted payment stablecoin issuer's inability to file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail; (B) include the date by which the financial statement will be filed; and (C) be filed on or before the deadline for filing the financial statement.

Many commenters submitted general comments about the proposed audit requirements in § 15.14(l) and requested that the OCC modify or incorporate various concepts into the audit regulations. Several commenters recommended that the OCC clarify its interpretation of ''applicable auditing standards'' in the rule text. One commenter recommended that the standards be equivalent to those that would apply under the Securities Exchange Act of 1934 reporting, without importing the SEC's full registrant regime for non-registrants. The commenter added that in many cases, standalone issuer financial statements may more appropriately be prepared under the AICPA's standards, even where parent-level reporting follows a different framework. Two commenters stated that the final rule should state that the applicable auditing standards are those that would apply to an issuer subject to the reporting requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934. One of the commenters added that clear articulation of this standard is important given the differing regulatory auditing baselines applicable to bank and nonbank issuers.

The OCC also received several comments recommending that the agency clarify that it would enforce audit standards and may request documents and information from a registered public accounting firm related to a permitted payment stablecoin issuer. One commenter recommended that the OCC make clear that enforcement of audit standards for bank-affiliated issuers will be conducted within the OCC's existing supervisory authority and examination processes. The commenter further claimed that any authority to obtain information from registered public accounting firms should be narrowly tailored and exercised only where necessary. Another commenter stated that it would be appropriate for the OCC to clarify the statutory enforcement authority regarding audits performed under the statute. Another commenter stated that the OCC should also state that it may obtain additional documents and, where necessary, working papers from the registered public accounting firm, subject to confidentiality protections, because effective supervision depends on being able to evaluate the reliability and scope of the external audit. Another commenter stated that the OCC may retain authority to request additional auditor information, but that authority should be exercised on a targeted and risk-based basis rather than as an open-ended or routine working-paper production obligation. Any such request should be tied to a specific supervisory need, identified discrepancy, or materiality concern, and it should be subject to written scope and confidentiality protections. One commenter stated that it is not necessary to include in the rule text that the OCC would enforce the standards.

One commenter noted that the audit under § 15.14(l) must be performed in accordance with PCAOB auditing standards and performed by a public accounting firm that is registered with the PCAOB. The commenter encouraged the agency to consider the existing auditor oversight mechanisms in place when considering the enforcement of auditing standards for permitted payment stablecoin issuers subject to the audit requirement. The commenter stated that in similar instances where laws or regulations require an audit to be performed in accordance with PCAOB auditing standards, but the audit does not fall within the scope of the PCAOB's oversight, such audits, insofar as they are performed by a United States public accounting firm, are subject to external oversight from the AICPA. The commenter further recognized that even if the OCC relies on these existing oversight mechanisms, there may be certain circumstances, such as in the event of a failure or major issue with a permitted payment stablecoin issuer, when it is necessary for the OCC to ''request that a registered public accounting firm provide to the OCC certain additional information or documents relating to information provided by the permitted payment stablecoin issuer.'' The commenter

[139] *See* section 4(a)(10)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iv)) (providing that nothing in subparagraph A shall be construed to limit, alter, or expand the jurisdiction of the PCAOB over permitted payment stablecoin issuers or registered public accounting firms).

stated that such an approach would be consistent with frameworks adopted by other regulators, such as the FDIC, which acknowledge the importance of the Peer Review Program for ongoing oversight of audits, while still retaining the right to request access to auditors' working papers, policies, procedures, and other documentation as appropriate. Finally, the commenter stated that it would be important for the OCC to clarify that its ability to request access to documentation would not change the documentation retention requirements as established in the applicable auditing standards.

One commenter stated that it would be helpful for the OCC to clarify the independence standards with which it expects public accounting firms to comply when performing audits for permitted payment stablecoin issuers within the scope of § 15.14(l). The commenter stated that clarification regarding whether the intent is to require all PCAOB and SEC independence requirements, including those that are only applicable to public companies, is needed. This comment had similarly suggested that the OCC clarify the standards for monthly examinations of reports by a registered public accounting firm under § 15.11(f). A separate comment made a similar suggestion for clearer standards in the § 15.11(f) context. Like how the OCC is not adopting more specific standards into § 15.11(f), the OCC is not adopting the suggested change to § 15.14(l) concerning the independence standard. The proposed regulatory text was sufficiently clear that auditors must comply with the independence standards established by the PCAOB. To avoid any confusion, the independence standards established through the PCAOB's rules are the applicable independence standards that auditors should adhere to when performing an audit pursuant to § 15.14(l).[140]

One commenter recommended that the OCC consider the competency, qualifications, and specialized expertise of CPAs in good standing in its interpretation of the GENIUS Act as it relates to monthly examinations and audits of nonpublic issuers. The commenter argued that restricting these services to PCAOB-registered firms could unintentionally limit CPA availability, reduce competition, and create bottlenecks—particularly for smaller or State qualified issuers—without improving audit or examination quality. Additionally, the commenter stated that stablecoin-related engagements would not fall under the PCAOB inspection program, even if performed by a registered firm, and would instead be subject to the AICPA's robust peer review framework.

One commenter stated that if a payment stablecoin issuer is a subsidiary of an entity that is subject to the reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)), the final rule could clarify whether the subsidiary's audited financial statements are still required, or if the parent's or holding company's consolidated audited financial statements are sufficient to comply with the rule's requirements. Consistent with the proposal, the OCC confirms that the audit requirement would not apply to a permitted payment stablecoin issuer whose parent company is subject to the reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934 to the extent that the permitted payment stablecoin issuer's operations would be reflected in its parent company's applicable reports.

After carefully considering the comments, the OCC is adopting § 15.14(l) as proposed, with minor technical changes. First, the OCC is adding the word ''total consolidated'' in front of ''outstanding issuance value'' in light of changes to the definition of ''outstanding issuance value.'' These revisions do not change the substance of what was proposed in § 15.14(l). Second, the OCC replaced ''an annual financial statement that must include'' in proposed § 15.14(l) with ''an annual financial statement and the statement must include'' for clarity. Third, the OCC is adding the phrase ''rules and'' before ''auditing standards'' in § 15.14(l)(1) for clarity. The PCAOB's independence guidance is established through rules and not auditing standards, so the OCC is clarifying that all ''applicable rules and auditing standards'' apply to audits performed pursuant to § 15.14(l). The OCC is also replacing references to the ''Securities and Exchange Act'' with ''Securities Exchange Act.''

With respect to other comments, the OCC does not believe that additional changes to the regulation are necessary. Generally, the comments received related to proposed § 15.14(l) expressed opposition to the statutory audit requirements in section 4(a)(10) of the GENIUS Act (12 U.S.C. 5903(a)(10)) as opposed to the OCC's proposed implementation of the GENIUS Act's audit requirements. The comments were primarily focused on introducing clarifying language, implementing provisions that would relax the GENIUS Act's statutory requirements, and incorporating standards that were otherwise not provided for under the GENIUS Act. The OCC considered these recommendations and assessed whether there were compelling reasons to implement certain clarifications or modify the rule text to be more accommodating but ultimately concluded that the GENIUS Act clearly articulates the audit requirements for permitted payment stablecoin issuers, and the final rule text should adhere closely to the GENIUS Act. As such, the final rule's audit provisions closely match those of the GENIUS Act and are sufficiently clear. Further, the auditing standards, rules, and interpretations established by the PCAOB provide accounting firms with sufficient guidance to conduct audits in compliance with the statutory requirements of the GENIUS Act. Fourth, the OCC is replacing ''the end of its fiscal year'' in proposed § 15.14(l)(2)(ii) with ''the end of the permitted payment stablecoin issuer's fiscal year'' for clarity. Fifth, the OCC is renumbering paragraph (l)(2)(iii) to (l)(3) and making corresponding renumbering changes to the rest of the paragraph.

e. Change in Control

Proposed § 15.14(m) would have applied the change-in-control framework in 12 CFR 5.50 to any person seeking to acquire control of a permitted payment stablecoin issuer as if the issuer were a national bank. Section 15.14(m) further provided that this requirement does not apply where the transaction is already subject to the notice or application provisions of 12 CFR part 5 or § 15.30.

The OCC received several comments on proposed § 15.14(m). One commenter stated that the final rule should clarify that ''control'' for permitted payment stablecoin issuers must capture functional control, not only voting securities. The commenter explained that functional control can arise through contractual governance rights, administrative keys, privileged smart-contract controls, or other mechanisms that can materially affect issuance, reserve management, or redemption. The commenter also stated that the rule should state explicit consequences for noncompliance to improve enforceability and deter attempts to bypass review. One commenter, while a proponent of applying the 12 CFR 5.50 framework to change in control of permitted payment stablecoin issuers, advocated for any merger transaction involving a permitted payment stablecoin issuer to be considered a

[140] *See* PCAOB Bylaws and Rules, Section 3—Auditing and Related Professional Standards, Part 5—Ethics and Independence (September 3, 2025).

change in control under § 15.14(m) and to be subject to prior OCC approval. Another commenter requested that change-in-control requirements differentiate between permitted payment stablecoin issuers that are subsidiaries of banks and nonbank entities because the former group is already subject to comprehensive prudential supervision and, to promote parity and protect the safety and soundness of the financial system, any standalone obligations should solely apply to nonbank issuers.

After careful consideration of the comments, the OCC has decided to finalize § 15.14(m) as proposed with a clarifying edit to the cited definitions in § 15.14(m)(1). The framework in 12 CFR 5.50 has proven in practice to be operationally workable and to capture a wide range of transactions implicating control. Many transactions that involve the merger of permitted payment stablecoin issuers will have direct or indirect changes in ownership. Thus, such transactions would be subject to the provisions of § 15.14(m). For other merger transactions that would not implicate § 15.14(m), the OCC will continue to review and supervise the permitted payment stablecoin issuers in the ordinary course and would take supervisory or other action if appropriate to address concerns related to a merger. Therefore, permitted payment stablecoin issuers are encouraged to discuss any planned merger activity with the OCC to ensure consistency with OCC requirements and supervisory expectations.

With regard to noncompliance with the change-in-control regulations, section 6(b) of the GENIUS Act (12 U.S.C. 5905(b)) grants the OCC enforcement authority to pursue a variety of enforcement actions for violations of the GENIUS Act and its implementing regulations. Whether the OCC pursues an enforcement action and the type of enforcement action that the agency elects to pursue will be dictated by the facts and circumstances underlying any alleged violation of the GENIUS Act or the OCC's implementing regulations. Therefore, it is not necessary or appropriate to identify explicit consequences for noncompliance with the change-in-control regulations at this time.

f. Efficiency and Burden Reduction

Proposed § 15.14(n) provided that, in supervising and examining a permitted payment stablecoin issuer, the OCC will use existing reports and other supervisory information to the fullest extent possible. The OCC stated that this subsection was intended to reduce unnecessary burden by allowing the OCC to leverage information already available through existing reporting or supervisory channels.

Proposed § 15.14(o) provided that the OCC will, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information. The OCC stated that this subsection reflects an express effort to minimize redundant supervisory demands while preserving the OCC's ability to obtain information needed for effective oversight.

The OCC received a number of comments related to burden reduction and the avoidance of duplication. One commenter recommended that the agency explicitly recognize internal audit work product as a category of existing supervisory information that examiners may rely on where such work is relevant, current, and performed in accordance with recognized professional standards. The commenter claimed that this approach would reduce issuer compliance burden, improve supervisory efficiency, and create positive incentives for investment in high-quality internal audit programs.

Two commenters recommended that the OCC allow a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution to leverage its parent's enterprise-wide risk management infrastructure, including risk appetite statements and third-party risk management programs, where appropriate, to satisfy risk-management and supervisory requirements. One of the commenters further recommended that the OCC include guidance to this effect in its commentary to the final rule and the Comptroller's Handbook. The OCC confirms that a permitted payment stablecoin issuer may leverage enterprise-wide infrastructure, provided that the permitted payment stablecoin issuer does so in compliance with the requirements of part 15.

Another commenter encouraged the OCC to develop centralized and standardized reporting mechanisms—such as a secure reporting portal—that are aligned with existing bank reporting systems and service provider capabilities. The commenter stated that new reporting requirements applicable to community banks should be limited, targeted, and designed to leverage data already maintained in the ordinary course of business. The commenter also claimed that stablecoin-related risks can be effectively evaluated by incorporating them into established examination modules. The commenter stated that stablecoin-related audit and reporting obligations for bank-affiliated issuers should be appropriately integrated into existing supervisory frameworks rather than imposed through separate or duplicative regimes. The OCC will continue to consider means of updating its reporting mechanisms, but no change in the text of the regulation is necessary at this time to address the comment.

Another commenter stated that the reporting requirements across weekly, monthly, and quarterly intervals should build on one another rather than requiring duplicative reporting. Monthly reports should, to the extent possible, draw from weekly reports, and likewise quarterly reports should draw from monthly reports. The commenter claimed that such an approach can reduce operational burden while preserving the OCC's and the public's ability to assess risk over time. The commenter also stated that to best minimize the duplication of reports, the OCC's focus should be on mitigating risk while encouraging innovation. The commenter stated that requiring duplicative reports does not provide additional risk-mitigation benefits while diverting resources and creating unnecessary burden.

Another commenter stated that the OCC can best minimize duplication by implementing a single annual audit package that satisfies overlapping requirements across § 15.14(l), monthly reserve examination outputs, and related financial-condition reporting fields, rather than requiring multiple separate submissions of the same underlying data. The commenter stated that the goal should be to collect the necessary information once, in a standardized format, and reuse it across the prudential framework where possible. For issuers, or their parents, that are already subject to Exchange Act reporting or meet the Act's $50 billion public accounting threshold, the OCC should not require additional duplicative reporting beyond what is necessary to capture stablecoin-specific fields that existing filings do not address.

Pursuant to its statutory obligations, the OCC will pursue supervisory policies that minimize duplication and maximize efficiency. The OCC notes, however, that the reports applicable to permitted payment stablecoin issuers serve distinct purposes. For example, the confidential weekly reporting is intended to provide detailed information that would be unnecessary to include in the quarterly or monthly reports. The monthly and quarterly reports are intended to provide information to the public and the OCC that may be stale or less valuable if received only on an annual basis.

After careful consideration of the comments, the OCC is finalizing § 15.14(n) and § 15.14(o) as proposed. As described above, the OCC is committed to pursuing supervisory policies that minimize duplication and maximize efficiency.

6. State Qualified Payment Stablecoin Issuers (§ 15.15)

a. Overview of Changes From Proposed Rule to Final Rule for § 15.15

The OCC proposed to issue § 15.15 to implement the GENIUS Act's transition standards for State qualified payment stablecoin issuers with an outstanding issuance value of more than $10 billion. Specifically, proposed § 15.15 would require an issuer to notify the OCC within five calendar days after the issuer triggers the transition threshold, request a waiver if the issuer seeks to remain supervised solely by the applicable State regulator, and, if applicable, provide the OCC with information necessary to evaluate an associated waiver request. Proposed § 15.15 would have also established a timeframe for the OCC's review of an issuer's waiver request. Proposed § 15.15(a) describes the scope of § 15.15 and provides that the section addresses requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903).

The OCC is adopting § 15.15(a) as proposed with edits. The OCC is separating proposed § 15.15(a) into § 15.15(a)(1) and (2), with § 15.15(a)(1) including the proposed language for § 15.15(a) and § 15.15(a)(2) clarifying that, for purposes of § 15.15, the term State qualified payment stablecoin issuer refers only to those that are nonbank entities. Other edits were made in final § 15.15 to conform to this clarification in final § 15.15(a)(2).

Additionally, the OCC is adopting § 15.15(b) largely as proposed with certain technical and clarifying edits. Specifically, in §§ 15.15(b)(1), (b)(1)(ii), (b)(2), (b)(2)(ii)(C), (b)(3), and (b)(4)(ii), the OCC is adding the phrase ''total consolidated'' before the defined term ''outstanding issuance value'' or replacing the phrase ''an outstanding issuance value'' with ''a total consolidated outstanding issuance value.'' The OCC is also deleting surplus language in § 15.15(b)(1) and adding clarifying language to § 15.15(b)(1)(ii) and (b)(4)(i). Additionally, in § 15.15(b)(3)(iv), the OCC is capitalizing the word ''State.'' The OCC is adopting § 15.15(c) as proposed. In § 15.15(d), the OCC is separating proposed § 15.15(d)(1) into § 15.15(d)(1)(i) and (ii). Within the language proposed as the last sentence in § 15.15(d)(1), the OCC is replacing ''State payment stablecoin issuer'' with ''State payment stablecoin regulator'' as well as adding the words ''total consolidated'' prior to ''outstanding issuance value'' and adding the word ''threshold'' to the end of the final sentence. Similarly, in § 15.15(d)(2)(iv), the OCC is replacing the term ''State qualified payment stablecoin issuer'' with the term ''State payment stablecoin regulator.'' Otherwise, the OCC is adopting § 15.15(d) as proposed. The OCC is also adding new § 15.15(e)(1) to provide that a State qualified payment stablecoin issuer that is a nonbank entity that has transitioned to the OCC's Federal regulatory framework pursuant to § 15.15 is not generally required to comply with part 15 and will cease to be supervised by the OCC upon the OCC's determination that the State qualified payment stablecoin issuer no longer exceeds $10 billion in total consolidated outstanding issuance value. Moreover, the OCC is adding new § 15.15(e)(2) to provide that the OCC may make the determination in § 15.15(e)(1) upon the request of the payment stablecoin issuer supplemented by any information reasonably required by the OCC or without such a request.

b. Transition to Federal Oversight

i. Description of the Proposed Rule

Section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) addresses the transition of State qualified payment stablecoin issuers that are not State-chartered depository institutions to Federal oversight and provides the OCC with authority to supervise such issuers jointly with the relevant State payment stablecoin regulator.[141] Proposed § 15.15(b)(1) would have implemented section 4(d)(2) of the GENIUS Act (12 U.S.C. 5903(d)(2)) and would have required a State qualified payment stablecoin issuer that is a nonbank entity that crosses the $10 billion outstanding issuance threshold to transition to the Federal regulatory framework under proposed part 15 and to comply with the provisions of part 15 applicable to Federal qualified payment stablecoin issuers within 360 days or cease issuing, on a net basis, new payment stablecoins until the State qualified payment stablecoin issuer's outstanding issuance value is under the $10 billion threshold.

Section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)) authorizes the OCC to issue regulations necessary to administer and carry out the GENIUS Act's requirements and prevent evasion thereof. To facilitate an orderly transition to Federal oversight, ensure compliance with the GENIUS Act's transition requirements, and manage agency resources, proposed § 15.15(b)(2)(i) would have required a nonbank State qualified payment stablecoin issuer of a payment stablecoin with an outstanding issuance value of more than $10 billion to provide written notification to the OCC within five calendar days after reaching such threshold.[142] Proposed § 15.15(b)(2)(ii) provided that the written notification would need to include the following information: the State or States that currently regulate the State qualified payment stablecoin issuer; the State qualified payment stablecoin issuer's outstanding issuance value as of the date of the notice; the date that the issuer reached the $10 billion outstanding issuance value threshold; and indication of whether and when the issuer has ceased issuing, on a net basis, new payment stablecoins and whether the issuer intends to seek a waiver from transitioning to the Federal regulatory framework.

Proposed § 15.15(b)(4) provided clarity as to when a State qualified payment stablecoin issuer transitions to the Federal regulatory framework. Proposed § 15.15(b)(4)(i) would have required a State qualified payment stablecoin issuer to provide notification to the OCC that it is in compliance with the Federal regulatory framework implemented under proposed part 15. If the State qualified payment stablecoin issuer were not in compliance with the Federal regulatory framework in proposed part 15, the written notice would have needed to identify the provisions that the issuer does not comply with, provide the issuer's plan for remediating its noncompliance, and explain why the issuer did not comply with the Federal regulatory framework within the 360-day transition period. Under proposed § 15.15(b)(4)(ii), a State qualified payment stablecoin issuer that

[141] Section 4(d)(2) of the GENIUS Act (12 U.S.C. 5903(d)(2)) refers to State qualified payment stablecoin issuers other than State-chartered depository institutions (addressed in section 4(d)(1) of the Act). For simplicity, proposed § 15.15 referred to State qualified payment stablecoin issuers that are nonbank entities. Nonbank entity is defined by the Act to mean a person that is not a depository institution or a subsidiary of a depository institution. 12 U.S.C. 5901(20).

[142] The proposal would have required a nonbank State qualified payment stablecoin issuer to provide written notification to the OCC, regardless of whether it intends to issue new payment stablecoins.

does not cease issuing new payment stablecoins would have needed to transition to the Federal regulatory framework on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i).

To facilitate an orderly transition process, proposed § 15.15(b)(3)(i) would have required a State qualified payment stablecoin issuer that is a nonbank entity to submit an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile to the OCC within 270 days of reaching the $10 billion outstanding issuance value threshold. Proposed § 15.15(b)(3)(ii) provided that the OCC would review the submitted analysis and establish a minimum capital requirement pursuant to proposed § 15.41(a)(1). Proposed § 15.15(b)(3)(iii) provided that, for purposes of complying with the transition requirements under proposed § 15.15(b)(1)(i), the issuer would need to hold minimum capital as specified under § 15.41(a)(1)(ii) prior to the issuer's transition date. Proposed § 15.15(b)(3)(iv) provided that a State qualified payment stablecoin issuer would not have needed to submit an analysis of its capital if it received a waiver under proposed § 15.15(d) or was not required to transition to the OCC's Federal regulatory framework under § 15.15(b)(1)(ii).

Under § 15.15(c), the OCC proposed to require that a State qualified payment stablecoin issuer that transitions to the regulatory framework under proposed part 15 must undergo an initial examination at the OCC's request or no later than six months after the date on which the State qualified payment stablecoin issuer provides written notification under proposed § 15.15(b)(4)(i).

ii. Description of Comments and Final Rule

A few commenters suggested extending the 360-day transition timeline or providing case-by-case extensions (including for permitted payment stablecoin issuers that request but do not receive a waiver). The OCC is finalizing § 15.15(b)(1) as proposed with technical changes. The final rule includes the words ''total consolidated'' in front of ''outstanding issuance value.'' These revisions do not result in a substantive change but are necessary in light of the changes to the definition of outstanding issuance value. The OCC is also deleting surplus language from paragraph (b)(1) and clarifying in paragraph (b)(1)(ii) that the paragraph applies to a State qualified payment stablecoin issuer.

The 360-day transition deadline is a statutory requirement, and the OCC is not authorized to extend it. Consistent with the proposed rule, the final rule clarifies that the State qualified payment stablecoin issuer would cease issuing new payment stablecoins on a net basis. This is to permit a State qualified payment stablecoin issuer to freeze, burn, mint, and issue new payment stablecoins to the extent necessary to transfer stablecoins from one blockchain to another without increasing the total outstanding issuance of the State qualified payment stablecoin issuer.

Related to the 360-day transition requirement, question 138 of the proposed rule asked whether the $10 billion threshold should be based on a point in time or a rolling average and whether the $10 billion threshold should take into account the outstanding issuance value of any payment stablecoins issued by non-consolidated affiliates of the State qualified payment stablecoin issuer.

The OCC received several comments concerning how to calculate outstanding issuance value for purposes of the 360-day transition requirement. A few commenters generally suggested that the OCC should calculate outstanding issuance value as a point-in-time threshold. On the other hand, a few commenters generally suggested that the OCC should calculate outstanding issuance value as a rolling average.

After consideration of the comments, the OCC confirms that the transition threshold is determined through a point-in-time calculation and will not be based on a rolling average. Adopting a point-in-time calculation will safeguard against outstanding issuance value manipulation by a State qualified payment stablecoin issuer that seeks to delay or avoid complying with the 360-day transition requirement. A rolling average calculated over a meaningfully long period of time could, in effect, extend the date of transition to the Federal regulatory framework beyond what Congress intended. Moreover, the OCC generally expects that a State qualified payment stablecoin issuer's outstanding issuance value is unlikely to meaningfully fluctuate back and forth across the $10 billion threshold. Thus, there would be relatively little utility gained from using a rolling average to calculate the threshold.

Additionally, the OCC received a few comments concerning whether to include payment stablecoins issued by non-consolidated affiliates in the calculation of outstanding issuance value for purposes of the 360-day transition requirement. A few commenters generally suggested that outstanding issuance value should not automatically include non-consolidated affiliates. Another commenter generally suggested that the OCC should include non-consolidated affiliates.

After consideration of the comments, the OCC is clarifying that a State qualified payment stablecoin issuer would not be required to include payment stablecoins issued by non-consolidated affiliates in its calculation of outstanding issuance value for purposes of the 360-day transition requirements. The OCC notes, however, that in certain situations, the OCC may consider a non-consolidated affiliate's issuance. For example, if a State qualified payment stablecoin issuer treats affiliate-issued payment stablecoins as fungible with its own or appears to use affiliates solely to stay under the $10 billion threshold for transition to the Federal framework, such behavior could indicate an attempt to evade the GENIUS Act or could, depending on the facts and circumstances, indicate unusual and exigent circumstances within the meaning of section 7 of the GENIUS Act (12 U.S.C. 5906).

The OCC received several comments concerning the five-day notification requirement in proposed § 15.15(b)(2). One commenter suggested that five calendar days would be operationally feasible for issuers large enough to trigger the $10 billion outstanding issuance value threshold. The commenter further explained that five calendar days would provide the OCC with timely visibility into the State qualified payment stablecoin issuer.

A few commenters suggested that the OCC should extend the threshold notification deadline, for example, to 10 or 15 business days. One commenter suggested a five-day deadline would not provide enough time for the State qualified payment stablecoin issuer to assess compliance implications, coordinate with State regulators, and complete substantive notification requirements. Another commenter generally suggested the OCC should extend the notification deadline to better reflect the operational and governance realities of State qualified payment stablecoin issuers.

The OCC is finalizing the five-day threshold notification deadline and information submission requirements as proposed with one non-substantive change. For the reasons discussed above, the final rule includes the words

''total consolidated'' in front of ''outstanding issuance value.'' Consistent with section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)), a five-day notification requirement would facilitate an orderly transition to Federal oversight, compliance with the GENIUS Act's transition requirements, and agency resource management. Further, the transition notification requirement would apply only after a State qualified payment stablecoin issuer exceeds $10 billion in outstanding issuance value.[143] State qualified payment stablecoin issuers of this size should have the capabilities to appropriately monitor issuance volume as a matter of basic risk management. Moreover, only limited information is required to be included in the initial notification.

The OCC did not receive comments specific to the transition date and compliance notification requirements. The OCC is finalizing § 15.15(b)(4) as proposed with one non-substantive change. For the reasons discussed above, the final rule includes the words ''total consolidated'' in front of ''issuance value.'' As discussed in the proposed rule, regardless of whether the OCC receives notice under § 15.15(b)(4), the OCC reserves the right to pursue appropriate action to ensure compliance with the GENIUS Act with respect to a State qualified payment stablecoin issuer that transitions to the Federal regulatory framework administered by the OCC.

The OCC received several comments related to the OCC adopting a mechanism for a previously transitioned State qualified payment stablecoin issuer to transition back to sole State supervision. A few commenters suggested the OCC should not permit State qualified payment stablecoin issuers to transition back to sole State supervision and expressed concerns such a mechanism could lead to regulatory arbitrage concerns. A few commenters suggested that the OCC should permit State qualified payment stablecoin issuers to transition back to sole State supervision. One of these commenters suggested that the OCC does not have authority to prevent a State qualified payment stablecoin issuer with less than $10 billion in outstanding issuance value from transitioning back to sole State supervision.

After consideration of the comments, the OCC is adding final § 15.15(e)(1) to specify that a State qualified payment stablecoin issuer that is a nonbank entity that has transitioned to the OCC's Federal regulatory framework pursuant to § 15.15 is not generally required to comply with part 15 and will cease to be supervised by the OCC upon the OCC's determination that the State qualified payment stablecoin issuer no longer exceeds $10 billion in total consolidated outstanding issuance value. Final § 15.15(e)(2) clarifies that the OCC may make this determination based on an issuer's request or issue a determination without such a request. Sections 6(a) and (b) of the GENIUS Act provide the OCC with supervision and enforcement authority, respectively, over ''[e]ach permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than $10 [billion]. . . .'' The OCC has determined that § 15.15(e) is consistent with the scope of the OCC's supervisory and enforcement authority over State qualified payment stablecoin issuers. Additionally, the OCC may review an issuer's request under section 15.15(e) to prevent evasion of section 4 of the GENIUS Act (12 U.S.C. 5903) and its implementing regulations, consistent with section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)). The OCC would retain its backup enforcement authority over State qualified payment stablecoin issuers that transition back to being supervised solely by a State under section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)).

The OCC received a few comments on the proposed capital analysis requirement. One commenter suggested that the 270-day timeline is reasonable. Another commenter suggested that the capital analysis should be tailored to the size and operations of the applicant. After consideration of the comments, the OCC is finalizing § 15.15(b)(3) as proposed with one non-substantive change. For the reasons discussed above, the final rule includes the words ''total consolidated'' in front of ''issuance value.'' As discussed in § 15.41(a)(1), section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the OCC to tailor capital requirements to the business model and risk profile of the permitted payment stablecoin issuer and to not exceed requirements sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. Consistent with this requirement, the OCC expects a State qualified payment stablecoin issuer to provide a capital analysis with information sufficient for the OCC to evaluate the issuer's current capital position and anticipated capital needs based on its business model and risk profile. The OCC expects all permitted payment stablecoin issuers, including State qualified payment stablecoin issuers, to maintain capital commensurate with the level and nature of all risks to which the permitted payment stablecoin issuer is exposed.

As discussed above, a State qualified payment stablecoin issuer that seeks to transition to the Federal regulatory framework before the end of the 360-day period must certify its compliance with part 15, including applicable capital requirements. State qualified payment stablecoin issuers that seek to transition early are therefore encouraged to submit their capital analysis to the OCC early, to ensure adequate time to address any deficiencies and raise additional capital if necessary.

A few commenters addressed the timing of the initial examination requirement for State qualified payment stablecoin issuers. One commenter suggested that the initial examination should take place prior to the issuer's transition date. Another commenter suggested that while the six-month time frame is reasonable, the OCC should consider more closely aligning the examination date with the transition waiver requirements. Another commenter expressed concerns that transitioned State issuers should be required to adhere to similar regulatory standards as Federal qualified payment stablecoin issuers.

After consideration of the comments, the OCC is finalizing the examination requirement as proposed. A State qualified payment stablecoin issuer that is required to transition to the Federal regulatory framework must do so within 360 days of exceeding the $10 billion outstanding issuance value threshold. Under final § 15.15(d), a State qualified payment stablecoin issuer may request a waiver from the transition requirements within 240 days of exceeding the $10 billion outstanding issuance value threshold. The OCC has determined that requiring a transitioned State qualified payment stablecoin issuer to undergo an initial examination no later than six months after its transition date would facilitate the issuer's pre-transition requirements while retaining flexibility for the OCC to require an earlier examination on a case-by-case basis. Because a State qualified payment stablecoin issuer that transitions to the Federal framework will already be in operation, the OCC intends to conduct this examination well before the six-month outer limit proposed to ensure that the issuer can effectively operate under the Federal framework.

[143] As clarified in the proposed rule, a nonbank State qualified payment stablecoin issuer is required to provide written notification to the OCC, regardless of whether it intends to issue new payment stablecoins.

Additionally, while the OCC does not generally plan to conduct a full-scope examination prior to the issuer's transition date, the OCC retains discretion to request additional information about the operations and condition of the State qualified payment stablecoin issuer prior to the transition date.

c. Waiver From Federal Supervision

i. Description of the Proposed Rule

Notwithstanding the transition requirements discussed above, under section 4(d)(3) of the GENIUS Act (12 U.S.C. 5903(d)(3)), the OCC may permit a nonbank State qualified payment stablecoin issuer that reaches the $10 billion threshold to remain solely supervised by a State payment stablecoin regulator. In determining whether to issue a waiver from Federal supervision, proposed § 15.15(d)(2) would have implemented the requirement in the statute that provides that the OCC must consider four exclusive criteria: the capital maintained by the State qualified payment stablecoin issuer; the past operations and examination history of the State qualified payment stablecoin issuer; the experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and the supervisory framework, including regulations and guidance, of the State payment stablecoin regulator with respect to payment stablecoins and digital assets.

Proposed § 15.15(d)(1) would have required a State qualified payment stablecoin issuer seeking a waiver to submit a written waiver request to the OCC within 240 days of reaching the $10 billion outstanding issuance value threshold.[144] The request would have needed to include information necessary for the OCC to evaluate the waiver criteria enumerated in proposed § 15.15(d)(2) and (3), discussed below. The preamble to the proposed rule specified that such information may have included the State qualified payment stablecoin issuer's reports of condition and examination, financial statements, investor statements, reports that detail significant examination findings, business activities, existence of past or current enforcement orders, and disclosure of any violations of law, as well as other information as requested by the OCC. Additionally, the waiver request would have described whether the State payment stablecoin regulator has experience regulating entities that have a similar risk profile. The waiver request would have also included information regarding the frequency and depth of the State payment stablecoin regulator's examinations.

Proposed § 15.15(d)(3) incorporated the waiver presumption standards for a State qualified payment stablecoin issuer that submits a waiver request. Consistent with section 4(d)(3)(C) of the Act (12 U.S.C. 5903(d)(3)(C)), the OCC would have presumptively approved a waiver request if the relevant State payment stablecoin regulator had (1) established a prudential regulatory regime for the supervision of digital assets or payment stablecoins as of April 19, 2025, that had been certified pursuant to section 4(c) of the Act (12 U.S.C. 5903(c)) and (2) approved one or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator. The waiver presumption would have been lost if the OCC found, by clear and convincing evidence, that the State qualified payment stablecoin issuer did not substantially meet the waiver criteria in proposed § 15.15(d)(2) or that the issuer posed significant safety and soundness risks to the financial system of the United States. If an issuer believed it qualified for the waiver presumption, it would have needed to indicate so in the waiver request and provide information sufficient for the OCC to evaluate the waiver presumption standards.

ii. Description of Comments and Final Rule

The OCC received several comments concerning the criteria the OCC should consider when evaluating a waiver request in proposed § 15.15(d). A few commenters suggested that the OCC should require waiver applicants to submit specific information, such as reports of examination, or demonstrate that the issuer would not present financial stability and safety and soundness risks. A few commenters suggested that the OCC should establish benchmarks, explicit standards, or other guidelines for when an issuer would satisfy the waiver approval criteria. A few commenters suggested that the OCC should not adopt bright-line rules or require issuers to provide additional information in connection with a waiver request. One commenter suggested that the OCC should subject waiver requests from large issuers to heightened scrutiny and require issuers to demonstrate that waiver approval would not introduce financial stability risks, have an anti-competitive effect, or create a heightened risk of illicit finance. Finally, one commenter noted that § 15.15(d) included two references to State qualified payment stablecoin issuers that should have referred to State payment stablecoin regulators.

The OCC is finalizing the waiver approval criteria as proposed with a technical fix to change a reference to ''State qualified payment stablecoin regulator'' in § 15.15(d)(2)(iv) to ''State payment stablecoin regulator.'' The GENIUS Act requires the OCC to consider four exclusive criteria when reviewing a waiver request. The OCC is not authorized to consider additional criteria and, accordingly, is finalizing the four criteria as proposed. Adopting bright-line requirements or presumptive standards would not facilitate the fact-specific nature of waiver requests, as State qualified payment stablecoin issuers may have varying business models, risk tolerances, scale of operations, and regulatory backgrounds. The OCC will review the issuer's waiver request and any associated information in relation to the waiver criteria.

Under § 15.15(d)(1) of the final rule, a waiver applicant must submit to the OCC a written waiver request containing information necessary to evaluate such request under paragraphs (d)(2) and (3) of that section. Such information may include the State qualified payment stablecoin issuer's reports of condition and examination, financial statements, investor statements, reports that detail significant examination findings, business activities, existence of past or current enforcement orders, and disclosure of any violations of law, as well as other information as requested by the OCC. Additionally, the waiver request may describe whether the State payment stablecoin regulator has experience regulating entities that have a similar risk profile. The waiver request may also include information regarding the frequency and depth of the State payment stablecoin regulator's examinations. The OCC is adopting § 15.15(d)(1) with a technical fix to change a reference to a ''State payment stablecoin issuer'' to ''State payment stablecoin regulator.'' In addition, for the reasons discussed above, the final rule includes the words ''total consolidated'' in front of ''issuance value.'' The OCC is also making a technical change to add the word ''threshold'' at the end of paragraph (d)(1).

Finally, a few commenters expressed concerns that the proposal did not specify standards for determining whether a State regulatory framework is ''substantially similar'' to the Federal regulatory framework for Federal

[144] The OCC could also issue a waiver of its own accord, provided that it has information sufficient to evaluate the statutory criteria for issuing waivers.

qualified payment stablecoin issuers. One of these commenters expressed concerns that the OCC's proposed rule did not provide standards governing the application and approval of State qualified payment stablecoin issuers by State regulators. While the OCC will evaluate the experience and supervisory framework of a State payment stablecoin regulator when reviewing a waiver request, the Treasury Department is tasked with establishing broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework under § 4(c) of the Act (12 U.S.C. 5903(c)).[145] Similarly, the OCC does not have authority to establish standards governing the application and approval of State qualified payment stablecoin issuers by State regulators. Accordingly, the final rule does not adopt the commenters' proposed changes.

The proposed rule asked whether waivers approved under proposed § 15.15(d) should be subject to renewal over some time period (*e.g.*, one or five years) to ensure that the State qualified payment stablecoin issuer continues to meet the waiver criteria. The proposed rule also asked whether the OCC should reserve the right to discontinue a waiver and, if so, whether 100 days would be a reasonable period to provide notice to the State qualified payment stablecoin issuer.

The OCC received several comments that generally support the OCC retaining discretion to discontinue an approved waiver, impose conditions related to an approved waiver, or require periodic recertification of waiver approvals. One of these commenters suggested that a 100-day notice period would be appropriate. The OCC received one comment that suggests the OCC does not have authority to re-examine the status of a State qualified payment stablecoin issuer that receives a waiver. Another commenter suggested the OCC should limit waiver discontinuance to circumstances where the relevant State payment stablecoin regulator has been decertified under § 4(c) of the GENIUS Act.

After consideration of the comments, the OCC is finalizing the rule as proposed with clarifying edits. The OCC is clarifying that a waiver request approved under § 15.15 may include conditions related to the State qualified payment stablecoin issuer's continued compliance with the waiver approval criteria under § 15.15(d)(2) and (3). Subjecting waivers to conditional approval will facilitate the OCC's statutory mandate to ensure it provides transition waivers for State qualified payment stablecoin issuers that satisfy the waiver criteria. Conditional waiver approvals will also provide the OCC with an explicit mechanism for addressing potential evasion of the GENIUS Act's requirements, such as where a waiver determination is made based on materially inaccurate or misleading information.

The OCC received a few comments concerning the timing requirement for submitting a waiver request under proposed § 15.15(d)(1). One commenter suggested that the OCC should extend the 240-day waiver request deadline to the maximum extent provided by law. Another commenter suggested the OCC should permit a State qualified payment stablecoin issuer to submit a waiver request prior to exceeding the $10 billion outstanding issuance value threshold.

To facilitate an orderly waiver process, the OCC is finalizing the 240-day waiver request deadline as proposed in final § 15.15(d)(1)(ii) with some additional clarifications. The GENIUS Act requires a State qualified payment stablecoin issuer to transition to the Federal regulatory framework within 360 days after exceeding the $10 billion outstanding issuance value threshold unless it ceases issuing payment stablecoins immediately or receives a waiver from the OCC. Requiring State qualified payment stablecoin issuers to request a waiver within 240 days after exceeding the $10 billion outstanding issuance value threshold will provide 120 days for the OCC to review and respond to the waiver request.[146] Nothing would prohibit a State qualified payment stablecoin issuer that exceeds the $10 billion threshold from seeking a waiver earlier, and State qualified payment stablecoin issuers are encouraged to submit waiver requests early to ensure adequate time and address any deficiencies.[147]

The OCC is also clarifying that a State qualified payment stablecoin issuer may submit a waiver request prior to exceeding the $10 billion outstanding issuance value threshold. The OCC will generally accept waiver requests where the State qualified payment stablecoin issuer makes a good faith determination to the OCC that it is likely to exceed the $10 billion outstanding issuance value threshold in the next 30 days. However, the OCC reserves the right to request that a waiver applicant revise, update, or provide further information related to any waiver request.

One commenter suggested that the OCC should clarify that a waiver request that meets presumption criteria will be considered approved as of the filing of such request, unless and until the OCC finds grounds to affirmatively deny the request based on the criteria contained in section 4(d)(3)(C)(ii) of the GENIUS Act (12 U.S.C. 5903(d)(3)(C)(ii)). The OCC is finalizing the waiver presumption standard as proposed. Under the final rule, a State qualified payment stablecoin issuer that submits a waiver request must receive OCC approval, even if the State qualified payment stablecoin issuer believes it qualifies for the presumption criteria. Requiring a State qualified payment stablecoin issuer to receive affirmative waiver approval from the OCC will promote consistent application of the waiver presumption standards and avoid potential confusion related to an issuer's transition obligations.

7. Unusual and Exigent Circumstances (§ 15.16)

a. Description of the Proposed Rule

The OCC proposed to issue § 15.16 to clarify the scope of the agency's enforcement authority over nonbank State qualified payment stablecoin issuers during unusual and exigent circumstances, including the review of OCC enforcement actions imposed pursuant to this authority.[148] Proposed § 15.16(a) would have addressed the scope of § 15.16 and the OCC's authority to impose restrictions on a State qualified payment stablecoin issuer that is a nonbank entity during unusual and exigent circumstances, pursuant to section 7 of the GENIUS Act (12 U.S.C. 5906).

Section 7(e)(2)(B) of the GENIUS Act (12 U.S.C. 5906(e)(2)(B)) requires the OCC to issue rules to set forth the unusual and exigent circumstances in which the OCC would exercise its enforcement authority against nonbank State qualified payment stablecoin issuers. Section 7(e)(2) of the GENIUS Act provides that, during ''unusual and

[145] *See GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime Is Substantially Similar to the Federal Regulatory Framework*, 91 FR 16844 (April 3, 2026).

[146] This would provide a similar timeframe to the OCC for evaluating waiver requests as the general 120-day timeline for evaluation of applications for national banks and Federal savings associations. *See* OCC, *Comptroller's Licensing Manual*, ''Charters'' 36 (2021).

[147] The OCC could also issue a waiver of its own accord, provided that it has information sufficient to evaluate the statutory criteria for issuing waivers.

[148] Proposed § 15.16 would address ''unusual and exigent circumstances'' only for purposes of section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)); it would not interpret the meaning of that term under any other provision of law.

exigent circumstances,'' the OCC must take an enforcement action against a State qualified payment stablecoin issuer that is a nonbank entity for violations of the GENIUS Act, provided that the agency makes two determinations.[149] First, under the Act, the OCC must determine that ''unusual and exigent circumstances'' exist. Second, under the Act, the OCC must determine that there is reasonable cause to believe that the continuation of any activity by an issuer constitutes a serious risk to the financial safety, soundness, or stability of the issuer. Under the Act, if the OCC determines that both conditions are met, the OCC must impose such restrictions as the OCC determines to be necessary to address the serious risks to the issuer during the unusual and exigent circumstances. For example, under the Act, the OCC can limit a nonbank State qualified payment stablecoin issuer's affiliate transactions. The OCC may also limit nonbank State qualified payment stablecoin issuer activities that might create a serious risk that the liabilities of the issuer's holding company and its affiliates will be imposed on the issuer. The restrictions must be issued in the form of a directive, with the effect of a cease-and-desist order that has become final, to the nonbank State qualified payment stablecoin issuer and any of its affiliates.

Proposed § 15.16(b) would have incorporated the GENIUS Act's unusual and exigent circumstances requirement. Under proposed § 15.16(b), if the OCC determined that unusual and exigent circumstances existed, based on the information available to the OCC, and that there was reasonable cause to believe that the continuation of any activity, including failure to act,[150] by a State qualified payment stablecoin issuer that is a nonbank entity would have constituted a serious risk to the financial safety, soundness, or stability of the nonbank entity, the OCC would have imposed such restrictions as the OCC determined to be necessary to address such risk in the form of a directive. The Act provides three examples of the limitations that the OCC may impose, which were incorporated into proposed § 15.16(b). Such restrictions may include limitations on: (1) redemptions of payment stablecoins; (2) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and (3) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

Proposed § 15.16(c) set forth the criteria the OCC would have considered when determining whether unusual and exigent circumstances exist. Specifically, under the proposed rule, the OCC would have considered: (1) whether the State qualified payment stablecoin issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety, soundness, or stability of the issuer or the financial system of the United States; (2) the actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States; (3) risks presented to payment stablecoin holders; and (4) any other factors the OCC deems appropriate in light of the particular circumstances, consistent with the purposes of the GENIUS Act.

The OCC's proposed criteria were intended to capture circumstances that involve an immediate financial risk that cannot be sufficiently addressed through normal supervisory channels. Accordingly, the OCC's proposed criteria focused on the immediacy of the financial risks, whether to the issuer, the stablecoin holders, or the financial system, and the actions of the relevant State payment stablecoin regulator to respond to those risks. The OCC preliminarily determined that adopting flexible criteria focused on these considerations, as opposed to a limited set of specific circumstances, would establish an appropriate balance between providing stakeholders with clarity on when the OCC would act pursuant to this authority while implementing the GENIUS Act's clear intention to permit the OCC to respond to evolving and unforeseeable circumstances. The OCC asked whether to include additional factors including (1) whether a State payment stablecoin regulator or a State qualified payment stablecoin issuer has made a request for the OCC to exercise its unusual and exigent circumstances authority; (2) significant price fluctuations in the secondary market for the State qualified payment stablecoin issuer's payment stablecoin; (3) whether the State qualified payment stablecoin issuer has been, or will imminently be, unable to timely redeem its payment stablecoin; (4) whether the State qualified payment stablecoin issuer has incurred significant unanticipated losses; and (5) whether the State qualified payment stablecoin issuer has deployed nonstandard liquidity management tools.

Finally, proposed § 15.16(d) would have clarified that the administrative review procedures described in section 7(e)(2)(D) of the Act (12 U.S.C. 5906(e)(2)(D)) are applicable to a State qualified payment stablecoin issuer or any institution-affiliated party subject to an unusual and exigent circumstances directive.

b. Description of Comments and Final Rule

The OCC did not receive comments specific to implementing the GENIUS Act's statutory criteria in proposed § 15.16(b). Accordingly, the OCC is finalizing § 15.16(b), with one minor clarification and a technical correction. The final rule clarifies that the list of limitations that the OCC may impose in § 15.16(b)(1) through (3) is not exhaustive. This is consistent with the language in the proposed rule. The final rule, however, adds the phrase, ''but not limited to'' for the avoidance of doubt.

Several commenters suggested the OCC should provide examples or additional guidance concerning when the OCC would invoke its unusual and exigent circumstances authority in proposed § 15.16(c). One of these commenters suggested that the OCC should consider a broad and flexible set of criteria for assessing unusual and exigent circumstances, including secondary market price fluctuations. Two of these commenters suggested that secondary market price fluctuations should carry little to no weight independently, as market prices can reflect localized trading conditions, fragmented liquidity, or external sentiment. One of these commenters suggested that the OCC should consider whether a state regulator has requested Federal assistance.

After consideration of the comments, the OCC is finalizing the unusual and exigent circumstances factors with certain additions and clarifications. The final rule includes certain additional factors for which the OCC requested comment. Under the final rule, the OCC will consider: (1) whether the State qualified payment stablecoin issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety,

[149] The GENIUS Act does not impose these limitations on the enforcement authority of State payment stablecoin regulators. *See* 12 U.S.C. 5906(a).

[150] Proposed § 15.16(b) clarified that failure to act also constitutes the continuation of an activity, as contemplated by section 7(e)(2)(C) of the GENIUS Act (12 U.S.C. 5906(e)(2)(C)).

soundness, or stability of the issuer or the financial system of the United States; (2) the actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States; (3) risks presented to payment stablecoin holders; (4) any request from the State qualified payment stablecoin issuer or State payment stablecoin regulator for the OCC to exercise its authority under section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)); (5) significant fluctuations in the secondary market price of payment stablecoins issued by the State qualified payment stablecoin issuer; (6) whether the State qualified payment stablecoin issuer has been, or will imminently be, unable to timely redeem payment stablecoins issued by the State qualified payment stablecoin issuer; (7) whether the State qualified payment stablecoin issuer has incurred significant unanticipated losses; and (8) any other factor the OCC deems appropriate in light of the particular circumstances and consistent with the purposes of the GENIUS Act. The OCC has added these additional factors to provide additional clarity on the indicia that the OCC believes could warrant exercising the OCC's authority under section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)).

The OCC's finalized unusual and exigent circumstances factors are intended to capture circumstances that involve or could indicate an immediate financial risk that cannot be sufficiently addressed through normal supervisory channels. Accordingly, the final factors focus on the immediacy of the financial risks and factors likely to correlate with such risks, whether to the issuer, the stablecoin holders, or the financial system, and the actions of the relevant State payment stablecoin regulator to respond to those risks. The OCC determined that adopting flexible criteria focused on these considerations, as opposed to a limited set of specific circumstances, would establish an appropriate balance between providing stakeholders with clarity on when the OCC would act pursuant to this authority while implementing the GENIUS Act's clear intention to permit the OCC to respond to evolving and unforeseeable circumstances.

The proposed rule also asked whether the OCC should publicly disclose when it determines that unusual and exigent circumstances exist. Several commenters suggested that the OCC should not automatically disclose directives made pursuant to the OCC's unusual and exigent circumstances authority. Most of these commenters suggested that the OCC should avoid disclosure of confidential materials but retain discretion to make public disclosures as necessary to prevent future harm to the issuer or consumers. After consideration of the comments, the OCC is not adopting an automatic disclosure process for directives made pursuant to the OCC's unusual and exigent circumstances authority. Disclosures may be appropriate in certain circumstances, but an automatic process could pose significant risks to safety and soundness and financial stability. For example, a process that compelled immediate disclosures might cause or exacerbate a run while facts were still being developed and confirmed. The OCC may impose such restrictions as the OCC determines to be necessary to address serious risks to the issuer during the unusual and exigent circumstances.

Additionally, a few commenters provided suggestions related to coordinating with State regulators. A few commenters suggested the OCC should explicitly codify the statutory 48-hour notice requirement. One commenter suggested the OCC should consult with the State regulator prior to invoking its unusual and exigent circumstances authority. After consideration of the comments, the OCC is finalizing the rule as proposed. The GENIUS Act requires the OCC to comply with the 48-hour notice requirement and does not impose any requirements on State qualified payment stablecoin issuers. Although the OCC may consult with a State regulator, adopting a mandatory consultation requirement in addition to the 48-hour notice requirement could hinder the OCC's ability to quickly respond when there is a serious risk to the financial safety, soundness, or stability of a permitted payment stablecoin issuer.

The OCC did not receive comments specific to proposed § 15.16(d) and is finalizing the section as proposed.

C. Subpart C—Custody

1. Overview of Changes From Proposed Rule to Final Rule for Subpart C

The OCC is generally adopting subpart C as proposed with some modifications to enhance clarity described in more detail below.

The OCC is modifying the definition of ''covered assets'' in § 15.20 to make two clarifications. First, the covered assets definition in final § 15.20 is modified to clarify that the term ''covered assets'' only applies with respect to payment stablecoins that are offered, sold, or otherwise made available to persons in the United States. Second, the definition is modified to clarify that it includes only payment stablecoins used as collateral, where a covered custodian has actual knowledge that such payment stablecoins are being used as collateral. The OCC is also making non-substantive edits to the definition of sub-custodian.

In addition to a technical correction, the OCC is modifying § 15.21(a) to clarify that a covered custodian must separately record and account for the covered assets of a covered customer. The OCC is modifying § 15.21(b)(1) to clarify that taking appropriate steps to protect the covered assets of covered customers from the claims of creditors includes adopting, implementing, and maintaining written custody agreements. The OCC is making non-substantive edits to § 15.21(b)(2)(i). The OCC is modifying § 15.21(b)(2)(ii) to clarify that it applies to a private key used to issue a payment stablecoin held in safekeeping under subpart C and to delete an unnecessary reference to using a distributed ledger. The OCC is making non-substantive edits to § 15.21(c). The OCC is modifying § 15.21(d) to use the term covered custodian.

The OCC is modifying § 15.22(a) to add a reference to § 15.22(c). The OCC is modifying § 15.22(b) to clarify that steps to protect, possess, or control covered assets include appropriate recordkeeping.

The OCC is adding new § 15.22(c), which provides that notwithstanding any other provision of part 15 to the contrary, part 15 does not prevent a covered custodian from custodying its own assets and the covered assets of a covered customer at a sub-custodian where the sub-custodian may, for convenience, commingle the covered custodian's assets with the covered assets of its covered customers in one or more omnibus accounts of the sub-custodian; provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to ensure that the sub-custodian segregates all covered assets of the covered custodian's covered customers from, and does not commingle such covered assets with, the assets of the sub-custodian.

The OCC is modifying § 15.23 to clarify its application to covered assets and that the provision applies only to national banks, Federal savings associations, Federal branches, or permitted payment stablecoin issuers when these entities neither control nor hold themselves out as controlling the relevant private keys associated with covered assets nor provide or hold themselves out as providing safekeeping and custodial services for such assets.

2. Overview of Proposed Rule

Section 10 of the GENIUS Act (12 U.S.C. 5909) imposes requirements on any person seeking to provide custodial or safekeeping services for payment stablecoin reserve, payment stablecoins used as collateral, or the private keys used to issue permitted payment stablecoins. Among other things, section 10 of the Act requires such persons to be subject to supervision or regulation by a primary Federal payment stablecoin regulator, primary financial regulatory agency, or State bank supervisor, to treat covered assets as customer property, to separately account for and not commingle covered assets unless permitted under a listed exception, and to provide their regulator or supervisor with certain information as determined by that regulator or supervisor. Section 10 also provides a priority regime elevating the claims of payment stablecoin holders over other claims on persons providing custody and exempting certain persons providing hardware or software services from the requirements of section 10.

The OCC proposed to (1) establish relevant defined terms for purposes of subpart C to clarify the scope of custodial services to which subpart C would apply; (2) set minimum principles-based requirements for OCC-supervised institutions related to their provision of custodial or safekeeping services for the assets described in section 10 of the GENIUS Act that are appropriate to protect such custodied assets from the claims of creditors of the institution; and (3) implement other requirements and exclusions of the Act.

3. General Comments

The OCC received 54 comments on this subpart. Many commenters generally supported the OCC's objective of establishing a clear and prudentially sound regulatory framework for GENIUS Act custodial activities and urged the OCC generally to adopt an approach recognizing the particular legal and operational characteristics of custody arrangements while preserving necessary flexibility for regulated institutions.

4. Definitions (§ 15.20)

Broadly speaking, commenters were supportive of the proposed definitions in subpart C of the proposal. At a high level, several commenters stated that custody definitions should ensure technology neutrality and not codify practices, standards, or technologies that might quickly become outdated or impractical. The OCC agrees that its definitions are designed to be technology-neutral and functional, capable of being used without repeated amendment as technology changes.

The OCC proposed to define ''applicable law'' as ''the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order.'' The OCC received no material comments on this definition and finalizes it as proposed.

The OCC proposed to define ''covered assets'' as ''payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.'' [151] In proposing this definition, the OCC asked whether it should define ''covered assets'' in such a way that the requirements of sections 10(a) through (c) of the GENIUS Act (12 U.S.C. 5909(a) through (c)) would be read together to cover the same set of assets and provide a cogent and harmonized set of requirements, or whether the OCC should replicate the statutory language regarding the scope of assets covered separately in paragraphs (a), (b), and (c).[152] Commenters primarily responded that the OCC's proposal to define ''covered assets'' in such a way that sections 10(a) through (c) of the Act would be read together to apply to all covered assets is a correct reading of the Act. Several commenters requested clarification that territorial application of subpart C be read to be coextensive with the territorial scope established in section 3 of the GENIUS Act.

The OCC agrees that the Act is primarily focused on payment stablecoins and that there is a presumption against extraterritorial application of United States law absent specific language to the contrary. As such, the OCC has clarified in the final rule that ''covered assets'' are only those assets associated with payment stablecoins that are offered, sold, or otherwise made available to persons in the United States.

Several commenters also requested further clarification of certain terms used in the definition of ''covered assets.'' For example, the OCC sought comment on whether it is the correct approach to interpret ''cash and other property'' as used in the definition of ''covered assets'' to refer only to the cash and other property that a covered custodian may receive in connection with the provision of custodial services for the Act's three core custody assets. Commenters generally agreed with the OCC's proposed approach but requested further clarification that cash held as a deposit liability at an insured depository institution is not and cannot be a custodial asset for purposes of the segregation requirements in subpart C. While the OCC acknowledges these commenters' concerns, it believes they are best addressed in the exception in § 15.21(d) regarding deposit liabilities discussed below, rather than scoping out all cash from the requirements of subpart C, given the GENIUS Act's explicit references to ''cash'' in section 10. Certain protections in the GENIUS Act applicable to custodied assets are relevant to cash received from covered customers. For example, a covered custodian must properly account for cash that makes up the reserves of a payment stablecoin and treat such cash as part of the custody relationship governed by the terms of any applicable custody agreement.

Other commenters requested that the phrase ''payment stablecoins used as collateral'' be further clarified, noting that a covered custodian may not necessarily know whether a custodied payment stablecoin is at any given time being held as collateral. Commenters suggested various amendments to the final rule including limiting the application of subpart C to either those situations in which the covered custodian is party to a collateral agreement with respect to the stablecoin used as collateral or to situations where the covered custodian knows or should have known that the custodied payment stablecoin is being used as collateral, or else requiring the covered custodian to undertake certain due diligence regarding the use of custodied payment stablecoins. The OCC acknowledges commenters' concerns and believes that an ''actual knowledge'' standard best balances the foregoing against the text and purpose of the Act. The OCC expects that in most cases, a covered custodian will have actual knowledge where it is a party to a collateral agreement, but the OCC believes that limiting the term only to such

[151] One commenter sought clarification of the meaning of the phrase ''private keys used to issue payment stablecoins.'' The OCC confirms that the term refers to the private keys used in the issuance process to create and mint stablecoins and not the private keys associated with end-user wallets. The latter reading would vastly expand the scope of the GENIUS Act's custody requirements and is inconsistent with the plain meaning of the text (''private keys used *to issue* payment stablecoins'' (emphasis added)). As such, the OCC believes it is appropriate to retain the phrase as proposed, which mirrors the statutory text.

[152] Nothing in the definition of ''covered asset'' is meant to affect priority under section 10(c)(3) of the GENIUS Act (12 U.S.C. 5909(c)(3)).

circumstances would be inconsistent with the Act, which does not refer to such agreements. However, including a constructive knowledge requirement may offer insufficient clarity and may incentivize covered custodians to implement burdensome due diligence requirements, which may be inconsistent with the norms of custody practices and the Act's principles-based, rather than prescriptive, approach to custody. As such, the final rule specifies that the term ''covered assets'' refers to ''payment stablecoins used as collateral, where a covered custodian has actual knowledge that such payment stablecoins are being used as collateral.''

The OCC proposed to define ''covered custodian'' to mean ''a national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer to the extent of such person's provision of custodial or safekeeping services for covered assets.'' [153] The OCC proposed to define ''covered customer'' to mean ''a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets.'' The OCC proposed to define ''sub-custodian'' to mean ''a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to covered assets of a covered customer, for which the covered custodian otherwise serves as a custodian under this subpart.'' One commenter recommended narrowing the definition of ''covered customer'' to apply only to custodial or safekeeping services provided with respect to the issuance of ''payment stablecoins.'' The OCC declines to narrow the definition of ''covered customer'' in this manner as to do so would be contrary to the statute's definition of ''customer'' in section 10(b)(1) of the Act (12 U.S.C. 5909(b)(1)), which is not limited to the issuance of payment stablecoins. Other commenters asked that the OCC clarify that the terms ''covered custodian'' and ''sub-custodian'' do not include foreign entities. However, this reading appears contrary to the text of section 10 of the GENIUS Act, as well as its purpose, which largely seeks to insulate permitted payment stablecoin issuers and United States holders of payment stablecoins from potential complications related to a custodian's or sub-custodian's insolvency, failure to properly maintain and record custodied assets, or other issues. As such, the OCC is adopting these definitions as proposed, except for certain technical edits to the definition of sub-custodian, described below. The OCC notes that the changes to the definition of ''covered assets,'' described above, should prevent undue extraterritorial application of subpart C.

The OCC is making non-substantive changes to the definition of sub-custodian. Specifically, the final rule replaces the word ''such'' with ''the'' and eliminates an unnecessary comma.

The OCC proposed to define ''custody agreement'' as ''a legally binding contractual agreement between a covered customer, as the principal, and the covered custodian, as the agent, that establishes the covered custodian's duties and responsibilities in providing safekeeping and ancillary services to the covered customer.'' The OCC proposed to define ''digital wallet'' as ''a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset.'' The OCC received no comments on these definitions and finalizes them as proposed.

The OCC requested comment on whether it would be helpful to define any other terms. One commenter recommended the OCC add a definition of the phrase ''custodial or safekeeping services'' as used in proposed subpart C. The OCC declines to define these terms as it believes the terms ''custody'' and ''safekeeping'' are well-established and well-understood terms and that adding a new definition may introduce confusion or be underinclusive or overinclusive.

5. Covered Asset Custodial Property Requirements (§ 15.21)

Proposed § 15.21 included certain minimum principles-based requirements applicable to a covered custodian's provision of custodial and safekeeping services for covered assets to ensure that such covered assets are treated and dealt with as belonging to the covered customers and protected from claims of the covered custodian's creditors, as well as the creditors of any sub-custodian, as applicable. Under proposed § 15.21(a), a covered custodian would have needed to separately account for the covered assets of each covered customer and would have had to treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian. Under proposed § 15.21(b), a covered custodian would have to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

The OCC noted its belief that setting certain minimum principles-based requirements for the provision of these custody services, regardless of the use of omnibus accounts, is consistent with section 10(b)(2) of the GENIUS Act (12 U.S.C. 5909(b)(2)), which requires that applicable custodians ''take such steps as are appropriate to protect the [covered assets] of a customer from the claims of creditors of the [custodian]'' and section 13 of the GENIUS Act (12 U.S.C. 5913), which grants the OCC broad rulemaking authority to implement the GENIUS Act.

The OCC sought comment on whether the proposed principles-based requirements accurately capture sound custodial management practices that are standard in the industry. Commenters largely supported the OCC's principles-based approach in proposed § 15.21(a) and (b) as consistent with the GENIUS Act's own principles-based approach and as setting an appropriate baseline for sound custodial practice that is also sufficiently flexible to adapt to changing circumstances. Some commenters further noted that prescriptive requirements would not keep pace with technological changes and would impose disproportionate costs on smaller banks. Several commenters, however, recommended supplementing the principles-based approach with additional protections. Examples included mandated certifications (*e.g.,* a public attestation as to compliance with subpart C); specific real-time recordkeeping standards; minimum policies, procedures, and controls, such as for key management and robust systems to authenticate customer instructions before effecting transfers; minimum technical standards, such as multi-signature architecture and requirements concerning the geographic distribution of key shards, quantum computing risk management standards, incident response and recovery, and

[153] The OCC notes that, consistent with its authority, subpart C applies to national banks, Federal savings associations, and Federal branches. Entities that are not supervised by the OCC are not ''covered custodians'' for purposes of subpart C (though they may be sub-custodians). As such, the OCC has not addressed comments concerning the application of subpart C to such entities, other than in the context of sub-custodians. However, even though entities not supervised by the OCC are not ''covered custodians'' for purposes of subpart C, they may nevertheless be entities subject to compliance with section 10 of the GENIUS Act.

hardware specifications; special requirements related to smart contract administrative keys; mandatory contract provisions; real-time monitoring; regulatory reporting; independent audits; public disclosure; and a requirement that custody be conducted in a fiduciary capacity, among others.

Other commenters stated that the OCC should add additional requirements in instances in which an OCC-supervised permitted payment stablecoin issuer maintains any reserve assets without the use of a custodian or when a covered custodian provides safekeeping and custody services to an affiliate permitted payment stablecoin issuer or to a payment stablecoin issuer that is not supervised by the OCC. These commenters noted that so-called ''self-custody'' and affiliate custody of reserve assets may give rise to significant risks as there is no independent custodian to provide an added layer of protection to holders of the relevant payment stablecoin. Additionally, these commenters noted that non-OCC-supervised payment stablecoin issuers, especially foreign payment stablecoin issuers, may raise additional complications, including jurisdiction and choice of law issues. Commenters offered several examples of heightened requirements in such situations, including increased levels of capital and assessments; mandatory governance standards designed to ensure independence; disclosure obligations to payment stablecoin holders; examination standards that address intragroup conflicts of interest; and blanket prohibitions on ''self-custody,'' among other conditions.

A commenter suggested that as a condition to an OCC-supervised entity providing custody services to a foreign issuer, the OCC should require that the custodian's custody agreement authorize the custodian, and the custodian should be operationally prepared, to freeze, liquidate, or transfer reserve assets upon service of a final United States court order and stated that this requirement would be consistent with existing OCC requirements for custodians.

One commenter stated that a covered custodian's custody and safekeeping functions should be organizationally and functionally separate from any trading, lending, asset management, and other market-facing activities that the entity engages in, and that personnel with trading responsibilities should not participate in custody or safekeeping functions, in order to reduce conflicts of interest and protect customer assets from exposure to other business risks. Other commenters supported strong internal controls more broadly, including segregation of duties, independent validation, dual or multi-party approvals, and strong governance over issuance systems. Another commenter noted that while assets should be appropriately segregated and independently controlled, any personnel or governance requirements should be proportional to the size and complexity of the issuer and implemented through broader reserve asset and risk management standards rather than as a separate standalone requirement.

Adding additional prescriptive requirements discussed in comments to the rule would be contrary to a principles-based and technologically neutral approach. Moreover, the technical and prescriptive standards discussed in the comments may be overly burdensome and at risk of becoming outdated quickly. Covered custodians are already OCC-supervised entities subject to prudential supervision and regulation and the OCC has experience supervising crypto-asset custody. The GENIUS Act and part 15 already impose requirements on payment stablecoin issuers that would address stablecoin holder protection. A principles-based approach maintains flexibility and technology neutrality and avoids imposing undue burden. Regarding comments on self-custody and affiliate custody of payment stablecoin reserve assets, the OCC believes these concerns are best addressed in the section of the final rule applicable to reserve assets (see § 15.11). Therefore, the OCC declines to add further prescriptive requirements to §§ 15.21(a) or (b)(1).[154]

However, the OCC is adopting §§ 15.21(a) and (b)(1) with minor changes to address certain concerns of commenters. First, some commenters requested further clarity regarding the GENIUS Act's requirement, mirrored in § 15.21(a), that a covered custodian ''separately account'' for the covered assets for which it provides safekeeping and custody services. Sound custodial practices would entail that a covered custodian may not rely solely on a distributed ledger and must reconcile distributed ledger data, as applicable, with its internal records. As a point of clarity, the OCC is finalizing § 15.21(a) with a reference to a covered custodian's obligation to ''record,'' as well as to account for, the covered assets of a covered customer. Second, other commenters noted the importance of custody agreements in ensuring the protection of customers' covered assets in line with the GENIUS Act. The OCC is finalizing § 15.21(b) to include the adoption, implementation, and maintenance of written custody agreements among the other enumerated examples in that section.

The OCC also sought comment on whether the proposal provides enough detail regarding what steps are appropriate for a covered custodian to protect the covered assets of covered customers from the claims of creditors of the covered custodian. Several commenters recommended that the OCC provide guidance to facilitate compliance with the requirements of § 15.21 or with regard to specific situations concerning covered asset custodial property requirements, including managing third-party risk and incident response and recovery planning. While the OCC may consider future requests for supervisory guidance as needed, the agency believes doing so concurrent with publication of this final rule is premature as it may interfere with the development of industry best practices, may quickly become dated due to changing technological norms, and may risk appearing to set minimum requirements that undermine a principles-based approach.

Other commenters requested that the OCC create a safe harbor for good-faith attempts at compliance. One commenter offered that such a safe harbor could be conditioned on a covered custodian (1) not recording custodied covered assets, other than cash held as deposit liabilities, on its own balance sheet; and (2) providing prompt notice to covered customers, to the extent permitted by law, upon receipt of any adverse claims asserted against covered assets. The OCC believes a safe harbor for compliance with § 15.21(b)(1) is unnecessary, as custody is a long-established business with clear norms of operation and legal frameworks. Inclusion of a safe harbor could be potentially counterproductive as the minimum conditions of a safe harbor could effectively serve as a regulatory baseline that disincentivizes more rigorous custodial standards. Therefore, the OCC declines to include a safe harbor provision in § 15.21(b)(1).

[154] One commenter stated that the OCC should clarify that the custody, possession, and control concepts used in the final rule are not to be interpreted to alter or supersede the otherwise applicable rights and obligations of a custodian under OCC, SEC, or other applicable regulations. The commenter stated that the issue is particularly important for institutional custody models and for groups that include both bank and broker-dealer entities. The OCC believes that the principles-based framework articulated in § 15.21 is consistent with custodial standards otherwise applicable to OCC-supervised institutions. Therefore, the OCC does not believe any changes are necessary to § 15.21 to clarify the rights and obligations applicable to a custodian under other applicable regulations.

The OCC sought comment on whether, to the extent a covered custodian with fiduciary powers provides fiduciary services to a covered customer in connection with a customer's covered assets, the existing requirements of 12 CFR part 9 or part 150, as applicable, are appropriate to implement the GENIUS Act. Several commenters responded that the existing requirements in 12 CFR part 9 or part 150, as applicable, should generally be appropriate. However, several commenters noted that a directed custodian of covered assets should not be deemed to be providing services within a fiduciary capacity within the meaning of the OCC's fiduciary regulations solely for providing custody services, unless the service is expressly listed in 12 CFR 9.2(e) or the custodian has agreed with the customer to conduct the service in a fiduciary capacity, even if such services are considered ''fiduciary'' under State law. The OCC notes that whether an activity is conducted in a fiduciary capacity is based on the particular facts and circumstances and believes it would be neither appropriate nor consistent with law to opine in a general manner that any activity should be scoped out of its fiduciary regulations. Therefore, the OCC is adopting § 15.21(b)(1) as proposed.

Under proposed § 15.21(b)(2), a covered custodian would have been required to maintain possession or control of the covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys. A covered custodian would have been able to maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law and the covered custodian would have needed to maintain adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of proposed subpart C. Under the proposal, with regard to any payment stablecoin or stablecoin reserve in the form of a tokenized asset held in safekeeping under proposed subpart C, a covered custodian, or sub-custodian, as applicable, would have maintained control for purposes of the proposed requirement in paragraph (b)(2)(i) if it could reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable.[155] The final rule adopts paragraph (b)(2)(i) with non-substantive changes (adding the word ''that'' and replacing the word ''such'' with ''the'').

The OCC sought comment in the proposal about whether the description in the proposed rule about how a custodian maintains control of a payment stablecoin or tokenized reserve assets is appropriately calibrated. Commenters generally supported the OCC's approach, noting the importance of a technology-neutral and functional definition of control, but requested that the OCC clarify that multi-signature, distributed key-control architectures, multiparty computation, and shareable private keys are permissible. Multi-signature approaches are consistent with the proposed regulatory text, which establishes that a custodian maintains control if ''it can reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable.'' That is, it does not require that the custodian have the unilateral ability to transfer assets, but rather only that no other party can transfer assets without the custodian's consent, which would capture multi-party signatory systems. Therefore, changes to proposed § 15.21(b)(2)(ii) are unnecessary to clarify that multi-signature, distributed key-control architectures, multiparty computation, and shareable private keys are permissible. The OCC is, however, making three technical changes to proposed § 15.21(b)(2)(ii). First, the OCC has added ''private key used to issue a payment stablecoin'' as one of the types of crypto-assets to which the term ''control'' applies, consistent with the GENIUS Act's use of this term. Second, § 15.21(b)(2)(ii) includes a reference in the final rule to subpart C (whereas the proposal referred to § 15.21(b)(2)(i)). Finally, the final rule eliminates the phrase ''using a distributed ledger'' as surplusage.

Commenters also raised specific amendments or additions to the proposal's discussion of control and the use of sub-custodians. For example, one commenter recommended that the OCC clarify that for tokenized reserve assets, a covered custodian's demonstration of control should address both the on-chain custody of the token and the off-chain legal and operational arrangements ensuring the custodian can enforce the customer's rights against the underlying asset. Requiring that a covered custodian have control not only of the contractually agreed custodied asset, but also effectively of the underlying reference asset would be inconsistent with industry norms of custody and may serve to significantly impede the use of tokenized assets. As such, it is inappropriate to impose those requirements on covered custodians. The OCC notes, however, that for an asset to qualify as a reserve asset in tokenized form, a tokenized asset would need to confer rights identical to those that are conferred, or would be conferred, by a non-tokenized form of the asset under applicable law.

Other commenters recommended confirming in the final rule that cryptographic sub-ledgering (the mathematically verifiable tracking of beneficial ownership through on-chain proofs and real-time internal ledger reconciliation) inherently satisfies the adequate safeguards and internal controls standard for sub-custodian oversight under § 15.21(b). While cryptographic sub-ledgering may be an effective technological control, the OCC notes that the legal enforceability of a custodial relationship (*i.e.,* bailor-bailee vs. debtor-creditor) will depend on the facts and circumstances and that the adequacy of a covered custodian's safeguards and internal controls will ultimately depend upon the nature of its custodial business and its sub-custodial relationships. As such, it would be inappropriate to implement a safe harbor regarding cryptographic sub-ledgering.

Another commenter recommended that the OCC ensure that its principles-based framework includes clear expectations on due diligence, oversight, and contractual accountability for sub-custodian arrangements. Section 15.21 of the proposed rule provided sufficient protections regarding the use of sub-custodians, including the maintenance of ''adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of'' subpart C. The OCC also notes that covered custodians would typically consider sub-custodians as third-party relationships and manage the risks from a third-party risk perspective as well, consistent with the covered custodian's size, complexity,

[155] As noted in the proposal, this requirement is consistent with past OCC guidance on the control of crypto-assets for purposes of safekeeping. *See* OCC News Release 2025–68, ''Agencies Issue Joint Statement on Risk-Management Considerations For Crypto-Asset Safekeeping'' (July 14, 2025).

and risk profile and the nature of its sub-custodial relationships.

The OCC also sought comment on whether certain specific issues should be incorporated into the required principles-based standards governing a covered custodian's treatment of covered customers' covered assets. First, the agency sought comment on whether it should require that any custody agreement a covered custodian enters into with a permitted payment stablecoin issuer provide for prompt release of any custodied covered assets to the covered customer's control, including whether the OCC should require a covered custodian to release covered assets within a specific timeframe or to maintain custody agreements governing such release. Several commenters opposed a requirement that any custody agreement a covered custodian enters into with a payment stablecoin issuer provide for prompt release of custodied covered assets. The commenters stated that prompt release standards should be part of the service standards determined by the covered custodian and covered customer, and that custodians are constrained by the nature of the underlying reserve assets as well as by industry-standard deadlines for processing those assets.

In contrast, a few commenters recommended the OCC require that custody agreements provide for the prompt release of custodied assets, although one such commenter also recommended that the OCC should not specify a universal timeframe and should make clear that the adequacy of a custodian's timeframes will be evaluated in the context of its overall risk management framework. The OCC believes that a regulatory requirement concerning prompt release standards would impose additional burdens on covered custodians to set up processes and procedures that are typically already addressed in contracts, contract law, and industry norms of conduct. Moreover, a prescriptive requirement could limit the development of better practices in this area. Therefore, the OCC declines to include a prescriptive requirement on prompt release and retains the proposal's principles-based approach.

Second, the OCC sought comment on section 10(c)(3) of the GENIUS Act (12 U.S.C. 5909(c)(3)), which provides a priority regime regarding the claims of covered customers against a covered custodian regarding any payment stablecoins used as collateral that also allows covered customers to expressly waive this priority. The OCC did not propose any regulations governing the waiver provision as it believes the statute is clear. However, a few commenters recommended that the OCC provide clear guidance or requirements on the circumstances in which priority waivers are appropriate, including the standard of disclosure required before a waiver can be validly obtained. One commenter, by contrast, noted that the waiver right may at times be necessary to preserve certain collateral arrangements that can provide flexibility and benefits to covered customers and covered custodians. The OCC continues to believe that the statute is clear and that additional regulatory requirements would impose burdens and not provide meaningful benefits to either covered custodians or covered customers. Furthermore, if consistent with applicable law, the OCC would not expect that section 10(c)(3) of the GENIUS Act would prohibit covered custodians from including an express waiver as a standard term in their custody agreements.

Under proposed § 15.21(c), the OCC proposed codifying the exception in section 10(c) of the GENIUS Act (12 U.S.C. 5909(c)) to the customer property requirements described in section 10(b). This exception permits a covered custodian to withdraw and apply such share of the covered assets of a covered customer necessary to transfer, adjust, or settle a transaction or transfer assets applicable to that covered customer, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services to that covered customer by the covered custodian. The OCC proposed to specify that any such withdrawal must be consistent with any applicable law. For example, the OCC would expect any such withdrawal to be undertaken only in compliance with the terms of a covered customer's custody agreement and that any withdrawal of funds from an omnibus account would be properly recorded so as not to implicate the custodial assets of any other covered customer.

The OCC sought comment on whether, in connection with § 15.21(c), the OCC should require any more prescriptive requirements related to the protection of payment stablecoin holders, such as those designed to ensure that such withdrawals do not cause any reserve to fall below any minimum coverage of a payment stablecoin. A few commenters responded that the OCC should require covered custodians to maintain controls to ensure that fee withdrawals do not reduce reserve coverage below applicable requirements, including, for example, specified controls or mandated custody account agreement terms that address pre-arranged fee schedules, authorized withdrawal instructions, and hard-stop controls where the custodian has sufficient visibility into the full reserve pool. The OCC notes that such additional requirements would likely be impractical for many covered custodians or inconsistent with the norms of custodial practices, since the covered custodian may lack visibility into a payment stablecoin issuer's reserve assets or may only custody a portion of the reserve assets. Rather, the payment stablecoin issuer is the party better positioned to ensure that it maintains required reserve assets, and it may be reasonable to expect that such an issuer should understand any applicable fee schedules and other situations in which a covered custodian may permissibly withdraw covered assets under custody as part of its ongoing monitoring of its reserve assets. Notably, final § 15.11(d) will require a permitted payment stablecoin issuer to take certain steps with respect to custodians of reserve assets, including identifying itself as a permitted payment stablecoin issuer and engaging in due diligence to ensure that the custodian complies with applicable requirements of the GENIUS Act's implementing regulations. The OCC is adopting § 15.21(c) with non-substantive changes (replacing the word ''that'' with ''the'').

Proposed § 15.21(d) sought to clarify, consistent with section 10(c)(2)(D) of the GENIUS Act (12 U.S.C. 5909(c)(2)(D)), that an insured national bank or Federal savings association that provides custodial or safekeeping services for covered assets may hold covered assets that are in the form of cash on deposit, provided such treatment is consistent with Federal law. As noted above, several commenters observed that cash held in the form of a deposit liability is definitionally not a custodial asset and that such accounts cannot be held in a bankruptcy-remote manner because such accounts are fundamentally debtor-creditor relationships. As such, these commenters requested that such cash should be exempt from subpart C. However, the GENIUS Act refers specifically to ''cash'' as a potential covered asset. Generally, cash held in deposit accounts is not held in safekeeping as the property of the customer. Rather, the customer is a creditor of the bank unless the parties take steps to change the nature of the relationship.

One commenter also recommended that the OCC clarify in proposed § 15.21(d) that uninsured and insured Federal branches are permitted to hold ''covered assets'' that are in the form of

cash ''in the form of a deposit liability,'' to the same extent as insured national banks and Federal savings associations.[156] The commenter believed that Congressional intent, principles of national treatment and equality of competitive opportunity, and public policy all support the broader reading that includes uninsured branches. Section 10(c)(2)(A) of the Act (12 U.S.C. 5909(c)(2)(A)) in part provides that certain cash held as a deposit liability at a depository institution shall not be subject to any requirement that custodied assets be segregated from the property of the applicable depository institution. However, section 10(c)(2)(D) of the Act (12 U.S.C. 5909(c)(2)(D)) states that insured depository institutions ''shall be permitted to hold payment stablecoin reserves in the form of cash on deposit provided such treatment is consistent with Federal law.'' Both sections 10(c)(2)(A) and (D) of the GENIUS Act refer to ''payment stablecoin reserves.'' Since funds held as deposits at an uninsured depository institution would not qualify as a permissible reserve asset under section 4(a)(1)(A)(ii) of the Act (12 U.S.C. 5903(a)(1)(A)(ii)), an uninsured branch could not hold payment stablecoin reserves in the form of cash on deposit since such assets would not qualify as reserve assets.[157] However, an uninsured Federal branch covered custodian may nonetheless hold other covered assets that are not payment stablecoin reserves in the form of cash on deposit. As such, the OCC has finalized § 15.21(d) so that it refers to covered custodians generally and is not limited solely to insured depository institutions.

6. Use of Omnibus Accounts (§ 15.22)

Proposed § 15.22 covered the use of omnibus accounts by covered custodians. Proposed § 15.22(a) addressed the segregation of covered assets, stating that, ''[a] covered custodian must segregate all covered assets of covered customers from, and not commingle them with, the assets of the covered custodian, except as permitted under § 15.21(d).'' Proposed § 15.22(b) stated that ''[a] covered custodian may, for convenience, commingle the covered assets of multiple covered customers, in one or more omnibus accounts,'' provided the custodian has taken steps pursuant to § 15.21(b) to maintain safe and sound practices and the use of omnibus accounts is consistent with applicable law. The OCC sought comment on whether the OCC should instead implement a more detailed regulatory framework regarding a covered custodian's use of omnibus accounts.

Commenters generally supported the OCC's proposal in § 15.22(b) to permit covered custodians to utilize omnibus accounts for covered assets consistent with the principles-based approach that the OCC proposed in § 15.21. Several commenters, however, recommended that the OCC adopt more detailed expectations for omnibus account structures due to their potential to obscure entitlements and increase operational and legal risk or clarify that omnibus accounts should not refer to accounts held by a custodian on its own books.[158] The OCC believes that the principles-based approach taken in subpart C should already largely address these operational and legal risks without imposing undue burdens. As noted above, sound custodial practices would entail that a covered custodian may not rely solely on a distributed ledger and must reconcile distributed ledger data, as applicable, with its internal records. Consistent with this practice, the OCC expects a covered custodian to maintain off-chain documentation and recordkeeping to the extent that it commingles the covered assets of multiple covered customers in an omnibus account to ensure that it is able to reconcile all omnibus accounts with individual customer custodial accounts—that is, that it has ''separately accounted for'' the covered assets of each covered customer.[159]

One commenter recommended that the OCC explicitly recognize that cryptographically segregated omnibus accounts satisfy the segregation and separate accounting requirements of § 15.22. The commenter recommended explicitly allowing sub-ledgering within the same general omnibus wallet, meaning that the custodian would maintain multiple customers' assets at the same virtual address but maintain real-time internal records continuously reconciled against the blockchain showing exactly which customer owns which assets. As noted above, while cryptographic sub-ledgering may be an effective technological control, the OCC notes that the legal enforceability of a custodial relationship will depend on the facts and circumstances and that the adequacy of a covered custodian's safeguards and internal controls will ultimately depend upon the nature of its custodial business and its sub-custodial relationships. As such, the OCC believes it would be inappropriate to include a safe harbor in § 15.22 regarding the use of cryptographic sub-ledgering alone, and the agency reiterates that a covered custodian must also maintain appropriate off-chain recordkeeping.

Commenters also provided input on specific issues related to the use of omnibus accounts. First, the OCC asked whether a covered custodian may, for convenience, commingle in a single omnibus account both covered assets and other custodial assets that are not covered assets and asked whether the OCC should consider prescribing additional requirements in such situations. Several commenters supported confirming that covered custodians may hold covered assets and non-covered digital assets within the same omnibus wallet structures, provided that the custodian maintains recordkeeping sufficient to identify, at any time, which assets within the omnibus account constitute covered assets and which customers are covered customers. One such commenter recommended that the OCC should make clear that such arrangements are appropriate only where traceability, accountability, and error-resolution processes are demonstrably robust. Another commenter stated that commingling covered and non-covered assets could raise complexity and would require enhanced safeguards. The OCC agrees that commingling in a single omnibus account both covered assets and other assets that are not covered assets may be permissible, provided the custodian maintains sufficient recordkeeping to identify, at any time, which assets within the omnibus account constitute covered assets and which customers are covered customers. However, to the extent any covered assets are reserve assets, a permitted payment stablecoin issuer may not custody such assets in omnibus accounts since a permitted payment stablecoin issuer is separately required to segregate and not commingle such reserve assets with other assets owned

[156] The OCC notes that a Federal branch is scoped into the definition of covered custodian. Thus, for purposes of this question, the only relevant distinction is whether the Federal branch is insured or not.

[157] A permitted payment stablecoin issuer is likely better situated than a custodian to ensure that its cash reserve assets are held at insured depository institutions. As such, it is the obligation of the issuer to ensure its compliance with section 4(a)(1)(A)(ii) of the GENIUS Act and § 15.11(b) of this final rule. *See* § 15.11(d).

[158] One commenter stated that allowing covered assets to be held in omnibus accounts would be inconsistent with appropriate custody practices. The GENIUS Act however is clear that covered assets, including the reserves of multiple permitted payment stablecoin issuers, ''may, for convenience, be commingled and deposited in an omnibus account holding the [covered assets] and other property of more than 1 permitted payment stablecoin issuer or customer[.]'' 12 U.S.C. 5909(c)(2)(A).

[159] 12 U.S.C. 5909(c)(1).

or held by the issuer (*see* final § 15.11(a)(1)(ii)). Additionally, while the OCC does not believe that the imposition of prescriptive technical requirements would provide meaningful additional customer benefits as measured against the costs, operational complexities, and potential for regulatory staleness, the agency believes that it is prudent that the final rule requires that the terms of any omnibus account are fully disclosed to customers, including whether covered assets and non-covered assets may be commingled.

Second, commenters recommended that the OCC distinguish between internal omnibus accounts at a covered custodian and external omnibus accounts maintained by the custodian at sub-custodians (*e.g.,* global custodians) or directly or indirectly at a market utility (collectively, ''downstream custodians'').[160] These commenters stated that the OCC should confirm that the final regulation does not disturb established external omnibus accounts at downstream custodians, which may commingle in a single account the assets of many customers, including the covered custodian's proprietary assets and its covered customers' covered asset custody accounts. These downstream custodians may have limited or no insight into, or direct commercial relationship with, the covered custodian. Preventing commingling of assets at this level may be impractical and does not serve the purpose of the GENIUS Act in protecting covered customers from becoming general unsecured creditors of a covered custodian. The final rule does not override standard commercial practices when it comes to global custodians and market utilities. However, should a downstream custodian commingle its own assets in an omnibus account with the covered assets of a covered custodian, the customer protection purpose of section 10 of the GENIUS Act is nonetheless implicated. As such, the OCC is finalizing § 15.22 by adding a clarification that a covered custodian may custody its own assets and the covered assets of a covered customer at a sub-custodian where the sub-custodian may, for convenience, commingle such assets in one or more omnibus accounts of the sub-custodian; provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to ensure that the sub-custodian segregates all covered assets of the covered custodian's covered customers from, and does not commingle such covered assets with, the assets of the sub-custodian.

Third, one commenter recommended that the OCC consider how gas fees would be treated in custodial contexts.[161] The commenter stated that a covered custodian may agree as a convenience to its customer to pay gas fees using the covered custodian's own relevant crypto-assets and that it may be operationally convenient to commingle such crypto-assets in a sub-ledger of the customer account such that the gas fees are paid from the same wallet as the customer's transaction. The commenter recommended that the final rule confirm that this limited operational commingling undertaken solely to pay gas fees is permissible. While the OCC acknowledges that limited commingling may provide certain operational efficiencies, the GENIUS Act does not provide such an operational exception. Rather, the statute clearly states that a covered customer's covered assets ''shall be segregated from and not be commingled with the assets of'' the covered custodian as required by section 10(c)(1) of the GENIUS Act (12 U.S.C. 5909(c)(1)). Additionally, the OCC understands that many distributed ledger technologies allow gas fees to be paid from separate wallets and thus that a covered custodian could still use any permissible proprietary holdings of crypto-assets to pay a covered customer's gas fees without commingling. As such, the OCC has not included an exception to the segregation requirement related to gas fees.

7. Self-Custody Hardware and Software Exclusion (§ 15.23)

Proposed § 15.23 implemented section 10(e) of the GENIUS Act (12 U.S.C. 5909(e)), which provides that the requirements of section 10 of the Act do not apply to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys. In proposed § 15.23, the OCC sought to clarify that the requirements of this proposed subpart C do not apply to any national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's or entity's self-custody of their payment stablecoins or private keys. The OCC sought comment on whether the OCC should consider implementing any other language to prevent the exception from being used to evade the custodial requirements of the Act, including, for example, whether the requirements of subpart C could nonetheless apply if, for example, an entity controls or holds itself out as controlling such payment stablecoins or private keys, or provides, or holds itself out as providing safekeeping or custodial services, including services that are ancillary or incidental to its custodial powers, for such payment stablecoins or private keys. In the alternative, the OCC sought comment on whether an OCC-supervised institution could provide ancillary custodial services to a user of such hardware or software while avoiding the minimum, principles-based requirements of the proposal.

Several commenters recommended that the OCC clarify that the exclusion be applied on the basis of various factors that in essence mirror the control standard proposed in § 15.21(b)(2). The OCC agrees and is clarifying § 15.23 in accordance with these comments to prevent the section from being used to evade the custodial requirements of subpart C. Third-party services may in practice resemble the types of custody arrangements that the Act intended to be performed only by covered custodians. A simple non-control requirement and a requirement that the third party not hold itself out as a custodian is a low-burden means of preventing regulatory avoidance through this provision. Therefore, the OCC is adding a requirement to the final rule that the third party also not exercise or hold itself out as exercising control over the private keys associated with covered assets or provide or hold itself out as providing custody services for covered assets. In addition, the OCC is making non-substantive changes to the language of § 15.23.

Several commenters recommended that the final rule affirm that OCC-supervised institutions may provide ancillary services to persons self-custodying covered assets without triggering the requirements of subpart C. Examples of ancillary services cited by one commenter include permitted payment stablecoin issuers providing services such as trade execution, settlement routing, recordkeeping,

[160] One commenter requested that the OCC clarify that omnibus accounts should be limited to those accounts at downstream custodians and not to accounts maintained by the custodian on its own books for its customers. While some covered assets may likely be held at downstream custodians, the OCC neither believes that the GENIUS Act compels such a reading nor that all covered assets, which are not limited to securities, necessarily lend themselves to such arrangements.

[161] For a description of gas fees and the permissibility of national banks to hold them as principal, see *OCC Interpretive Letter* 1186.

valuation, or tax reporting to users of self-custody tools. The commenter recommended that a permitted payment stablecoin issuer be permitted to offer such services without triggering full custody rules so long as the institution never takes possession or discretionary control of the user's payment stablecoins or keys. Another commenter similarly recommended extending the safe harbor for self-custodial wallets to all self-custodial interfaces, particularly to the engagement of distributed ledger protocol developers.

The OCC believes that the ''control'' standard added to final § 15.23 satisfies these concerns and declines to further amend the regulation. However, if the permissibility of a national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer providing such ancillary services is premised upon such an entity's custody powers, then such an entity could only provide those services in its capacity as a custodian. In such cases, the national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer would not be covered by the self-custody hardware or software exception and would be subject to compliance with subpart C.[162]

8. Reporting

The OCC sought comment on the extent to which Schedule RC–T of the Call Report, in the case of national banks, Federal savings associations, or Federal branches, and the portions of the reports required under proposed § 15.14 relevant to custodial activities, in the case of nonbank Federal qualified payment stablecoin issuers and applicable State qualified payment stablecoin issuers, are appropriate to ensure that the OCC possesses the information necessary to supervise covered custodians. Several commenters responded that the OCC should not impose additional, distinct reporting obligations on custodians and should instead leverage existing custody reporting mechanisms. Some commenters recommended that the OCC clarify that reporting reserve compositions by permitted-investment category is strictly an issuer obligation, noting that requiring custodians to independently verify and classify covered assets exposes them to undue liability and costs. Other commenters acknowledged that existing Call Reports and Schedule RC–T may not be sufficient on their own for GENIUS Act assessment purposes, and recommended the OCC add a stablecoin-specific supplemental reporting requirement or alter Schedule RC–T of the Call Report. The OCC currently believes that existing reporting provides sufficient insight necessary for OCC supervision and assessment calculations, but will continue to monitor whether additional reporting, including amendments to Schedule RC–T, may be necessary.

9. Miscellaneous

Bridging Arrangements

The OCC sought comment on whether there are particular circumstances for which the OCC should provide additional clarification as to the application of subpart C or the applicability of any exception. Several commenters recommended additional clarification on ''bridging'' or ''wrapping'' arrangements, which facilitate use of crypto-assets between distributed ledgers that are not interoperable. One commenter described bridging as a practical necessity for multi-chain stablecoin operations and recommended that the final rule make clear that payment stablecoins locked in a smart contract for bridging to an unsupported blockchain are not, by reason of that locking alone, subject to the custodial requirements of subpart C. Another commenter recommended the OCC clarify that a covered custodian that initiates a bridging transaction for a covered customer can still operate in compliance with subpart C, provided it maintains the ability to receive and custody the underlying asset upon unwrapping. That commenter further recommended that the OCC clarify that the covered custodian's obligations under subpart C continue with respect to the locked position, including the obligation to maintain accurate records of the customer's entitlement to the underlying asset. Other commenters stated that further clarification was unnecessary because of the exception for entities that solely provide hardware or software to facilitate a customer's own custody of payment stablecoins or private keys in section 10(e) of the GENIUS Act (12 U.S.C. 5909(e)). One commenter stated that the OCC should simply confirm that issuer obligations under subpart C do not extend to activities conducted outside the issuer's control, including third-party wrapping arrangements on unsupported blockchains.

There are a number of unsettled legal questions surrounding the treatment of crypto-asset bridges. Furthermore, the mechanics of bridges can differ in important ways, and the bridge's technical design, the relevant legal contractual terms (or lack thereof), and the presence of parties exercising control over any locked assets, among other factors, may affect the analysis.[163] Additionally, there are likely to be continued technical developments in this area, which may impact that analysis in the future. Therefore, the OCC is not able to provide definitive responses to the commenters' requests at this time.

The OCC expects covered custodians to understand the mechanics, legal roles, code, contract terms, redemption rights, and other relevant features of a bridge in which covered customers' covered assets are locked in order to understand the covered custodian's legal obligations.[164] As case law and technology develop, or in response to requests involving particular bridging arrangements, the OCC may provide interpretations on the applicability of section 10 of the GENIUS Act to bridging arrangements. In the absence of definitive guidance from the OCC or clarity in relevant case law, covered custodians may rely on a well-founded legal analysis of compliance with section 10 with respect to bridging arrangements.

Valuation of Private Keys Used To Issue Payment Stablecoins

One commenter responded to the OCC's proposed approach to assign a nominal $1.00 value to private keys used to issue payment stablecoins, describing that approach as reasonable. However, that commenter noted that a nominal valuation may not fully capture the operational and control significance of private key custody, particularly where custody of the issuance keys and custody of reserve assets are held by different entities. The commenter recommended that the OCC address this potential gap without adding duplicative reporting by retaining the

[162] *See, e.g., OCC Interpretive Letter 1170,* 8, n. 39.

[163] The OCC notes that, in the case of a bridge for which the input is a payment stablecoin, the minted wrapped asset generally would not itself be a payment stablecoin as defined in the GENIUS Act. *See* GENIUS Act § 2(22)(A)(ii)(I) (12 U.S.C. 5901(22)(A)(ii)(I)) (providing that a payment stablecoin means a digital asset in which the issuer is obligated to convert, redeem, or repurchase a payment stablecoin ''for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.'').

[164] The applicability of the exclusion from subpart C for covered custodians that provide hardware or software to facilitate a customer's self-custody of bridged assets, where the bridge provides for self-custody, will also depend on the facts and circumstances, including, as discussed above, whether the covered custodian controls or holds itself out as controlling any bridged-covered assets. Any analysis would also take into account the presence and features of any administrative key associated with the bridge.

nominal valuation framework and considering requiring limited, high-level qualitative disclosures regarding private key custody arrangements. The commenter noted that such disclosures could include whether custody of the private keys is internal or third-party, whether it is segregated from reserve asset custody, and whether appropriate internal controls, access limitations, and incident response processes are in place. The OCC does not believe that any additional reporting requirements relating to the private keys used to issue payment stablecoins are necessary to implement through part 15, but it will consider whether any applicable reporting forms should be updated.

D. Subpart D—Applications and Registrations

Section 5 of the GENIUS Act (12 U.S.C. 5904) establishes a licensing regime for insured depository institutions that seek to issue payment stablecoins through a subsidiary and for nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as Federal qualified payment stablecoin issuers. Section 18(a) of the GENIUS Act (12 U.S.C. 5916(a)) provides an exception from the prohibitions in section 3 of the GENIUS Act (12 U.S.C. 5902) for foreign payment stablecoin issuers registered with the OCC and sets forth the registration regime and other requirements for foreign payment stablecoin issuers. The OCC proposed subpart D of part 15 to implement these provisions of the GENIUS Act.

1. Overview of Changes From Proposed Rule to Final Rule for Subpart D

After carefully reviewing comments, the OCC is largely adopting subpart D as proposed. The OCC is reordering and renumbering several provisions of subpart D. The OCC is making certain targeted changes to subpart D, including adding clarifying language with respect to subsidiaries of insured depository institutions in § 15.30(a), adding the word ''insured'' before ''Federal branch'' and a reference to the Corporate Background and Financial Report in § 15.30(b)(1)(ii), moving language from § 15.30(b)(1)(iii) to § 15.30(b)(4)(i), adding new § 15.30(b)(1)(iv) providing that an applicant must certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) applies to the applicant, adding new § 15.30(b)(3)(vi) concerning abandoned applications, making technical changes to § 15.30(b)(3)(ii), (iii), and (iv), making technical changes to § 15.30(b)(4) to split it into § 15.30(b)(4)(i), (ii), and (iii), and adding clarifying language to § 15.30(b)(5).

The OCC is adding a new § 15.30(c), which provides that the OCC may approve, conditionally approve, or deny a substantially complete application based on the factors specified under paragraph (d). The OCC is renumbering § 15.30 in light of this new paragraph.

The OCC is also adding new § 15.30(d)(5), which provides that the OCC will consider the ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, of the subsidiary of the applicant) to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

The OCC is changing a reference to a disapproval of an application in § 15.30(e)(1) to a reference to denial. The OCC is breaking up paragraph (e)(1) into paragraph (e)(1) and (e)(2). The OCC is also moving to § 15.30(e)(3) language providing that the denial of a substantially complete application under § 15.30 does not prohibit the applicant from filing a subsequent application.

The OCC is modifying § 15.30(f)(1) to clarify that an applicant may request that a hearing be on the written record, oral testimony and oral argument, or both. The OCC is modifying § 15.30(f)(2) to clarify when the OCC will communicate the denial of a substantially complete application. The OCC is modifying § 15.30(f)(3) to clarify what an applicant must submit to be considered in an appeal. The OCC is replacing the words ''de novo'' with ''anew'' in § 15.30(f)(4). The OCC is breaking up paragraphs (f)(4) and (f)(5) into subparagraphs. The OCC is adding language in new paragraph (f)(6) concerning the procedures for appeals. The OCC is making minor technical changes to § 15.30(g) and clarifying that the OCC may waive application of the GENIUS Act or part 15 pursuant to section 5(f) of the Act (12 U.S.C. 5904(f)), rather than only waiving application of section 4 of the GENIUS Act (12 U.S.C. 5903). The OCC is deleting the word ''thereunder'' from § 15.30(h).

The OCC is making non-substantive changes to § 15.31(a)(1) and modifying proposed § 15.31(a)(3) to provide various options for when a foreign payment stablecoin issuer's reserves will be deemed sufficient to meet the liquidity demands of United States customers. Specifically, the OCC is adding new § 15.31(a)(3)(i) to clarify that a foreign payment stablecoin issuer must hold reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State that are sufficient to meet the liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)). The OCC is also adding § 15.31(a)(3)(ii) to set forth the relevant options for compliance and describe when reserves of foreign payment stablecoin issuers will be deemed sufficient to meet the liquidity demands of United States customers. New § 15.31(a)(3)(iii) provides that a foreign payment stablecoin issuer may withdraw only reserves in excess of the required amount after due diligence confirms the remaining reserves still meet the required minimum at the time of withdrawal.

The OCC is making a technical change to § 15.31(b)(1) to clarify that foreign issuers are subject to reporting, supervision, and examination requirements as determined by the OCC.

The OCC is revising § 15.31(c) to mirror the prohibition on interest or yield that applies to permitted payment stablecoin issuers under § 15.10(c)(4).

The OCC is making a technical revision to § 15.32(b)(1)(ii) to add ''a'' before ''regulatory and supervisory regime.'' The OCC is also adding a reference to compliance with part 15 in § 15.32(b)(1)(iii) and moving language from proposed § 15.32(b)(1)(v) to § 15.32(b)(3) (which is now broken into two subparagraphs).

The OCC is adding new § 15.32(b)(1)(vi) to require foreign payment stablecoin issuers to certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) applies to the applicant. This addition mirrors requirements applicable to permitted payment stablecoin issuer applicants under § 15.30.

The OCC is also adding new § 15.32(c) to provide that the OCC may approve, conditionally approve, or reject an application based on review of the factors listed in renumbered paragraph (d) of this section of the final rule. The OCC is renumbering § 15.32 in light of this new paragraph in the final rule.

The OCC is adding new § 15.32(d)(6) to clarify that the OCC may assess whether an applicant can operate safely and soundly, including managing run risk and adequately ensuring its ability to redeem payment stablecoins. This addition mirrors the new safety and soundness factor for permitted payment stablecoin issuers under § 15.30.

The OCC is making a technical correction in final § 15.32(e)(1) (''issuers'' becoming ''issuer''). The OCC is simplifying § 15.32(e)(3) in light of other changes in the rule and adding clarifying language to § 15.32(e)(3)(iv). The OCC is breaking apart and renumbering the paragraphs in § 15.32(f).

The OCC is also modifying § 15.32(g) (renumbered from proposed § 15.32(f)) to clarify that a foreign payment stablecoin issuer may request that the hearing be on the written record, oral testimony and oral argument, or both. The OCC is also adding language to § 15.32(g) clarifying the materials that, if an applicant is filing a written appeal, the applicant must submit in writing all documents and arguments that the applicant wishes to be considered. In addition, the OCC is clarifying the timeframe in which an applicant may appeal a rejection. The final rule also replaces the word ''denial'' with ''rejection'' in § 15.32(g) to more closely match the language of section 18(c) of the Act (12 U.S.C. 5916(c)). The final rule also breaks apart and renumbers several of the paragraphs from § 15.32(f) in final § 15.32(g). The final rule adds a discussion of procedures to § 15.32(g).

The OCC is changing a reference to rescission in § 15.33(a)(3) to revocation and making a technical correction in § 15.33(b)(2)(iii)(A), (B), and (C) (correcting ''rescission''). In addition, the OCC is replacing a reference to the ''OCC's rules of practice and procedures'' with ''the OCC's rules of practice and procedure'' in § 15.33(a)(2)(ii) and § 15.33(b)(2)(ii).

The OCC is also updating certain footnotes and internal cross-references.

2. General Applications Framework

Several commenters either made general comments or requested that the OCC make certain revisions to the general proposed application framework. A few commenters suggested the final rule provide confirmation that applicants for a national trust bank charter that plan to custody stablecoin reserves for an affiliated issuer are required, as a condition of charter approval, to provide custody services to unaffiliated clients. This comment concerns the chartering of a national bank, rather than the licensing of a permitted payment stablecoin issuer, and is thus outside the scope of this rulemaking. One commenter recommended creating a public registry of authorized issuers so that downstream participants would know whether they are interacting with a legitimate issuer. The commenter suggested this registry be designed in a manner that incorporates fields for standardized data (*e.g.,* entity's legal name, charter or license identifier, specific product and jurisdictional scope of authorization, and any specific conditions or limitations on the issuer's authorization), and includes near-real-time refresh of authorization status, a machine-readable interface so that downstream participants could consume registry data programmatically, and interoperability with State-level regulators to provide a comprehensive source of authorized issuers and prevent market fragmentation. The commenter suggested that reliance on the registry should act as a safe harbor for downstream participants. The statute does not mandate the creation of a registry like the one described by the commenter. The OCC does intend to publish the determination for when an applicant is licensed as a permitted payment stablecoin issuer but is not including additional regulation text concerning the publication of a registry. In addition, the OCC, consistent with its approach to all matters, plans to operate transparently with regard to its application and registration decisions, including complying with its reporting obligations pursuant to section 15 of the GENIUS Act (12 U.S.C. 5914).

Several commenters requested that the final rule expressly provide for a prefiling consultation or application checklist to promote certainty around the information an applicant should include in an application. One commenter suggested the OCC map the checklist to the statutory factors for completeness, while another commenter recommended against including a prescriptive checklist of safety and soundness criteria in the final rule. Two commenters recommended that the OCC publish an application guide, analogous to those available for organizers of de novo institutions, explaining how the OCC will assess the statutory and regulatory review factors under proposed § 15.30(c). One of the commenters also suggested that the guidance commit the OCC to transparently engaging with applicants on any filing concerns before deciding whether to approve or deny an application. The GENIUS Act does not require the OCC to offer a prefiling meeting or publish an application checklist. The OCC historically has not published checklists for applications, but it does provide significant guidance about the filing process in the *Comptroller's Licensing Manual.* The OCC anticipates issuing similar guidance with respect to filings for OCC-supervised permitted payment stablecoin issuers. Accordingly, the final rule does not require a prefiling meeting or incorporate an application checklist. Nevertheless, applicants may request a prefiling meeting with OCC staff. The OCC plans to update the *Comptroller's Licensing Manual* in the near future to incorporate its chartering policy and procedural requirements for applicants seeking to become permitted payment stablecoin issuers. Applicants are encouraged to review these materials and any related publications prior to requesting a prefiling meeting. Further, pursuant to section 5(d)(1)(B)(ii) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(ii)), which requires a primary Federal payment stablecoin regulator to notify an applicant whether its application is considered substantially complete not later than 30 days after receipt, as incorporated under § 15.30(b)(3)(ii), the OCC will notify the applicant, within 30 days of receipt of the application, of the information required in order for the application to be considered substantially complete. The OCC believes this notification along with updates to the *Comptroller's Licensing Manual* will provide sufficient transparency regarding any filing concerns.

Two commenters suggested that the OCC provide guidance confirming that registration as a money services business (MSB) with FinCEN would not disqualify a nonbank entity from making a filing under § 15.30 and that such registration would be treated as affirmative evidence of BSA/AML compliance. The GENIUS Act provides that permitted payment stablecoin issuers shall be treated as financial institutions for purposes of the Bank Secrecy Act. MSBs, like other nonbank entities seeking OCC approval to become Federal qualified payment stablecoin issuers, must make a filing with the OCC and comply with applicable laws and regulations including those relating to BSA/AML compliance. Registration as an MSB alone does not provide conclusive evidence of compliance.

Commenters sought clarification on when the OCC will begin accepting applications pursuant to § 15.30. As discussed in more detail below, proposed paragraph (f)(3) provided that the OCC may grant a waiver of the Act's requirements for up to 12 months beginning on the effective date of the GENIUS Act if it finds the waiver to be in the public interest or extraordinary circumstances justify the waiver. Accepting applications before the effective date of the Act and final rule is appropriate in light of section 5(f) of

the Act (12 U.S.C. 5904(f)) which allows the primary Federal payment stablecoin regulators to waive the requirements of the Act for up to 12 months with respect to a person that has an application to become a permitted payment stablecoin issuer as of the effective date of the Act. The OCC therefore intends to accept applications and associated requests for waiver beginning as soon as reasonably possible following approval from the Office of Information and Regulatory Affairs (OIRA) under the Office of Management and Budget (OMB) information collection related to the application forms.[165] The OCC will notify the public through an OCC bulletin once the OCC has received approval and is accepting applications. Accepting applications prior to the effective date will facilitate the OCC's ability to provide feedback in advance of the effective date of the Act, to the extent feasible and appropriate.

3. Approval of Permitted Payment Stablecoin Issuers (§ 15.30)

a. Description of the Proposed Rule

The OCC proposed § 15.30 to provide for the licensing of insured national banks, Federal savings associations,[166] and insured Federal branches that seek to establish subsidiaries to issue payment stablecoins and for nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as Federal qualified payment stablecoin issuers. In accordance with section 5 of the GENIUS Act (12 U.S.C. 5904), proposed paragraph (a) would have required insured national banks, Federal savings associations, and insured Federal branches, as well as nonbank entities, uninsured Federal branches, and uninsured national banks to file an application and obtain prior approval from the OCC before issuing payment stablecoins under the GENIUS Act. Under proposed paragraph (a)(1), any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary would have been required to file an application under § 15.30 and receive prior approval from the OCC before issuing payment stablecoins.[167] Under proposed paragraph (a)(2), any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer would have been required to file an application and receive prior approval from the OCC before issuing payment stablecoins.

Proposed paragraph (b) set forth the application process. Proposed paragraph (b)(1)(i) would have required that the applicant submit all the information required by the form for an application under this section that would be available at *www.occ.gov.* Under proposed paragraph (b)(1)(ii), each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or Federal branch, of the subsidiary of the applicant) would have been required to submit the information prescribed in the Interagency Biographical and Financial Report.[168] Proposed paragraph (b)(1)(iii) would have required that the applicant certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. Proposed paragraph (b)(2) would have directed that an application be submitted to the appropriate OCC licensing office, unless the OCC advised a filer otherwise. The certification and location of filing provisions were substantially the same as those in the OCC's general application filing provisions in 12 CFR 5.4.

Proposed paragraph (b)(3) included provisions regarding substantially complete applications and the review thereof. Section 5(d)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(i)) would have defined a substantially complete application as one that contains sufficient information for the primary Federal payment stablecoin regulator to render a decision based on the factors in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)). Proposed § 15.30(b)(3)(i) restated this requirement, referencing the factors in proposed paragraph (c) of § 15.30. Section 5(d)(1)(B)(ii) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(ii)) requires that the primary Federal payment stablecoin regulator notify the applicant as to whether the application is considered substantially complete. If the application is not substantially complete, the primary Federal payment stablecoin regulator must inform the applicant of the information needed for the application to be considered substantially complete. Proposed § 15.30(b)(3)(ii) set forth these requirements and would have provided that the OCC would notify applicants not later than 30 days after receipt of an application whether the application is substantially complete. If the application was not substantially complete, the OCC would be required to notify the applicant of the information required in order for the application to be substantially complete. Proposed paragraph (b)(3)(iii) stated that the OCC would notify applicants whether the application is substantially complete not later than 30 days after receipt of the additional information provided under proposed paragraph (b)(3)(ii). Proposed paragraph (b)(3)(iv) stated that an application would be considered substantially complete as of the date the OCC receives the information required for the application to be substantially complete. The 120-day requirement for the primary Federal payment stablecoin regulator to render a decision, as required by section 5(d)(1)(A) of the GENIUS Act (12 U.S.C. 5904(d)(1)(A)), is measured from the date on which the application becomes substantially complete.[169]

Section 5(d)(1)(B)(iii) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(iii)) states that a substantially complete application remains so unless there is a material change in circumstances that requires the primary Federal payment stablecoin regulator to treat the application as a new application. Proposed § 15.30(b)(3)(v) would have implemented this provision by stating that if the OCC determines that an application is substantially complete, the application remains substantially complete unless there is a material change in circumstances that requires the OCC to treat the application as a

[165] *Agency Information Collection Activities: Proposed Information Collection; Comment Request; Applications for Licensing or Registration To Issue Payment Stablecoins Under the GENIUS Act,* 91 FR 47032 (July 27, 2026). Because the Act is not yet effective, the 120-day timeline contemplated under section 5(d) of the Act (12 U.S.C. 5904(d)) will not begin until the later of (1) the effective date of the Act or (2) the date at which the application is substantially complete. Entities that seek a waiver pursuant to section 5(f) should submit an application prior to the effective date of the Act. Other entities may submit applications following the effective date of the Act.

[166] Unlike national banks and Federal branches, all Federal savings associations are required to be insured by the FDIC. *See* 12 U.S.C. 1813(b)(2) and 1462(2)–(3).

[167] Consistent with the definition of permitted payment stablecoin issuer in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)), the OCC would not approve an insured national bank or a Federal savings association to issue a payment stablecoin directly (as opposed to through a subsidiary).

[168] Proposed § 15.2 would have defined principal shareholder to mean ''a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant.'' Thus, persons that are principal shareholders as a result of indirect control would have been required to submit the information in the Interagency Biographical and Financial Report.

[169] The 120-day time period ends 120 days after receipt of a substantially complete application. *See* 12 U.S.C. 5904(d)(1)(A). The 120 days does not include the day of receipt.

new application. Consistent with the OCC's general licensing regulations in 12 CFR 5.7, proposed § 15.30(b)(4) provided that the OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision. Proposed paragraph (b)(4) stated that the OCC may collect fingerprints of the individuals listed in proposed paragraph (b)(1)(ii) for submission to the Federal Bureau of Investigation for a national criminal history background check.

Section 5(d)(3) of the GENIUS Act (12 U.S.C. 5904(d)(3)) provides that an application is deemed approved if the primary Federal payment stablecoin regulator fails to render a decision within 120 days of receipt of a substantially complete application. Proposed § 15.30(b)(5) provided that a substantially complete application under that section would be deemed approved as of the 120th day of receipt by the OCC of the substantially complete application, unless the OCC denies the application under proposed paragraph (d) of that section.

Section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)) prescribes factors for evaluating a substantially complete application: the ability of the applicant (or subsidiary in the case of an insured depository institution), based on financial condition and resources, to meet the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903); whether any of the applicant's officers or directors have been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud; the competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent company, including their record of compliance with laws and regulations and their ability to fulfill any commitments or conditions imposed by their primary Federal payment stablecoin regulator in connection with the application at issue or any prior application; whether the applicant's redemption policy meets the standards under section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)); and any other factors established by the primary Federal payment stablecoin regulator that are necessary to ensure the safety and soundness of the permitted payment stablecoin issuer. Proposed § 15.30(c) contained the four specific factors established by section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)), cross-referencing proposed § 15.12 for the redemption policy.

Section 5(d)(2)(A)(i) of the GENIUS Act (12 U.S.C. 5904(d)(2)(A)(i)) provides that a primary Federal payment stablecoin regulator shall only deny a substantially complete application if the regulator determines that the activities of the applicant would be unsafe or unsound based on the factors described in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)). Section 5(d)(2)(B) of the GENIUS Act (12 U.S.C. 5904(d)(2)(B)) requires that if a primary Federal payment stablecoin regulator denies a substantially complete application, it must provide written notice to the applicant not later than 30 days from the date of denial, explaining the denial with specificity, including all findings with respect to identified material shortcomings and actionable recommendations on how the applicant could address such shortcomings. Proposed § 15.30(d) set forth these provisions in regulation.

Section 5(d)(2)(C) of the GENIUS Act (12 U.S.C. 5904(d)(2)(C)) requires that an applicant whose application has been denied be given an opportunity for a written or oral hearing before the primary Federal payment stablecoin regulator to appeal the denial. The primary Federal payment stablecoin regulator shall notify the applicant of a time, not later than 30 days after receipt of a timely request for a written or oral hearing, and place for the applicant to appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The primary Federal payment stablecoin regulator must notify the applicant of a final determination, the basis for that determination, and specific findings, not later than 60 days after the hearing. If an applicant does not make a timely request for a hearing, the primary Federal payment stablecoin regulator shall notify the applicant in writing not later than 10 days after the expiration of the hearing request period that the denial is a final determination.

Proposed § 15.30(e) set forth this appeals process, in accordance with the requirements of the GENIUS Act. Proposed paragraph (e)(1) provided that an applicant may request a written or oral hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a written or oral hearing would have needed to be in writing. Proposed paragraph (e)(2) provided that, if the applicant does not make a timely appeal for a hearing, the OCC will notify the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the substantially complete application is the final determination of the OCC. Proposed paragraph (e)(3) provided that, within 30 days of receiving a timely appeal request, the OCC would have notified the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The applicant would have needed to submit all documents and written arguments that the applicant wishes to be considered in support of a written appeal.

Proposed paragraph (e)(4) provided that the Comptroller or authorized delegate would conduct the appeals process, which would be a de novo review of the original substantially complete application, the material before the OCC official who made the initial denial decision, and any information submitted by the applicant at the time of the appeal. Proposed paragraph (e)(4) also provided that the Comptroller or authorized delegate could uphold or reverse the initial decision to deny the application. Proposed paragraph (e)(5) provided that the Comptroller or authorized delegate would have notified the applicant in writing of a final determination within 60 days of the hearing. The final determination would explain the findings on which the determination is based. If the initial decision were upheld, the decision to deny the substantially complete application would have been effective as of the date of the original denial. Finally, proposed paragraph (e)(6) expressly provided that denial of a substantially complete application would not have prohibited the applicant from filing a subsequent application, in accordance with section 5(d)(4) of the GENIUS Act (12 U.S.C. 5904(d)(4)).

Proposed § 15.30(f) would have implemented the safe harbor contained in section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)), which permits the primary Federal payment stablecoin regulators to waive the requirements of the GENIUS Act for up to 12 months for (1) subsidiaries of insured depository institutions and (2) Federal qualified payment stablecoin issuers with pending applications as of the Act's effective date. Proposed paragraph (f)(1) stated that an insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application under § 15.30 for a subsidiary to become a permitted payment stablecoin issuer on or before the effective date of the GENIUS Act may request, in writing, that the OCC waive the requirements of section 4 of the GENIUS Act (12 U.S.C.

5903) with respect to that subsidiary. Proposed paragraph (f)(2) provided the same for nonbank entities, uninsured national banks, and uninsured Federal branches applying to be a Federal qualified payment stablecoin issuer. This paragraph stated that the nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application under this section to become a Federal qualified payment stablecoin issuer on or before the effective date of the GENIUS Act may request, in writing, that the OCC waive the requirements of section 4 of the GENIUS Act with respect to that entity. Proposed paragraph (f)(3) provided that the OCC may grant a waiver not to exceed 12 months beginning on the effective date of the GENIUS Act if it finds the waiver to be in the public interest or extraordinary circumstances justify the waiver. The OCC conveyed in the preamble to the proposed rule that it anticipates that it may begin evaluating any submitted requests for waiver after issuance of the final rule but before the final rule becomes effective. Finally, proposed paragraph (f)(4) clarified that the OCC could deny a substantially complete application under proposed paragraph (d) even if it grants a waiver.

Proposed paragraph (g)(1) set forth the OCC's ability to nullify the approval of a substantially complete application under proposed § 15.30 if there was a material misrepresentation or omission in the application or supporting materials provided to the OCC, if the decision was contrary to law or regulation, or was granted due to a clerical or administrative error or a material mistake of law or fact. Proposed paragraph (g)(2) stated that when the OCC intends to nullify the approval of a substantially complete application, the OCC, in its sole discretion, will provide the applicant notice of the intended nullification and grant the applicant an opportunity to oppose the intended nullification in writing, or take any other action designed to provide the applicant with notice and opportunity to present its views concerning the intended nullification.

b. Description of Comments and Final Rule

Application Process

A few commenters suggested the OCC integrate the licensing of issuers into Federal bank oversight, particularly with respect to subsidiaries of national banks and Federal savings associations because national banks and Federal savings associations may engage in stablecoin activities including issuance and because these entities are already subject to consolidated supervision. Several commenters suggested that to promote administrative efficiency, the OCC expressly allow § 15.30 to supersede all other OCC regulations addressing filing requirements. Other commenters argued against supersession where other licensing frameworks do not displace but rather operate in parallel with the framework of § 15.30. For example, these commenters stated parallel applications for interdependent corporate transactions are necessary where a national bank seeks to establish a subsidiary through which it would issue payment stablecoins. The commenters suggested that a national bank must file both an operating subsidiary application under § 5.34 and an application under § 15.30 seeking approval to issue payment stablecoins through a subsidiary.

The substantive licensing requirements for subsidiaries of insured depository institutions, uninsured national banks, Federal branches, and nonbank entities are the same under section 5 of the GENIUS Act. The only difference is that an insured depository institution applies to establish a subsidiary while prospective Federal qualified payment stablecoin issuers apply to issue directly. Because the substantive requirements are the same, the OCC believes that it is appropriate to address licensing of all permitted payment stablecoin issuers, including subsidiaries of insured national banks and Federal savings associations, in part 15. In addition, the OCC notes that, pursuant to 12 CFR 5.36(d)(1)(iii), an insured national bank or Federal savings association would not need to submit a separate filing under 12 CFR part 5 to establish a subsidiary permitted payment stablecoin issuer. The OCC intends the process provided under § 15.30 to be comprehensive for stablecoin issuance and other activities described in § 15.10(a). This is consistent with the OCC's general approach of not requiring multiple filings for the same activity. For example, to the extent that stablecoin issuance would involve membership in a payment system and notice to join a payment system was provided during the filing process, no additional filing under 12 CFR 7.1026 would be required at that time. However, an applicant that wishes to establish an uninsured national trust bank that would be a permitted payment stablecoin issuer will need to apply to form a de novo national bank under 12 CFR 5.20 or convert to a national bank under 12 CFR 5.24 and apply to become a permitted payment stablecoin issuer under 12 CFR 15.30(a) because different statutory and regulatory requirements apply to the formation of national banks and the licensing of permitted payment stablecoin issuers.[170] The OCC is adopting § 15.30(a) with a non-substantive change to paragraph (a)(1) to clarify that the subsidiary of an insured depository institution, rather than the insured depository institution itself, may issue payment stablecoins under the GENIUS Act.

Proposed paragraph (b)(1)(i) would have required that the applicant submit all the information required by the form for an application under this section that would be available at *www.occ.gov*. Under proposed paragraph (b)(1)(ii) each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or Federal branch, of the subsidiary of the applicant) would have been required to submit the information prescribed in the Interagency Biographical and Financial Report available at *www.occ.gov*.[171] Proposed paragraph (b)(1)(iii) would have required that the applicant certify that neither the filing nor any supporting material submitted to the OCC contains material misrepresentations or omissions.

One commenter requested that the OCC provide, for notice and comment, application forms that market participants would have to submit to the OCC to become permitted payment stablecoin issuers under proposed § 15.30(b)(1)(i). The commenter also requested these forms outline substantive information requirements and approval conditions which would not be subject to change absent additional opportunity for notice and comment. Pursuant to the Paperwork Reduction Act of 1995, the OCC is soliciting comment on § 15.30 information collections that will be contained in the licensing forms and required applications.[172]

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[170] *Compare* 12 U.S.C. 21 *et seq. with* 12 U.S.C. 5901 *et seq.*

[171] Under § 15.2 principal shareholder means ''a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant.'' Thus, persons that are principal shareholders as a result of indirect control must submit the information in the Interagency Biographical and Financial Report.

[172] *Agency Information Collection Activities: Proposed Information Collection; Comment Request; Applications for Licensing or Registration*

Several commenters suggested the types of information the OCC should require to be included in applications made pursuant to § 15.30. Some commenters supported traditional data inputs such as unique identification numbers to optimize application tracking and business model descriptions including incentive structures associated with stablecoin use to ensure the GENIUS Act's prohibition on yield is observed. One of the commenters requested clarification on what information the OCC would require to evaluate management competence and experience in the absence of direct regulatory stablecoin experience. The same commenter also requested clarification on what information the OCC will require with respect to in-kind capital contributions. Another commenter suggested that applicants seeking approval or waiver under § 15.30 provide a narrative description detailing stablecoin issuance and settlement, sustained operational capacity, governance and control structures, recovery procedures, sequencing dependencies, and material third-party operational relationships. A third commenter proposed that applications be prepared in a digital, machine-readable format to generate useful regulatory data and lower costs. Proposed § 15.30(c), consistent with section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)), enumerated the criteria, including expectations for officers, directors, and principal shareholders, pursuant to which applications will be evaluated. Proposed subpart E, consistent with section 4(a)(4) of the GENIUS Act (12 U.S.C. 5903(a)(4)), discusses capital requirements. As discussed in greater detail below, the final rule adds as a review criterion, under § 15.30(d)(5), the ability of the applicant to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins. The required application information will be consistent with the enumerated criteria, and information submitted by an applicant should be sufficient to allow the OCC to render a decision on whether the applicant satisfies the enumerated criteria. As the OCC gains additional experience and data from licensing permitted payment stablecoin issuers, it will consider updating required application information as well as the format in which it is submitted.

A commenter recommended that applications submitted pursuant to section 5 of the GENIUS Act (12 U.S.C. 5904) be subject to notice and comment because the public may have material information regarding the competence, experience, or integrity of an applicant's officers, directors, or principal shareholders, and their history of compliance with applicable law. The commenter suggested that soliciting this information from the public would complete the record with respect to relatively new institutions that have not undergone supervisory evaluation over a meaningful period and would align with solicitation of public comments in other licensing contexts. Section 5 of the GENIUS Act (12 U.S.C. 5904) does not require application filers to publish notice. Moreover, review of public comments can require material additional resources (especially considering the potential number of applicants) and might not provide the OCC with relevant information in the licensing context to which it may not already have access. The OCC therefore declines to impose a notice-and-comment requirement as part of the application process. Nevertheless, the OCC retains discretion to publish notice requesting comment on an application filing in which the OCC's evaluation of the application would benefit from public comment.

The OCC is adopting paragraph (b)(1) with certain changes. The OCC is moving language concerning the OCC's review and verification of information to paragraph (b)(4). In addition, new paragraph (b)(1)(iv) provides that an applicant must certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)), which applies certain additional requirements to non-financial services public companies, applies to the issuer. Including this information at the application stage will make clear which requirements of the Act apply to a particular entity and make the application process and ongoing supervision more transparent and efficient. If the OCC determines that an applicant is subject to the requirements of section 4(a)(12) of the Act, the applicant may be subject to the additional requirements set out in that section of the Act, and the OCC may require additional application process steps prior to approval or place associated conditions on application approval. For example, the OCC may approve the application conditioned on the applicant receiving a requisite finding of the Stablecoin Certification Review Committee prior to issuing any payment stablecoins, as applicable, based on any rules issued by the Stablecoin Certification Review Committee.

In addition, paragraph (b)(1)(ii) of the final rule requires submission of the information prescribed in the Corporate Background and Financial Report, as applicable, in addition to Interagency Biographical and Financial Reports to ensure that the OCC receives the information necessary to evaluate entities that are or will be principal shareholders of permitted payment stablecoin issuers. Paragraph (b)(1)(ii) also adds the word ''insured'' before ''Federal branch'' to clarify what requirements apply to an uninsured Federal branch directly and what requirements apply to the subsidiary of an insured Federal branch.

Proposed paragraph (b)(2) would have directed that an application be submitted to the appropriate OCC licensing office, unless the OCC advises a filer otherwise. The certification and location of filing provisions were substantially the same as those in the OCC's general application filing provisions in 12 CFR 5.4. The OCC received no comments on paragraph (b)(2) and is adopting paragraph (b)(2) as proposed.

Proposed § 15.30(b)(3) included provisions regarding substantially complete applications and the review thereof. A few commenters recommended that the final rule include transparent ''stop-the-clock'' criteria or a ''deemed-complete backstop'' because the approval process does not provide applicants with recourse if the OCC fails to notify an applicant within 30 days of receipt of an application that the application is not substantially complete. The commenters reasoned that having a rigidly time-bound process with clear escalation mechanisms would add predictability to the application process and promote market confidence. As provided under proposed § 15.30(b)(3), and consistent with section 5(d)(1)(B) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)), the OCC would have been required to notify an applicant if its application is substantially complete not later than 30 days after receipt of the application. If an application were not substantially complete, the OCC would have notified the applicant of the information required for the application to be substantially complete within the same 30-day period. Upon receipt of the additional information, the OCC would have notified the applicant, not later than 30 days after receipt of the additional information, whether the application is substantially complete. Additionally, section 5(d)(3) of the

To Issue Payment Stablecoins Under the GENIUS Act, 91 FR 47032 (July 27, 2026).

GENIUS Act (12 U.S.C. 5904(d)(3)) provides that an application is deemed approved if the primary Federal payment stablecoin regulator fails to render a decision within 120 days of receipt of a substantially complete application. Thus, the process imposes clear, time-limited requirements on the processing of the application by the OCC.

The OCC is adopting § 15.30(b)(3) with changes. The OCC is breaking paragraph (b)(3)(ii) into two subparagraphs. The OCC is adding § 15.30(b)(3)(vi) to state that the OCC will return without decision an application that remains not substantially complete 60 days after the OCC provides the notice described in § 15.30(b)(3)(ii)(B). The proposed rule did not discuss the disposition of an application that does not become substantially complete despite OCC notification that the application lacks information required under § 15.30(b)(3)(i). The OCC is adding this provision to clarify the disposition of these applications, which parallels the OCC's procedure for returning a filing as materially deficient under 12 CFR 5.13(c).

Additionally, the OCC is making two minor technical changes to the final rule. First, final § 15.30(b)(3)(iii) omits the word ''now'' as it was unnecessary. Second, final § 15.30(b)(3)(v) describes a material change in circumstances that causes the OCC to treat the application as a new application rather than one that requires the OCC to treat the application as a new application. These minor changes are intended to provide additional clarity.

Consistent with the OCC's general licensing regulations in 12 CFR 5.7, proposed § 15.30(b)(4) provided that the OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision. Proposed paragraph (b)(4) stated that the OCC may collect fingerprints of the individuals listed in proposed paragraph (b)(1)(ii) for submission to the Federal Bureau of Investigation for a national criminal history background check. The OCC received no comments on proposed § 15.30(b)(4). As described above, the OCC is moving language concerning the OCC's review and verification to § 15.30(b)(4)(i) and breaking up and renumbering proposed § 15.30(b)(4) as paragraphs (b)(4)(ii) and (iii).

Section 5(d)(3) of the GENIUS Act (12 U.S.C. 5904(d)(3)) provides that an application is deemed approved if the primary Federal payment stablecoin regulator fails to render a decision within 120 days of receipt of a substantially complete application. Proposed § 15.30(b)(5) provided that a substantially complete application under that section would have been deemed approved as of the 120th day of receipt by the OCC of the substantially complete application, unless the OCC denied the application under proposed paragraph (d) of that section. Consistent with the discussion of comments above, the OCC is adopting paragraph (b)(5) with additional language to clarify that, if the OCC denies an application, it must do so within 120 days of receiving a substantially complete application.

Conditional Approvals

A few commenters urged the OCC to establish a conditional approval process under § 15.30 analogous to the process the OCC employs when chartering a de novo bank. Commenters suggested that conditional approvals be subject to continued compliance with applicable laws and regulations, including consumer protection obligations related to fraud and error resolution and data privacy and security. Commenters also recommended that conditional approvals incorporate a written commitment by a permitted payment stablecoin issuer to operate in a safe and sound manner and by its parent company (where applicable) to serve as a source-of-strength. A separate commenter recommended the OCC consider certain precursor events such as an enforcement action by another regulatory agency or critical safety and soundness issues as triggering conditions for the rescission of a § 15.30 conditional approval. The OCC agrees with commenters that it would be appropriate to explicitly provide for a conditional approval process in the final rule.

Sections 4(h)(1), 5(c)(3)(B), and 6(b)(2) of the GENIUS Act (12 U.S.C. 5903(h)(1), 5904(c)(3)(B), and 5905(b)(2)) recognize the OCC's authority to impose conditions on a permitted payment stablecoin issuer. Including language in the final rule clearly articulating the OCC's authority to impose conditions through a conditional approval will provide transparency and clarity to prospective permitted payment stablecoin issuers. Accordingly, the OCC is adding a new § 15.30(c) stating that the OCC may approve, conditionally approve, or deny a substantially complete application under § 15.30 based on a review of the factors specified in paragraph (d), which now contains the material included in § 15.30(c) of the proposed rule.[173] The OCC is also renumbering § 15.30 in light of this new paragraph. Any conditions imposed will be designed to address the statutory review factors in section 5(c) of the Act (12 U.S.C. 5904(c)) and the implementing regulation at § 15.30(d), including the ability of the applicant to conduct its proposed activities in a safe and sound manner. Under new § 15.30(c), the OCC may, for example, condition an approval on the applicant implementing policies and procedures necessary to comply with section 4 of the GENIUS Act (12 U.S.C. 5903) and as described in the applicant's application. The OCC may also include a condition requiring an applicant to provide notice before significantly deviating from its business plan or to hold reserve assets in a manner that adequately protects claims of payment stablecoin holders in the event of the applicant's insolvency. In general, the OCC expects that permitted payment stablecoin issuers will not incur material liabilities other than payment stablecoin liabilities or maintain significant assets other than those listed in final § 15.11 without the OCC's express, written approval. While permitted payment stablecoin issuers could own other assets pursuant to final § 15.10, the OCC generally expects these assets to be limited in quantity relative to assets permitted under final § 15.11. Under proposed subpart D of part 15, the OCC would have reviewed the proposed permitted payment stablecoin issuer's proposed activities, including its projected assets and liabilities, prior to deciding on an application. The GENIUS Act does not prescribe an obligation that an insured depository institution serve as a source of strength to a subsidiary permitted payment stablecoin issuer.

[173] Consistent with section 5 of the GENIUS Act, there will not be a two-phase approach to approval of permitted payment stablecoin issuer applications. Rather, once approved or conditionally approved, an applicant is a permitted payment stablecoin issuer and may commence operations as a permitted payment stablecoin issuer and is otherwise permitted to conduct business under applicable law. If a permitted payment stablecoin issuer is provided conditional approval this means that it will be subject to certain conditions on its activities or operations, rather than requiring additional review before the entity is permitted to conduct business, such as the OCC's general two-phase approval process for de novo national banks. A national bank, Federal savings association, or Federal branch that submits an application to be a permitted payment stablecoin issuer, either directly or through a subsidiary, as applicable, in connection with a de novo charter or license application must still, however, receive final approval from the OCC to open before it is permitted to conduct business either directly or through a subsidiary. *See, e.g.,* 12 U.S.C. 27 (authorization for a national bank to conduct business).

Application Standards and Additional Factors

Proposed § 15.30(c) included the statutory factors in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)) that a primary Federal payment stablecoin regulator could have considered when evaluating a complete application. The OCC requested comment on whether the OCC should include additional factors necessary to ensure the safety and soundness of a permitted payment stablecoin issuer.

Several commenters supported inclusion of a principles-based safety and soundness factor based on objective benchmarks. Specifically, commenters recommended that the safety and soundness evaluation consider whether an applicant evidences operational and governance capacity to run a stablecoin business responsibly at scale, a mature compliance architecture that supports an effective control environment, and substantiated financial viability. Commenters recommended that operational capacity be assessed based on an applicant's technology infrastructure (including smart contract, private key, and cybersecurity management), exposure to third-party technology dependencies (*e.g.*, blockchain validators, oracle providers, and cloud infrastructure), and capacity for business continuity and disaster recovery to preserve redemption reliability and avoid systemic contagion. Commenters recommended that governance capacity be assessed based on an applicant's ownership chain, board and senior management responsibility for stablecoin operations, oversight of interaffiliate service arrangements and transactions, and staffing adequacy.

Commenters recommended that the maturity of an applicant's compliance architecture be evaluated based on the ability of its systems to monitor compliance with BSA/AML and OFAC requirements (including capabilities with respect to customer verification, the Travel Rule, and transaction monitoring and sanctions screening calibrated to the velocity and pseudonymity of on-chain activity), consumer compliance (including prohibitions on unfair or deceptive acts or practices, fraud prevention, and error resolution and dispute rights), and effective third-party oversight (including data privacy and security).

Commenters recommended that financial viability be assessed based on reserve integrity observable in real time (including reserve composition, transaction flows, counterparty exposure, and funding strategy), liquidity management controls, the revenue model and projected operational expenses (including adequate funding of an applicant's operational backstop at inception), and sustainability of an applicant's redemption model under various stress scenarios. One commenter also encouraged the OCC to ensure that a nonbank applicant is assessed consistent with the principle of ''same risk, same regulation'' and also ensure that a State qualified payment stablecoin issuer transferring to OCC jurisdiction has obtained a unanimous vote of the Stablecoin Certification Review Committee. While agreeing that a safety and soundness factor should be explicitly included in the regulatory text of the final rule, another commenter recommended against a checklist of safety and soundness criteria to avoid stifling innovation and discouraging non-traditional, low-risk business models. Other commenters opposed adding specific safety and soundness factors to the final rule as they would not be anchored in statutory requirements and would impose additional hurdles and unnecessary administrative gloss.

The OCC agrees with some of the commenters that the final rule would benefit from an explicit reference to safety and soundness in the review factors given that it is included in the statutory factors for review and denial of an application. The OCC believes that this reference should be sufficiently detailed to provide applicants guidance. Accordingly, the OCC is adopting § 15.30(c) as proposed (renumbered as § 15.30(d)) with the addition of a new review factor in subparagraph (5). Under the final rule, the OCC will also consider the ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, of the subsidiary of the applicant) to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

Some commenters expressed concern that they believe the standards under proposed § 15.30 are weaker than those established for approvals of insured de novo banks. Specifically, commenters were concerned that the proposal did not address the convenience and needs of the community that an applicant intends to serve or require consistency of an applicant's corporate powers with the purposes of the Federal Deposit Insurance Act (*i.e.*, ensuring the safety and soundness of FDIC-insured depository institutions and consumer protection). The GENIUS Act does not apply deposit insurance requirements to payment stablecoin issuers. Section 4(e) of the GENIUS Act (12 U.S.C. 5903(e)) explicitly states that payment stablecoins shall not be subject to deposit insurance by the FDIC. The OCC believes that the statutorily enumerated approval factors under § 15.30, combined with the additional safety and soundness requirement under the final rule, are sufficient for the OCC to make an appropriate determination under § 15.30, particularly in light of the limited activities and authorities of permitted payment stablecoin issuers relative to insured depository institutions.

One commenter recommended the OCC periodically revise application standards and processes to ensure that they remain appropriately tailored to observed risks and market developments. The OCC may engage in future rulemaking to revise this approach, as needed, as it gains additional experience and data concerning the application process.

Denial

Section 5(d)(2)(A)(i) of the GENIUS Act (12 U.S.C. 5904(d)(2)(A)(i)) provides that a primary Federal payment stablecoin regulator shall only deny a substantially complete application if the Federal payment stablecoin regulator determines that the applicant's activities would be unsafe or unsound based on the factors described in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)). Section 5(d)(2)(B) of the GENIUS Act (12 U.S.C. 5904(d)(2)(B)) requires that if a primary Federal payment stablecoin regulator denies a substantially complete application, it must provide written notice to the applicant not later than 30 days from the date of denial, explaining the denial with specificity, including all findings with respect to identified material shortcomings and actionable recommendations on how the applicant could address such shortcomings. Proposed § 15.30(d) set forth the bases and process for denial of a substantially complete application. The OCC received no comments on proposed § 15.30(d) other than the comments addressing timing concerns addressed above. The OCC is making five technical changes. First, the OCC is renumbering § 15.30(d) to § 15.30(e) and adjusting the references within § 15.30(e) in light of new paragraph (c). Second, the OCC is breaking up § 15.30(e)(1) into two new paragraphs (e)(1) and (e)(2). Third, the final rule includes a new paragraph (e)(3) stating that the denial of a substantially

complete application does not prohibit the applicant from filing a subsequent application. This provision previously appeared in proposed paragraph (e)(6). Since the provision concerns the denial of substantially complete applications, the OCC is moving it to final paragraph (e). This provision would ensure that the OCC retains its authority under the remainder of proposed § 15.30 and section 5 of the GENIUS Act (12 U.S.C. 5904) and would provide for appropriate review of applications. The OCC is also replacing the word ''disapproval'' with ''denial'' to more closely align with the relevant statutory language. Finally, the OCC is breaking up certain paragraphs from the proposal into separate new paragraphs and renumbering appropriately. The OCC is otherwise adopting § 15.30(d) as proposed.

Appeals

Proposed § 15.30(e) set forth the appeals process, in accordance with the requirements of section 5(d)(2)(C) of the GENIUS Act (12 U.S.C. 5904(d)(2)(C)). The OCC received no comments on proposed § 15.30(e) and is finalizing it as proposed with minor clarifications.

First, the paragraph is renumbered as § 15.30(f). Second, § 15.30(f)(1) has been rewritten slightly for clarity. The revised paragraph states that an applicant may request a hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a hearing must be in writing. The applicant may request that the hearing be on the written record, oral testimony and oral argument, or both. Third, the OCC is clarifying in final § 15.30(f)(2) that the OCC will notify the applicant in writing within 10 days of the *last* date the applicant would have been able to request a hearing. The addition of the word ''last'' removes ambiguity and ensures that applicants have sufficient time to request an appeal. The OCC is also revising final paragraph (f)(3) to provide additional clarity. The revised paragraph states that within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials, provide oral testimony and oral argument, or both. If filing a written appeal, the applicant must submit in writing all documents and arguments that the applicant wishes to be considered. The OCC is also revising final paragraph (f)(4) to replace the words ''de novo'' with ''anew.'' The OCC is also breaking apart paragraphs (f)(4) and (f)(5) into multiple subparagraphs. The OCC is also adding new paragraph (f)(6) to clarify that the OCC will determine the procedures for a hearing under paragraph (f), including, but not limited to, the duration of the hearing; the order and timing of presentations, if applicable; and the deadlines and requirements for submission of written material. Finally, as discussed above, the OCC is moving proposed paragraph (e)(6) concerning submission of a subsequent application after denial so that it is in the paragraph concerning denials of applications. The OCC notes that the appeals process set forth in § 15.30(f) is the exclusive means of appealing the OCC's determination under § 15.30 within the OCC. Other processes, such as those set forth in 12 CFR part 4, are inapplicable.

Waiver Under Section 5(f) of GENIUS Act

As discussed briefly above, proposed § 15.30(f) provided that pursuant to section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)), the OCC could waive the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) for up to 12 months for subsidiaries of insured depository institutions and for Federal qualified payment stablecoin issuers with pending applications as of the Act's effective date.

A few commenters suggested the OCC adopt standards for review of waiver determinations that consider (1) the size, scope, and complexity of an applicant and its proposed activities; (2) the nature, scope, and duration of the requested waiver; (3) the applicant's existing supervisory framework and regulatory oversight; and (4) the applicant's risk management, compliance, and governance capabilities relative to the requirements being waived. Other commenters were generally concerned that waiver from the reserve, redemption, or capital requirements may pose systemic risks and that waivers should be construed narrowly and not used to confer a competitive advantage to any single applicant. Commenters also requested that the OCC clarify the factors it would consider in determining whether a waiver is in the public interest or justified by extraordinary circumstances and suggested waivers only be granted where an applicant demonstrates a compelling and well-substantiated need for the relief such as technical infeasibility based on existing infrastructure.

One commenter suggested the OCC grant waivers subject to conditions necessary to ensure safe and sound operations and to mitigate potential risks to the broader financial system. Another commenter recommended that the OCC establish a transition mechanism or exemptive relief for noncompliance while applications remain pending rather than require an applicant to submit a waiver request. A third commenter recommended that the OCC distinguish between waivers at initial application and those meant to accommodate product evolution or market expansion. The same commenter also suggested that the OCC publish a public registry of waiver decisions to avoid differential treatment of similarly situated applicants and to produce consistent results. Conversely, one commenter stated that the waiver standards under proposed § 15.30(f) are sufficient and any additional considerations would add unnecessary administrative gloss and complexity.

After considering the comments, the OCC is adopting § 15.30(f) with certain changes. Consistent with the language of section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)), the final rule is not limited to waiving the requirements of section 4 of the Act (12 U.S.C. 5903) and instead refers to the GENIUS Act and part 15 more broadly.[174] The final rule renumbers § 15.30(f) as § 15.30(g) and makes conforming renumbering changes throughout. The final rule also clarifies that the effective date of the GENIUS Act is January 18, 2027, and moves certain language from paragraph (g)(3) to paragraph (g)(3)(i). An applicant seeking a waiver under final § 15.30(g) should explain the basis for its request, the extent of the requirement(s) to be waived, the potential for disruptions to existing operations, and the applicant's plan to come into compliance with the relevant requirements. This information will enable the OCC to determine whether a waiver request is in the public interest or whether there are extraordinary circumstances justifying the waiver. Items that the OCC may consider in evaluating a waiver would include whether the waiver would pose prudential, compliance, or other concerns of a magnitude that would make a grant of waiver imprudent or impractical.

The OCC will make waiver determinations following receipt of the initial waiver request. While the OCC may grant a waiver for up to 12 months, the OCC does not anticipate that a permitted payment stablecoin issuer will need the full 12 months to come into compliance with the GENIUS Act. Additionally, while the waiver

[174] For example, the OCC could waive the limitation in section 3(a) of the Act (12 U.S.C. 5902(a)) that provides that it shall be unlawful for any person other than a permitted payment stablecoin issuer to issue a payment stablecoin in the United States.

provision allows the OCC to waive the requirements of the Act, the OCC retains discretion to choose which provisions of the Act to waive. The OCC generally expects that any such waivers will be limited to the relief necessary to ensure that it is not impossible or impracticable to comply with the Act. Further, in line with current OCC practice, the OCC plans to regularly publish, on its publicly facing website, conditional approvals and other decision letters.

Two commenters also suggested that waiver requests under section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)) be subject to public notice and an opportunity to comment. One of the commenters was concerned that granting relief from the reserve, redemption, or capital requirements may affect the stability of the broader stablecoin market, the competitive position of compliant issuers, and the interests of consumers and counterparties. The commenter stated that public notice and comment would address this concern by permitting market participants and other affected parties to identify potential systemic or competitive risks and support consistent application of the GENIUS Act across the supervised population. Section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)) does not require applicants seeking waiver to publish notice, and the OCC is not codifying a requirement to seek public comment on a waiver. Nevertheless, the OCC retains authority to request comment on waiver filings that would benefit from public comment concerning the factors set forth in § 15.30(g) of the final rule.

Two commenters supported interagency coordination to promote consistency and competitive neutrality across section 5(f) waiver regimes. The OCC has extensive experience in processing applications in coordination with other regulators to streamline application review and avoid regulatory deadlock. The OCC will continue to coordinate implementation of the GENIUS Act with the other primary Federal payment stablecoin regulators, as appropriate.

Proposed § 15.30(g) set forth the statutory bases and process for the OCC's ability to nullify the approval of a substantially complete application under proposed § 15.30. The OCC received no comments on paragraph (g), renumbered as § 15.30(h), and is adopting it with minor changes. Specifically, the final rule deletes the word ''thereunder'' as unnecessary. The OCC believes that the provisions in paragraph (h) will help preserve the integrity of the application process and are aligned with those in its licensing process under 12 CFR part 5.[175] The OCC notes that it rarely, and only in extraordinary circumstances, nullifies decisions under § 5.13(h).

4. General Foreign Payment Stablecoin Issuers Framework

Section 18 of the GENIUS Act (12 U.S.C. 5916) generally addresses foreign issuers and provides an exemption from the prohibitions of section 3 of the Act (12 U.S.C. 5902) for issuers that meet certain requirements. Under section 18, for an issuer to be exempt from those prohibitions, among other conditions, the Secretary of the Treasury must determine that the issuer is subject to regulation and supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act. In addition, the foreign payment stablecoin issuer must register with, and be subject to ongoing monitoring by, the OCC. Section 18 also contemplates that the Secretary of the Treasury may create and implement reciprocal arrangements or other bilateral agreements between the United States and jurisdictions with payment stablecoin regulatory regimes that are comparable to the requirements established under the GENIUS Act. The OCC proposed to implement the provisions of the GENIUS Act relating to foreign payment stablecoin issuers for which the OCC is responsible in §§ 15.31 through 15.33. A discussion of comments received and the changes to those particular sections follows.

Some commenters provided broad, overarching comments concerning the OCC's implementation of provisions relating to foreign payment stablecoin issuers. One commenter stated that the OCC should adhere to the principle of national treatment in its rulemaking and interpretation of the GENIUS Act, which the commenter said would support robust competition, market liquidity, and diversified sources of credit. One commenter suggested that the OCC's rulemaking authority with respect to foreign payment stablecoin issuers relates only to standards for approval of registration requests and the process for appealing denials of registration requests because the Department of the Treasury is charged more broadly with rulemaking authority to carry out section 18 of the GENIUS Act. Several comments focused on how a foreign regime is determined to be comparable to the GENIUS Act. Some commenters stated that the OCC's role does not extend to evaluating the quality of a foreign payment stablecoin issuer's home-country regulations. One commenter suggested that the OCC clarify the criteria by which state and foreign supervisory regimes are evaluated for equivalence, including objective benchmarks for reserve localization, liquidity coverage, and supervisory intensity. Another commenter suggested that the OCC should adopt a stringent comparability standard that requires foreign regimes to demonstrate substantive equivalence—not merely formal similarity—to United States reserve quality, audit standards, redemption protections, and AML/CFT requirements. The commenter asserted that U.S.-based issuers must not be placed at an economic disadvantage relative to foreign issuers operating under less rigorous regimes. The commenter also noted that the OCC should require ongoing monitoring and periodic recertification of foreign regime comparability and should establish clear triggers for the suspension or revocation of a foreign payment stablecoin issuer if that jurisdiction's standards deteriorate. The commenter also requested clarification of how the Stablecoin Certification Review Committee will evaluate foreign regimes and what specific role public input will have in that evaluation process. A commenter further stated that the OCC should not extend the regime applicable to permitted payment stablecoin issuers to foreign issuers not expressly provided for in the Act as Treasury is responsible for assessing the comparability of home-country requirements. One commenter suggested that the OCC publish guidance, interpretive materials, or supervisory statements setting out how each substantive requirement in the proposed rule applies to foreign payment stablecoin issuers, including where functional equivalence with home-jurisdiction standards will be recognized and what the process is for demonstrating that equivalence.

The final rule, like the proposed rule, does not require the OCC to evaluate the quality of a foreign payment stablecoin issuer's home-country regulations. That role is reserved for the Secretary of the Treasury. With respect to requirements of registration, the final rule, like the proposal, adheres closely to the statutory requirements with certain additional clarifications necessary to effectuate a registration process and give market participants clarity on how to register with the OCC.

A few commenters argued that the OCC should not prescribe substantive requirements for foreign payment stablecoin issuers in the United States. A commenter stated that proposed subpart D should more closely reflect the statutorily specified role of the OCC

[175] *See* 61 FR 60342, 60346 (November 27, 1996).

regarding the substantive regulation of foreign issuers while preserving the OCC's supervisory oversight. A commenter stated that it should not be necessary for the OCC to create any new requirements in the registration process beyond what is required by the Act. One commenter suggested that foreign payment stablecoin issuers should be subject to requirements that achieve equivalent outcomes as the requirements imposed on permitted payment stablecoin issuers. Some commenters requested that there be no requirement limiting foreign payment stablecoin issuers to a single brand of payment stablecoin. Some commenters also stated that foreign payment stablecoin issuers should be required to redeem at par to provide parity with permitted payment stablecoin issuers, which must redeem at par. Commenters also asked whether foreign payment stablecoin issuers have an obligation to redeem with respect to any payment stablecoin holder. A few commenters discussed reserve requirements and the treatment of yield. One commenter suggested that the requirements addressing the interface between the issuer and United States customer and United States infrastructure, for example, reserve requirements, United States customer determination, and yield prohibition, should apply directly to foreign issuers. The commenter also suggested that the OCC should consider the Financial Action Task Force's March 2026 report on the regulation and supervision of offshore virtual asset providers in shaping its approach.

Another commenter suggested that the OCC should provide explicit guidance on managing conflict-of-law risks and cross-jurisdictional regulatory obligations. The commenter also indicated that foreign issuers should be subject to requirements proportionate to and consistent with those applied to domestic issuers where comprehensive consolidated supervision is in place. The commenter noted that more extensive requirements on foreign issuers could discourage participation without materially improving safety or consumer protection.

A few commenters suggested that the OCC not allow foreign-issued stablecoins to operate without reserve verification. The commenters argued that United States issuers should not be subject to rules that are more stringent than those for foreign issuers. Under the OCC's rule, foreign issuers are subject to the same reporting requirements as permitted payment stablecoin issuers, and monthly reporting requires providing information about reserve assets.

The Act imposes substantive requirements on foreign payment stablecoin issuers, which the final rule, like the proposed rule, implements. These requirements include the yield prohibition in section 4(a)(11) of the Act (12 U.S.C. 5903(a)(11)), the requirement to hold reserves sufficient to meet liquidity demands of United States customers in section 18(a)(3) of the Act (12 U.S.C. 5916(a)(3)), and the requirement to be subject to ongoing monitoring in section 18(c)(2) of the Act (12 U.S.C. 5916(c)(2)). As described in greater detail below, the final rule imposes certain requirements directly related to the statute but does not impose all of the requirements applicable to permitted payment stablecoin issuers. The OCC believes that imposing all such requirements on foreign payment stablecoin issuers would be inconsistent with the role of the Secretary of the Treasury in evaluating a foreign regime to determine if the regime is comparable to the GENIUS Act. The Secretary of the Treasury also retains the ability to enter into reciprocal arrangements that may include substantive requirements with respect to foreign payment stablecoin issuers' payment stablecoin activities. Moreover, the OCC may impose, as a condition of registration, certain requirements applicable to permitted payment stablecoin issuers on foreign payment stablecoin issuers, if the OCC determines necessary based on the facts relevant to a prospective foreign payment stablecoin issuer's registration. The OCC intends to use such conditions, as appropriate, based on the particular facts, including the degree to which the payment stablecoin circulates in the United States. With respect to a limitation on issuing more than one brand of payment stablecoin, as discussed more extensively in the portion of this supplementary information addressing subpart B of part 15, the OCC is not adopting any such requirement in regulation text for permitted payment stablecoin issuers or foreign payment stablecoin issuers. The OCC may, however, impose conditions concerning the issuance of multiple brands, as appropriate, based on the facts of a particular applicant. The OCC also confirms that foreign payment stablecoin issuers, like permitted payment stablecoin issuers, must redeem payment stablecoins at par. This requirement follows from the definition of payment stablecoin in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), which provides that the issuer is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value. As with a permitted payment stablecoin issuer, a foreign payment stablecoin issuer would likewise be required to redeem from any payment stablecoin holder, subject to appropriate onboarding. Although foreign payment stablecoin issuers might generally interact with a small number of customers (*e.g.,* exchanges), they should ensure that they have the capacity to onboard and redeem from other payment stablecoin holders. This approach is consistent with the definition of payment stablecoin and helps ensure parity between permitted payment stablecoin issuers and foreign payment stablecoin issuers.

Several commenters discussed issues relating to capital requirements for foreign payment stablecoin issuers. One commenter supported having no formal capital requirements on registered foreign payment stablecoin issuers. One commenter suggested that a capital requirement should be applied to the United States operations of foreign issuers. Another commenter stated that the OCC should apply subpart E to the United States operations of foreign payment stablecoin issuers, and it should do so with respect to United States operational continuity, United States compliance and control functions, United States customer servicing, United States legal and resolution risks, and United States wind-down capacity. Another commenter suggested that foreign issuers should be required to assess capital adequacy on a quarterly basis using the requirements in proposed subpart E. The commenter suggested that the foreign issuer determine capital based on total issuance activity that occurs in the United States over the quarterly assessment period. The commenter recommended that the burden fall on the foreign issuer to conduct conversions between relevant currencies. The commenter also recommended that the OCC require foreign issuers to submit a report demonstrating compliance with this assessment on the same quarterly frequency. One commenter suggested that the OCC should require foreign issuers that seek to operate in the United States to be subject to home-country capital requirements that are consistent with capital requirements to which domestic permitted payment stablecoin issuers are subject. The commenter further noted the importance of the OCC establishing a standardized framework to determine

the minimum capital requirements applicable to domestic permitted payment stablecoin issuers. A few commenters discussed adopting a functional equivalence approach. One commenter suggested that applying capital requirements to foreign issuers' United States operations would put foreign and domestic issuers in comparable positions. The commenter noted that if a foreign issuer is subject to comparable capital requirements under its home-jurisdiction regulatory framework, then the OCC should recognize those requirements of the relevant regulator. The commenter further noted that if no comparable home-jurisdiction capital framework exists for the foreign issuer, then the OCC should have discretion to apply proportionate capital requirements according to the scale and risk profile of the issuer's United States operations. Another commenter also supported applying capital requirements to United States operations of foreign issuers registered with the OCC. The commenter also suggested that the OCC should not require additional capital beyond what the home-country capital regime had already mandated where a foreign issuer's home-country regulatory framework imposed more stringent capital requirements than the United States requirements. Another commenter suggested that the OCC should apply capital or operational backstop expectations to the U.S.-facing operations of foreign payment stablecoin issuers in order to avoid asymmetries between domestic and foreign entities. The commenter noted that if a foreign issuer serves United States customers, then there should be a credible and accessible financial backstop supporting those United States obligations rather than an assumption that other protections will be available. The commenter suggested that the determination should be based on the foreign issuer's United States operations and United States customer exposure rather than on the foreign issuer's entire consolidated balance sheet. The commenter noted that this approach would be more consistent with the risks the OCC aims to address and would avoid transforming the United States registration framework into a duplicative capital regime for the issuer's global business. The commenter additionally suggested that home-jurisdiction resources, where those resources are enforceable and available for the protection of United States customers, should be recognized. The same commenter also suggested that the OCC should require that foreign payment stablecoin issuers maintain accessible United States-located operational backstop resources sufficient to support their United States-customer obligations. The commenter noted that this measure would be undertaken in order to create a credible United States safeguard rather than duplicative double-capitalization between the United States requirements and a comparable reciprocity regime.

The final rule, like the proposal, imposes no direct requirement on foreign payment stablecoin issuers related to capital. As discussed in greater detail below, the OCC anticipates that comparability determinations and reciprocal arrangements will be generally sufficient to ensure that the United States operations of foreign payment stablecoin issuers are appropriately capitalized. In addition, the OCC may, to the extent not sufficiently addressed by the home-jurisdiction or reciprocal arrangement, impose capital requirements as a condition of registration.

One commenter emphasized that it is appropriate to recognize the United States Federal framework already applicable to foreign banks' United States presence when operationalizing the permitted payment stablecoin framework. Although the International Banking Act applies to the United States operations of foreign banks, the GENIUS Act includes additional requirements related to foreign issuers of payment stablecoins in the United States.

One commenter asserted that the proposed rule imposes asymmetric regulatory burdens that disadvantage permitted payment stablecoin issuers while leaving foreign competitors largely unaffected. The commenter suggested that the OCC should compare the effective regulatory burden against the benefits actually received for foreign payment stablecoin issuers. The final rule is consistent with the provisions relating to foreign payment stablecoin issuers in the statute. The OCC notes that, under section 18, a foreign issuer is only exempt from the prohibitions of section 3 if, among other conditions, the Secretary of the Treasury determines that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime that is comparable to the requirements established under the GENIUS Act. Thus, these issuers will be subject to certain requirements outside of this final rule. In addition, foreign payment stablecoin issuers may be subject to additional requirements pursuant to reciprocal arrangements or individualized conditions imposed under the registration process.

5. Foreign Payment Stablecoin Issuers (§ 15.31)

Section 18(a) of the GENIUS Act (12 U.S.C. 5916(a)) exempts a foreign payment stablecoin issuer from the prohibitions of section 3 of the GENIUS Act (12 U.S.C. 5902) if it meets all of the following requirements: (1) the foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, as determined by the Secretary of the Treasury under section 18(b) of the GENIUS Act; (2) the foreign payment stablecoin issuer is registered with the OCC pursuant to § 15.32; (3) the foreign payment stablecoin issuer holds reserves in a United States financial institution sufficient to meet liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)); and (4) the foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern. The OCC proposed § 15.31(a) to implement this exemption.

Commenters requested additional clarity both as to what constitutes a United States customer and as to what would be sufficient to meet the liquidity demands of United States customers. In particular, commenters requested clarity on how to determine if liquidity was sufficient (*e.g.,* what measures should be used, what thresholds a foreign payment stablecoin issuer must meet). One commenter suggested that the OCC adopt a flexible, principles-based approach to estimating United States customer liquidity demands for foreign payment stablecoin issuers. One commenter suggested that the OCC should confirm how residency for purposes of ''United States customer'' will be determined in practice. In particular, the commenter suggested that United States customers should be limited to persons with direct contractual or onboarding relationships with the issuer. The commenter also requested that the OCC confirm that the residence information from KYC checks of direct customers would be sufficient to determine whether a customer is a resident of the United States. One commenter stated that foreign issuers

will not always be able to precisely determine whether every holder is a United States customer, and that the rule should not require a single rigid methodology or rely on proxies for the estimated number of United States holders. This commenter further stated that foreign issuers may be able to identify United States nexus through a combination of indicators such as onboarding information for direct customers, IP data, wallet analytics, transaction patterns, and other reasonably available information.

One commenter raised concerns regarding how a foreign issuer will be able to identify where its tokens circulate, where the payment stablecoin holders reside or are located, as well as the nationality of payment stablecoin holders. Some commenters advocated for a flexible, principles-based approach to requirements for foreign issuers. One commenter noted that employing a flexible approach would be particularly important until more data becomes available regarding the operations of foreign issuers. A number of commenters opposed requiring a fixed percentage of reserves to be held at United States financial institutions. Several commenters supported a principles-guided, outcomes-focused approach that imposes a risk-based standard that requires a defensible estimation methodology and periodic reassessment with no fixed percentage. These commenters argued that a fixed percentage could impose significant cost while bearing little relationship to the actual liquidity risk posed by a particular issuer. One commenter urged that the methodology adopted by the OCC to calculate default reserves should preserve flexibility for Treasury to negotiate reciprocal arrangements under section 18(d) of the Act (12 U.S.C. 5916(d)). One commenter suggested that a methodology should be calibrated to the issuer's actual or reasonably estimated United States customer exposures with a modest liquidity buffer in the range of 10 to 15 percent above estimated one-month United States customer redemptions. One commenter argued that a fixed percentage would impose a significant and potentially excessive burden on foreign issuers whose United States customer base represents a small or predictable fraction of their total issuance and would be disproportionate relative to the actual liquidity risk the requirement is designed to address. One commenter suggested that objective measures and thresholds should be included for when United States reserve assets are sufficient to meet demands of United States customers. The commenter noted the importance of ensuring standards are objective without prescribing a rigid formula. One commenter suggested that the OCC should not prescribe a single rigid methodology because foreign issuers will not always be able to determine whether a particular holder is a United States customer. One commenter suggested that the OCC should rely on home-jurisdiction frameworks rather than prescribing detailed United States-specific customer identification methodologies for foreign issuers, especially where those issuers are subject to ongoing supervision by a home regulator whose regime has been determined to be comparable under the Act. One commenter suggested that the OCC should confirm that foreign issuers distributing through regulated intermediaries may rely on those intermediaries' customer identification data for purposes of estimating their United States customer base, provided appropriate contractual arrangements are in place requiring the intermediary to share relevant customer data with the issuer for compliance purposes. One commenter discussed on-chain reserves, noting that they could better enable the issuer to meet redemption requirements and that flexible diversification that can be tailored and updated through guidance will provide the OCC maximum flexibility to respond to changing market conditions.

A couple of commenters also requested clarification of which ''United States financial institutions'' may hold reserves for foreign payment stablecoin issuers, urging the OCC to include United States branches and agencies of foreign banks and, more broadly, any institution located or organized in the United States that is authorized under Federal or State law to provide custodial or safekeeping services for payment stablecoin reserves. One commenter also noted that the proposed definitions appear to exclude foreign custodians from the custody provisions applicable to covered custodians and sub-custodians and asked the OCC to expressly confirm that understanding.

The OCC agrees with commenters that additional guidance is necessary to determine what is sufficient to meet the liquidity demands of United States customers. As discussed above, the final rule defines United States customer as a customer that, at the time of onboarding (1) is an individual and resides in the United States, (2) is incorporated or organized under the laws of the United States or any State, or (3) has its principal place of business in the United States. This revised definition ensures that the customer has a clear nexus to the United States and is administrable.

The final rule clarifies that a United States financial institution is an eligible financial institution that is incorporated or organized under the laws of the United States or of any State. The Act does not define financial institution, and it has been defined broadly in the context of other banking laws. The final rule uses ''eligible financial institution'' in this context. Eligible financial institutions generally are persons that are eligible to hold reserve assets in custody under section 10 of the GENIUS Act and otherwise comply with section 10 of the Act. As any entity holding reserve assets would be required to comply with section 10, the use of ''eligible financial institution'' broadly defines the scope of ''financial institutions'' under section 18(a)(3) of the Act, consistent with the Act's use of the term financial institution and with its structure.

To effect the Act's requirement that the financial institution must be a ''United States'' financial institution, final § 15.31(a)(3)(i) confirms that the eligible financial institution must be incorporated or organized under the laws of the United States or any State. As the statute makes clear, the financial institution itself—as opposed to a branch, agency, or other office—must be a United States entity.

The OCC also recognizes that there may be difficulties in determining what is sufficient to meet the liquidity demands of United States customers. Accordingly, the final rule includes four different options that clarify how foreign payment stablecoin issuers can demonstrate compliance with the requirement in section 18(a)(3) of the Act (12 U.S.C. 5916(a)(3)). Final § 15.31(a)(3)(i) provides that a foreign payment stablecoin issuer must hold reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State that are sufficient to meet the liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)). This largely restates the statutory requirement in section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)). Paragraph (a)(3)(ii) sets forth the relevant options to achieve compliance with the requirement in section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)). Under paragraph (a)(3)(ii), reserves are sufficient to meet the liquidity demands of United States customers only if the foreign payment

stablecoin issuer complies with one of four alternatives. Under one alternative, the foreign payment stablecoin issuer would (1) attest that fewer than 50 percent of the foreign payment stablecoin issuer's outstanding issuance value is held by payment stablecoin holders located in the United States; and (2) hold reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State, the value of which equals or exceeds 50 percent of the foreign payment stablecoin issuer's outstanding issuance value. Under the second alternative, the foreign payment stablecoin issuer would (1) attest that it holds substantially all of its reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State and (2) hold substantially all of its reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State. These first two alternatives are intended to provide simple and clear paths for compliance. Depending on the business model of a foreign issuer, these two alternatives may or may not be viable. Accordingly, the OCC is including two additional means of establishing compliance that, while somewhat more complicated, could accommodate a wider variety of business models than the first two alternatives. Under the third alternative, the foreign payment stablecoin issuer would ensure, on an ongoing basis, that the value and composition of reserves held in eligible financial institutions incorporated or organized under the laws of the United States will be capable of supporting timely redemption requests from United States customers under both normal conditions and adverse economic, liquidity, market, and interest rate conditions, including, to the extent necessary, maintaining a buffer of reserves.[176] This alternative entails ongoing assessment of liquidity demands and recalibration of amounts held in United States financial institutions. Under the final alternative, the foreign payment stablecoin issuer would submit a detailed proposal to meet the requirements of paragraph (a)(3)(i) for the OCC's approval. The foreign payment stablecoin issuer would need to respond to all OCC requests for additional information regarding the proposal, receive the OCC's written approval of the proposal, and comply, on an ongoing basis, with the proposal approved by the OCC, including any conditions and limitations imposed on such approval by the OCC. This final option is intended to provide flexibility for foreign payment stablecoin issuers that can demonstrate alternative means of complying with paragraph (a)(3)(i) while ensuring that the OCC has the opportunity to opine on whether the method is reasonable.

Paragraph (a)(3)(iii) of § 15.31 imposes a limitation similar to that applicable to permitted payment stablecoin issuers under § 15.11 and provides that a foreign payment stablecoin issuer must only withdraw reserves in excess of the amount required under paragraph (a)(3)(i) after appropriate due diligence and confirmation that the withdrawal would not cause the reserves held in eligible financial institutions incorporated or organized under the laws of the United States or any State to fall below the amount required under paragraph (a)(3)(i), calculated as of the time and date of withdrawal.

Aside from the changes to paragraph (a)(3), the OCC is making one additional non-substantive change to paragraph (a). Section 15.31(a)(1) of the final rule has been reworded slightly to refer to the requirements of paragraph (a), rather than the broader language that was in the proposal. The OCC is otherwise finalizing § 15.31(a) as proposed.

One commenter suggested that the OCC should provide clarity on the criteria for determining whether a foreign issuer has met the requirements of the Act sufficient to exempt it from the prohibition, the timeline and process for OCC review of foreign registration applications, and the enforcement consequences for digital asset service providers that continue to offer noncompliant foreign stablecoins after the applicable deadline. The commenter noted that without additional clarity, the United States will compete on unequal terms with foreign issuers that face no equivalent obligations. The prohibitions in section 3 of the Act (12 U.S.C. 5902) are outside of the scope of this rulemaking. The Department of the Treasury has issued a notice of proposed rulemaking to address the requirements in section 3 of the Act.[177]

In accordance with section 18(c)(2) of the GENIUS Act (12 U.S.C. 5916(c)(2)), proposed paragraph (b) would have subjected foreign payment stablecoin issuers to ongoing monitoring by the OCC, including reporting, supervision, and examinations. Proposed paragraph (b)(1) provided that a foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 would need to fully accede to any request by the OCC regarding reporting, supervision, or examination of the foreign payment stablecoin issuer. Proposed paragraph (b)(2) provided that a foreign payment stablecoin issuer registered with the OCC under proposed § 15.32 would need to produce the reports required for permitted payment stablecoin issuers under proposed § 15.14 as well as any other reports the OCC may require. A foreign payment stablecoin issuer could request, in writing, an exemption from any reporting requirement that would otherwise apply under proposed § 15.14. The OCC could grant an exemption in its sole discretion. The OCC anticipated that it would require foreign payment stablecoin issuers to submit all reports required under proposed § 15.14, including the report relating to changes in control described in § 15.14(m), but noted that the OCC may tailor its requests for reports based, among other things, on the volume of the foreign payment stablecoin issuer's payment stablecoins circulating in the United States. Proposed paragraph (b)(3)(i) would subject a foreign payment stablecoin issuer registered with the OCC under proposed § 15.32 to a full-scope examination at the same frequency as the OCC would examine a permitted payment stablecoin issuer under proposed § 15.14 unless the OCC determined, in its sole discretion, to examine at a different frequency. Proposed paragraph (b)(3)(ii) stated that the OCC may conduct these examinations on-site or remotely.

Several commenters discussed proposed § 15.14 and the reports that foreign payment stablecoin issuers would be required to produce for the OCC. Some commenters suggested that foreign payment stablecoin issuers should not be subject to the full reporting framework for permitted payment stablecoin issuers in proposed subpart B given foreign payment stablecoin issuers' home-jurisdiction supervision and reporting requirements. Commenters suggested that such requirements would be duplicative and generate compliance costs without proportionate benefit.

Some commenters suggested foreign payment stablecoin issuers should be subject to reporting requirements that are substantively equivalent to, and achieve comparable supervisory outcomes as, requirements on permitted payment stablecoin issuers rather than identical filing or reporting obligations. Specifically, one commenter stated that where a foreign issuer already publishes reserve composition reports and makes

[176] This is similar to the requirement in § 15.13(a)(9)(i) that requires permitted payment stablecoin issuers to ensure that the reserve asset portfolio, taken as a whole, is capable of supporting timely redemption under both normal and stressed conditions.

[177] 91 FR 53368.

certifications under its home-jurisdiction framework, the OCC should work with the home-jurisdiction supervisors to determine whether the reports will satisfy the OCC's expectations for the monthly and quarterly reporting requirements, supplemented by U.S.-specific disclosures, provided that the OCC does not require duplicative re-reporting of substantially the same information in different formats where comparable disclosures have already been made under a comparable home-jurisdiction framework. One commenter stated that the OCC must ensure that the home-country regulatory regime of a foreign issuer meets or exceeds the standards at both the Federal and State levels. Another commenter stated that the OCC's requirements for foreign issuers should be no less stringent than those for United States issuers. A commenter suggested that the OCC should develop bilateral supervisory cooperation arrangements with comparable home regulators to facilitate information sharing and reduce duplicative reporting. One commenter suggested that there should be three reporting elements for registered foreign payment stablecoin issuers: (1) monthly reserve composition reporting for reserves held in United States financial institutions using Table 1 in proposed § 15.32(e)(3); (2) quarterly United States activity summaries covering transaction volumes, customer counts, material operational developments, and any changes to the issuer's U.S.-facing operations that would bear on section 18 compliance; and (3) annual audited financial statements prepared in accordance with the issuer's home-jurisdiction financial reporting framework, accompanied by the home state regulator's most recent supervisory assessment on the issuer's prudential condition. One commenter suggested that weekly confidential reporting is not appropriate for foreign issuers because foreign issuers are subject to primary supervision from their home-state regulator and this would be duplicative without corresponding benefit. One commenter provided revised rule text for proposed § 15.31(b)(2)(i) reflecting the commenter's suggestions.

One commenter suggested that any reporting disparity between domestic permitted payment stablecoin issuers and foreign payment stablecoin issuers would create a two-tier market in which consumers, counterparties, and market participants may reasonably assume equivalent protections while in fact receiving less transparency from foreign payment stablecoin issuers. A commenter suggested that the same core reports, disclosures, and certifications should be required of foreign payment stablecoin issuers and permitted payment stablecoin issuers with targeted add-on elements related to U.S.-customer attribution, sufficiency of U.S.-located reserves, cross-border redemption readiness, intercompany or affiliate dependencies, and relevant home regulator actions. One commenter suggested that if the OCC were to allow foreign payment stablecoin issuers to substitute home-jurisdiction reports under a reciprocity arrangement, that substitution should be available only where the foreign reporting is demonstrably equivalent in scope, timeliness, and assurance.

One commenter suggested that the OCC should tailor its supervisory, examination, and reporting requirements regarding non-U.S. activity of foreign payment stablecoin issuers to what is reasonably necessary to monitor the foreign payment stablecoin issuer's United States payment stablecoin activity and its compliance with the Act, including United States reserve sufficiency, and any United States financial stability or illicit finance risks.

One commenter discussed what foreign payment stablecoin issuers ought to be required to disclose. The commenter suggested that foreign payment stablecoin issuers should be required to disclose that their stablecoin issuance activity originates from, and is regulated by, a foreign jurisdiction as well as the specific bases on which it satisfies the Act's requirements. The commenter noted that these disclosures would help market participants distinguish between stablecoins issued under the GENIUS Act and those issued under foreign regimes. The commenter supported permitting foreign payment stablecoin issuers to use a single unified brand across jurisdictions only where the Secretary of the Treasury has entered into a reciprocal arrangement with the relevant foreign jurisdiction. The OCC may impose conditions relating to additional disclosures, as appropriate, based on the risks presented by and the scale of the foreign payment stablecoin issuer's United States operations.

After consideration of the comments, the OCC is adopting § 15.31(b) as proposed with one technical change to paragraph (b)(1). Instead of stating that the foreign payment stablecoin issuer must fully accede to any request by the OCC regarding reporting, supervision, or examination of the foreign payment stablecoin issuer, the final rule states that a foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 is subject to reporting, supervision, and examination requirements as determined by the OCC. This phrasing better aligns with the language in section 18(c)(2)(A) of the GENIUS Act (12 U.S.C. 5916(c)(2)(A)). Any reciprocal arrangement between a home jurisdiction of a foreign payment stablecoin issuer and the Secretary of the Treasury may address reporting obligations. To the extent there is not an applicable reciprocal arrangement that modifies otherwise applicable reporting obligations to the OCC, the OCC will impose the same reporting obligations on foreign issuers as it does on domestic issuers. Although foreign payment stablecoin issuers will be subject to reporting requirements in their home jurisdiction as well as the United States, it is beyond the scope of this rulemaking to compare all such reporting obligations to the information requirements needed by the OCC to supervise foreign issuers. Moreover, the same reporting obligations across the OCC's supervised entities as a baseline ensures that the OCC will receive the information it needs to monitor its supervised entities and allows for comparability across them. The OCC will conduct full-scope examinations of foreign payment stablecoin issuers registered with the OCC. The OCC will generally focus on the United States activity of foreign issuers in those examinations and only on any foreign activity to the extent that it is relevant to their United States operations and activities.

Section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)) prohibits foreign payment stablecoin issuers from paying the holder of a payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of the payment stablecoin. Proposed § 15.31(c) was intended to implement the prohibition in accordance with the prohibition applicable to permitted payment stablecoin issuers under proposed § 15.10(c)(4). The comments related to this provision largely mirrored the comments provided on proposed § 15.10(c)(4). The OCC has modified paragraph (c) to align with the prohibition applicable to permitted payment stablecoin issuers under final § 15.10.

Proposed § 15.31(d) provided that the OCC would make available on *www.occ.gov* a list of foreign payment stablecoin issuers whose registrations the OCC has approved. The OCC is finalizing paragraph (d) as proposed.

6. Registration of Foreign Payment Stablecoin Issuers (§ 15.32)

Section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) provides procedures for foreign payment stablecoin issuers that seek to become registered to submit an application to the OCC. The OCC proposed § 15.32 to include specific procedures for registration applications. Proposed paragraph (a) would have provided that a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) must submit an application under proposed § 15.32. The OCC is adopting § 15.32(a) as proposed.

Proposed paragraph (b) set forth the application process. Proposed paragraph (b)(1)(i) would have required that the applicant submit all the information required by a form for an application that would be available at *www.occ.gov.* Paragraph (b)(1)(ii) would have required the applicant to provide evidence that the Secretary of the Treasury has determined that the applicant is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916). Proposed paragraphs (b)(1)(iii) and (iv) would have required the applicant to certify that it will provide to the OCC all the information the OCC deems necessary to determine and enforce compliance with the GENIUS Act and to consent to United States jurisdiction relating to enforcement of the GENIUS Act and its implementing regulations, respectively. In addition, proposed paragraph (b)(1)(v) would have required the applicant to certify that neither the filing nor any supporting material submitted to the OCC contains material misrepresentations or omissions.

One commenter was generally supportive of the registration provision in § 15.32. One commenter suggested that the OCC should publish a clear checklist specifying the documentation necessary for a foreign registration application to be deemed complete. Pursuant to the Paperwork Reduction Act of 1995, the OCC is soliciting comment on information that will be collected in the forms required under subpart D.[178]

One commenter suggested that the OCC should provide criteria for the discretionary exemption pathway for foreign issuers or that the tiered framework should be the default position for registered foreign issuers. Section 18 does not provide a waiver for registration, and the OCC did not include a waiver provision in proposed § 15.32. If foreign issuers wish to issue in the United States, they must register under proposed § 15.32 and are not eligible for waivers pursuant to section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)) as those provisions do not apply to foreign payment stablecoin issuers.

One commenter suggested that the application and approval process should be streamlined for foreign issuers from comparable jurisdictions. Specifically, the commenter suggested that there should be a registration pathway that reflects the existence of robust home-jurisdiction oversight where reciprocal arrangements exist, rather than replicating the full domestic application process. The commenter specifically noted that maintaining clear legal responsibility for redemption and reserve backing at the consolidated group level ought to be a focus in this process. Under section 18(a)(1) of the GENIUS Act (12 U.S.C. 5916(a)(1)), only foreign issuers that are subject to regulation and supervision by a foreign payment stablecoin regulator that the Secretary of the Treasury determines is comparable to the regulatory and supervisory regime established under the GENIUS Act may register with the OCC. Accordingly, there is no need to provide a process to differentiate entities from comparable jurisdictions from those that are not from comparable jurisdictions.

One commenter suggested that the OCC should consider requiring foreign payment stablecoin issuers accessing United States banking infrastructure through OCC-supervised institutions to provide AML certifications equivalent to those of domestic permitted payment stablecoin issuers. The commenter pointed to scenarios where a transaction originates in a United States-regulated card network but settles into a stablecoin system governed under a foreign jurisdiction, and differences in monitoring standards and reporting obligations may create gaps across the full transaction chain. The commenter stated that a foreign-issued stablecoin card program accessing United States card rails but holding reserves under a less supervised foreign regime faces equivalent or greater exposure with no equivalent United States supervisory backstop.

The OCC is adopting proposed § 15.32(b)(1) with changes. Section 15.32(b)(1)(iii) has been updated to include a reference to compliance with part 15. The OCC is also moving language concerning the OCC's review and verification of information from § 15.32(b)(1)(v) to paragraph (b)(3). The final rule includes new paragraph (b)(1)(vi), which would require a foreign payment stablecoin issuer to certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)), which applies certain additional requirements to non-financial services public companies, applies to the applicant. Including this information at the application stage will make clear which requirements of the Act apply to a particular entity and make the application process and ongoing supervision more efficient. If the applicant is subject to section 4(a)(12) (12 U.S.C. 5903(a)(12)), the OCC may impose certain requirements to ensure compliance with that section. This addition mirrors a change that the OCC made with respect to permitted payment stablecoin issuer applicants under § 15.30. In response to the commenter requesting that the OCC impose certification requirements on foreign payment stablecoin issuers that are similar to those applicable to permitted payment stablecoin issuers, the OCC notes that generally a foreign payment stablecoin issuer must comply with the reporting obligations in § 15.14.

Proposed paragraph (b)(2) would have required that an application be submitted to the appropriate licensing office, unless the OCC advises a filer otherwise. The information certification and location of filing provisions in proposed paragraphs (b)(1)(iii) and (b)(2) are substantially the same as those in the OCC's general application filing provisions in 12 CFR 5.4. Consistent with the OCC's general licensing regulations in 12 CFR 5.7(a), proposed § 15.32(b)(3) provided that the OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision.

Section 18(c)(1)(B) of the GENIUS Act (12 U.S.C. 5916(c)(1)(B)) provides that registration is deemed approved within 30 days of receipt of an application for registration, unless the OCC notifies the applicant in writing that the registration has been rejected. Proposed § 15.32(b)(4) would have implemented this approval provision and stated that an application for registration made by a foreign payment stablecoin issuer that satisfies the requirements in § 15.32(b)(1) is deemed approved by the OCC as of the 30th day after the OCC received the filing, unless the OCC notifies the filer in writing that the application for registration has been rejected.

[178] *Agency Information Collection Activities: Proposed Information Collection; Comment Request; Applications for Licensing or Registration To Issue Payment Stablecoins Under the GENIUS Act,* 91 FR 47032 (July 27, 2026).

A few commenters discussed requiring legal entity identifiers. The commenters suggested that submission of a standardized, globally interoperable legal entity identifier should be included. One commenter argued that without requiring a legal entity identifier, verifying the identity of a foreign registrant and accessing its information will depend on manual reconciliation of entity data across jurisdictions, which may be less reliable than including a common identifier. Another commenter noted that legal entity identifier requirements are included in the regulations of other foreign jurisdictions. The OCC has published reporting forms that would require an entity with a legal entity identifier to include it on submissions.[179] The OCC may assess the corporate structure of an applicant for registration as part of the registration process and may impose a condition that the issuer acquire a legal entity identifier as appropriate.

A few commenters advocated for incorporating a substantially complete standard for foreign issuers to allow for consistent treatment across application types and to reduce ambiguity. Another commenter recommended that the final rule incorporate a substantially complete pre-screening step and a checklist outlining the necessary documentation into the foreign registration process. On the other hand, a few commenters stated that the OCC should not incorporate a substantially complete concept because section 18 of the Act only includes a substantially complete standard when discussing comparability determinations under section 18(b)(1). Under section 5 of the Act (12 U.S.C. 5904), the OCC evaluates substantially complete applications for permitted payment stablecoin issuers, but section 18 of the GENIUS Act (12 U.S.C. 5916) does not incorporate a similar concept. Some commenters suggested that incorporating a substantial completeness standard would reduce uncertainty and promote consistency. One commenter stated that the OCC should not include a ''substantially complete'' concept because the Act specifically includes the substantially complete test as part of the comparability determination by Treasury, when the foreign issuer must demonstrate that it has furnished enough information. The commenter stated that the OCC has a reduced role compared to the Secretary of the Treasury and only registers an issuer once its home-country requirements have been found to be comparable. The commenter suggested that the OCC should defer to the Secretary of the Treasury and make determinations within 30 days of receiving a registration request once a comparability determination has been made. One commenter suggested that foreign issuer applications should be held to a ''complete'' rather than ''substantially complete'' standard before being accepted for review to ensure that the OCC has all necessary information before allocating review resources and to avoid disadvantaging domestic applicants processed alongside incomplete foreign submissions.

The final rule does not adjust the proposed framework because the GENIUS Act includes no ''substantially complete'' requirement for foreign payment stablecoin issuers. To the extent that the OCC does not have sufficient information to determine compliance with the Act or to evaluate statutory factors, the OCC will request additional information. The GENIUS Act does not include a substantially complete concept for registration applications submitted to the OCC for foreign payment stablecoin issuers.[180] Section 18 of the GENIUS Act does incorporate a substantially complete concept for comparability requests made to the Secretary of the Treasury by foreign payment stablecoin issuers. The OCC published the information that will be collected related to foreign payment stablecoin issuer registrations and will evaluate any comments received related to that information collection.[181] The OCC historically has not published checklists for applications, but it does provide significant guidance about the filing process in the *Comptroller's Licensing Manual.* The OCC anticipates issuing similar guidance with respect to filings for OCC-supervised permitted payment stablecoin issuers and foreign payment stablecoin issuers. The OCC received no other comments related to paragraphs (b)(2) through (b)(4).

The OCC is adopting paragraphs (b)(2) through (b)(4) with minor changes. As discussed above, the OCC has moved language concerning the OCC's review and verification of information to § 15.32(b)(3)(i) and renumbered proposed § 15.32(b)(3) as § 15.32(b)(3)(ii).

Section 18(c)(1)(C) of the GENIUS Act (12 U.S.C. 5916(c)(1)(C)) prescribes certain factors for evaluating an application for registration: the Secretary of the Treasury's determination that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins under section 18 of the GENIUS Act (12 U.S.C. 5916); the financial and managerial resources of the United States operations of the foreign payment stablecoin issuer; whether the foreign payment stablecoin issuer will provide adequate information to the OCC to determine compliance with the GENIUS Act; whether the foreign payment stablecoin issuer presents a risk to the financial stability of the United States; and whether the foreign payment stablecoin issuer presents illicit finance risks to the United States. Proposed § 15.32(c) contained these five factors and added a reference to determining compliance with proposed part 15 in addition to the GENIUS Act in proposed paragraph (c)(3). Proposed paragraph (c)(4) stated that risks to the financial stability of the United States include risks relating to ensuring timely redemption for United States customers. The OCC proposed adding this explicit reference in light of potential difficulties that may arise in the course of moving reserve assets in cross-border transactions.

For consistency with new § 15.30(c), which added a provision articulating the OCC's authority to impose conditions through a conditional approval of a permitted payment stablecoin issuer's application, the OCC is adding new § 15.32(c) to articulate the OCC's authority to impose conditions through a conditional approval of a foreign payment stablecoin issuer's registration. This addition will provide transparency and clarity to prospective foreign payment stablecoin issuers. New § 15.32(c) states that the OCC may approve, conditionally approve, or reject an application under § 15.32 based on a review of the factors specified in paragraph (d), which contains the material in § 15.32(c) of the proposed rule. The OCC is also renumbering § 15.32 in light of this new paragraph.

[179] The proposed forms would not, however, require an entity to acquire a legal entity identifier. *See* 91 FR 35795.

[180] *Cf.* section 5(a) and (b) of the GENIUS Act (12 U.S.C. 5904(a) and (b)) with section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) (section 5 of the GENIUS Act explicitly provides for the OCC evaluating a substantially complete application and notifying an applicant if an application is not substantially complete for permitted payment stablecoin issuers while section 18 of the GENIUS Act does not include a substantially complete concept for registrations of foreign payment stablecoin issuers with the OCC.)

[181] *Agency Information Collection Activities: Proposed Information Collection; Comment Request; Applications for Licensing or Registration To Issue Payment Stablecoins Under the GENIUS Act,* 91 FR 47032 (July 27, 2026).

Any conditions imposed will be designed to address the statutory review factors in section 18(c) of the Act (12 U.S.C. 5916(c)) and the implementing regulation at § 15.32(d). The OCC is adopting proposed paragraph (c) (renumbered as paragraph (d)) with one addition. Specifically, new paragraph (d)(6) would make clear that the OCC may consider the ability of the applicant to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins. This new provision mirrors the new safety and soundness factor for permitted payment stablecoin issuers in § 15.30 and will help ensure parity between permitted payment stablecoin issuers and foreign payment stablecoin issuers. The OCC notes that the standards for approving or rejecting an application for registration under section 18(c)(1)(C) of the GENIUS Act (12 U.S.C. 5916(c)(1)(C)) are not exhaustive.

Given the unique and novel character of foreign payment stablecoin issuers, the OCC proposed certain conditions applicable to all foreign payment stablecoin issuers for which the OCC has approved a registration. Section 18(c)(1)(C)(iii) of the GENIUS Act (12 U.S.C. 5916(c)(1)(C)(iii)) requires the OCC to consider whether a foreign payment stablecoin issuer will provide adequate information to the OCC as the OCC determines is necessary to determine compliance with the GENIUS Act. Proposed § 15.32(d)(1) would have required that, upon request by the OCC, a foreign payment stablecoin issuer must grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States. This paralleled the provisions regarding access to books and records in proposed § 15.14(b). Proposed paragraph (d)(2) would have further required that the information be provided in English.

Proposed paragraph (d)(3) would have required information sufficient to determine that a foreign payment stablecoin issuer meets the reserve requirements of section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)). Specifically, foreign payment stablecoin issuers would have been required to provide evidence that they hold sufficient reserves in the United States to meet liquidity demands of United States customers on an ongoing basis unless otherwise permitted under a reciprocal arrangement implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)). Consistent with the statute, proposed paragraph (d)(3)(i) would have required the foreign payment stablecoin issuer to hold these reserves in United States financial institutions. Proposed paragraph (d)(3)(ii) would have required the foreign payment stablecoin issuer to provide to the OCC, on a monthly basis, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments. The proposed rule provided a template to facilitate reporting this information. Proposed paragraph (d)(3)(iii) would have required a foreign payment stablecoin issuer to promptly notify the OCC through its supervisory office on any day in which the issuer fails to meet the reserve asset requirements of paragraph (d)(3). Proposed paragraph (d)(3)(iv) would have required a foreign payment stablecoin issuer to promptly and fully address any deficiency in its compliance with proposed paragraph (d)(3) that is explained in writing to the foreign payment stablecoin issuer by the OCC, including by depositing additional liquidity in United States financial institutions to the extent doing so would address the deficiency identified. These requirements were intended to help ensure that the registered foreign payment stablecoin issuer complies with the requirements of section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)).

Section 18(c)(2)(B) of the GENIUS Act (12 U.S.C. 5916(c)(2)(B)) requires a foreign payment stablecoin issuer to consent to United States jurisdiction relating to enforcement of the GENIUS Act. Proposed paragraph (d)(4) would have implemented this provision by requiring foreign payment stablecoin issuers to consent to the jurisdiction of the Federal courts of the United States and of all United States Government agencies, departments, and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC, and any other United States Government agency, department, or division, in any matter arising under the GENIUS Act and other applicable Federal laws. The additional enumerated authorities to which consent must be given in proposed paragraph (d)(4) accorded with the OCC's standard conditions on approvals for establishment of Federal branches under the International Banking Act of 1978 and ensure that the OCC and other agencies have the ability to bring actions against foreign issuers. Lastly, under proposed paragraph (d)(5), foreign payment stablecoin issuers would have been required to comply with all understandings, commitments, or conditions contained in any determination by the Secretary of the Treasury or any arrangements entered into by the United States and the foreign jurisdiction under section 18 of the GENIUS Act (12 U.S.C. 5916).

A couple of commenters suggested frameworks or approaches to how foreign payment stablecoin issuers make their records available to the OCC pursuant to § 15.32(d)(1) as proposed. While § 15.14, as described above, pertains to reports and supervision including OCC access to books and records, § 15.14 applies to permitted payment stablecoin issuers, and foreign payment stablecoin issuers are not permitted payment stablecoin issuers (12 U.S.C. 5901(12)). However, the final rule's approach to accessing stablecoin issuer records is intended to be consistent between the permitted payment stablecoin issuer context in § 15.14 and the foreign payment stablecoin issuer context here in proposed § 15.32(d)(1) (final § 15.32(e)(1)). One commenter suggested that the level of access granted by proposed § 15.32(d)(1) could extend the OCC's supervisory authority beyond what is necessary to satisfy the OCC's statutory mandate. This commenter further argued that the agency should replace the proposed standardized monthly report for foreign payment stablecoin issuers with a flexible approach to documenting liquidity demands. Another commenter suggested integrating the conditions proposed at § 15.32(d) into a requirement that permitted payment stablecoin issuers and foreign payment stablecoin issuers write playbooks. These playbooks would include, among other things, records sufficient to document various requirements. Because of the agency's interest in parity between payment stablecoin issuers where practicable at this time, and because of the payment stablecoin industry's nascent nature, the agency is finalizing § 15.32(e)(1) and (2) as proposed at § 15.32(d)(1) and (2). The final rule also includes the monthly report as proposed in § 15.32(e)(3) (proposed § 15.32(d)(3)), with technical changes consistent with the changes to the report in § 15.11. This rule, as finalized, will give the OCC the necessary flexibility to access the information it will need to meet its

obligations under the GENIUS Act and adapt to the expected changes in the industry.

One commenter requested that the OCC require that foreign issuers submit to State jurisdiction for applicable State consumer protection laws. The commenter suggested that the OCC amend proposed § 15.32(d)(4), which requires a foreign issuer to consent to United States jurisdiction relating to the enforcement of the Act and its implementing regulations, but only requires consent to Federal jurisdiction. In particular, the commenter requested that the section be amended to include consent to the jurisdiction of State agencies for purposes of enforcing State consumer protection laws, where appropriate. The commenter noted that this requirement could improve efficiency by reducing the need for States to litigate jurisdictional questions when enforcing clearly applicable laws. The GENIUS Act does not reference foreign issuers consenting to State jurisdiction. The OCC will not require foreign payment stablecoin issuers to consent to State jurisdiction because including such a requirement would go beyond the scope of this rulemaking.

A few commenters discussed civil recovery. One commenter suggested that the OCC should make it explicit that registration as a foreign issuer constitutes consent to United States judicial process for civil recovery orders directed at assets serving United States customers. This is outside the scope of this rulemaking, but the OCC will consider whether such consent may be appropriate to address in the future.

After consideration of the comments, the OCC is adopting proposed paragraph (d) (renumbered as paragraph (e)) with certain changes. Under § 15.32(e)(3)(i) of the final rule, a foreign payment stablecoin issuer must provide evidence that it complies with § 15.31(a), including by providing to the OCC, by noon on the last day of each month, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments. The OCC believes that this simplified language reduces duplication. Section 15.32(e)(3)(ii) specifies that the report required under § 15.32 must use a format substantially similar to the template in Table 1 to the paragraph. The final rule also includes minor technical corrections (adding ''issuer'' in final § 15.32(e)(3)(iii)) and updates to the template for the monthly report for foreign issuers that align with changes to the template for permitted payment stablecoin issuers. These updates provide additional clarity for entities that employ multiple SPV issuers. Section 15.32(e)(3)(iv) incorporates non-substantive and conforming edits including edits to specify that, to meet the requirements under § 15.32(e)(3), reserves must be held in eligible financial institutions incorporated or organized under the laws of the United States or of any State.

In accordance with section 18(c)(1)(A)(i) of the GENIUS Act (12 U.S.C. 5916(c)(1)(A)(i)), proposed paragraph (e) provided that the OCC may reject a foreign payment stablecoin issuer's application for registration by providing written notice of the rejection if the OCC makes a negative finding with respect to any of the factors described in proposed § 15.32(c). Proposed paragraph (e) would have also permitted the OCC to reject an application if the OCC determines that the foreign payment stablecoin issuer would be unable to comply with the conditions in proposed paragraph (d), compliance with which would be required for all foreign payment stablecoin issuers registered under proposed § 15.32.

Section 18(c)(1)(D) of the GENIUS Act (12 U.S.C. 5916(c)(1)(D)) provides the opportunity for a foreign payment stablecoin issuer whose application was rejected to seek review by appealing the OCC's decision within 30 days of receipt of the OCC's written decision. Proposed § 15.32(f) set forth this appeals process. Proposed paragraph (f) was substantially the same as that proposed for appeals of denials under proposed § 15.30(e). Proposed paragraph (f) provided that a foreign payment stablecoin issuer may request a written or oral hearing to appeal the OCC's rejection of an application for registration within 30 days of receipt of the OCC's notice of rejection. The request for a written or oral hearing would have needed to be in writing. If the foreign payment stablecoin issuer does not make a timely appeal for a hearing under proposed § 15.32, the OCC would have notified the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the application is the final determination of the OCC. Within 30 days of receiving a timely appeal request, the OCC would have notified the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials, provide oral testimony and oral argument, or both. If the applicant is filing a written appeal, it must submit in writing all documents and arguments that the applicant wishes to be considered. The Comptroller or authorized delegate would have considered all information submitted with the original application for registration, the material before the OCC official who made the initial decision, and any information submitted by the appellant at the time of appeal. The Comptroller or authorized delegate would have considered all submitted documentation de novo. The Comptroller or authorized delegate would have been able to uphold or reverse the initial decision to reject the registration. Within 60 days of the hearing, the Comptroller or authorized delegate would have notified the foreign payment stablecoin issuer in writing of a final determination. The final determination would have explained the findings on which the determination was based. If the initial decision were upheld, the decision to deny the application would have been effective as of the date of the original denial. The denial of an application would not have prohibited the applicant from filing a subsequent application. One commenter supported the appeals process in proposed § 15.32(f).

Finally, proposed paragraph (g) would have provided for nullification of an approval of a registration substantially the same as the procedure in proposed § 15.30(g). Thus, under proposed § 15.32(g)(1), the OCC could nullify the approval of a registration under this section if: the OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials; the decision is contrary to law or regulation thereunder; or the decision was granted due to clerical or administrative error, or a material mistake of law or fact. Proposed paragraph (g)(2) set forth the relevant procedures and provided that, when the OCC intends to nullify the approval of a registration, the OCC, in its sole discretion, would have: provided the applicant with notice of the intended nullification decision and granted the applicant an opportunity to present a written submission opposing the intended nullification; or taken any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

One comment explicitly supported proposed § 15.32(e) and (f). The OCC did not receive any other comments on proposed paragraphs (e) through (g). The OCC is adopting proposed paragraphs (e) and (g) but renumbered as paragraphs (f) and (h). The final rule

also updates the internal cross-references within those paragraphs. In addition, the OCC is adopting proposed paragraph (f) renumbered as paragraph (g) with minor changes similar to those in § 15.30(f)(1). Accordingly, final § 15.32 makes clear that a foreign payment stablecoin issuer may request that an appeal hearing be on the written record, oral testimony and oral argument, or both. The final rule also clarifies that the OCC will notify the applicant within 10 days of the last date that the applicant would have been able to request a hearing. The final rule also clarifies that the OCC will determine the procedures for an appeal, including, but not limited to, the duration of the hearing; the order and timing of presentations, if applicable; and the deadlines and requirements for submission of written material. The final rule also separates and renumbers several paragraphs from proposed paragraphs (e) and (f). The final rule also replaces the word ''denial'' with ''rejection'' in § 15.32(g) to more closely match the language of section 18(c) of the Act (12 U.S.C. 5916(c)).

7. Revocation or Rescission of Approval (§ 15.33)

a. Description of the Proposed Rule

Section 5(i)(3)(A) of the GENIUS Act (12 U.S.C. 5904(i)(3)(A)) permits the OCC to revoke the approval of a permitted payment stablecoin issuer that does not submit the certification regarding implementation of anti-money laundering and economic sanctions compliance programs required by section 5(i)(1) of the GENIUS Act (12 U.S.C. 5904(i)(1)). Proposed § 15.14(k) set forth those requirements. Similarly, section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)) permits the OCC, in consultation with the Secretary of the Treasury, to rescind approval of a registration of a foreign payment stablecoin issuer if the OCC determines that the foreign payment stablecoin issuer is not in compliance with the requirements of the GENIUS Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk.

Proposed § 15.33(a) would have implemented revocation of approval of a permitted payment stablecoin issuer's application. Proposed paragraph (a)(1) stated that the OCC may revoke approval of a permitted payment stablecoin issuer's application under proposed § 15.30 if the permitted payment stablecoin issuer does not submit the certification required by proposed § 15.14(k). Proposed paragraph (a)(2)(i) stated that the OCC may issue an order to revoke the application approval after providing notice to the permitted payment stablecoin issuer and after providing an opportunity for a hearing. Proposed paragraph (a)(2)(ii) provided that the OCC would conduct a hearing pursuant to the OCC's Rules of Practice and Procedure in 12 CFR part 19. Proposed paragraph (a)(2)(iii) provided for expedited OCC action without an opportunity for a hearing if the OCC determines that expeditious action is necessary in order to protect the public interest. In this situation, the OCC could, in its sole discretion, provide the permitted payment stablecoin issuer with notice of the intended revocation, grant the permitted payment stablecoin issuer an opportunity to oppose the revocation in writing, or take any other action designed to provide the permitted payment stablecoin issuer with notice and an opportunity to present its views concerning the revocation of application approval. Proposed paragraph (a)(3) stated that a decision to revoke an application approval would be effective upon provision of notice to the permitted payment stablecoin issuer, unless otherwise specified by the OCC.

Proposed paragraph (b) provided procedures for rescission of approval of a registration of a foreign payment stablecoin issuer. Proposed paragraph (b) was substantially the same as proposed § 15.33(a), except that proposed paragraph (b)(1) referred to the OCC's consultation with the Secretary of the Treasury, consistent with section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)). Proposed paragraph (b)(3) provided that a decision to rescind approval of a registration is effective upon publication in the **Federal Register**, as required by section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)), unless otherwise specified by the OCC. The OCC could, for example, specify a later effective date than the date of publication in the **Federal Register**. Under proposed § 15.33(b), except as otherwise provided, the OCC could have issued an order to rescind the foreign payment stablecoin issuer's registration approval under proposed § 15.32 after providing notice to the foreign payment stablecoin issuer and providing an opportunity for a hearing. Proposed paragraph (b)(2)(ii) provided that the OCC would conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedure in 12 CFR part 19. Proposed paragraph (b)(2)(iii) provided that the OCC could act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. Under the proposed rule, if the OCC found it necessary to act without providing an opportunity for a hearing, the OCC, in its sole discretion, could have: provided the foreign payment stablecoin issuer with notice of the intended rescission of approval registration; granted the foreign payment stablecoin issuer an opportunity to present a written submission opposing rescission of approval registration; or taken any other action designed to provide the foreign payment stablecoin issuer with notice and an opportunity to present its views concerning the rescission of approval registration.

The revocation and rescission procedures in proposed § 15.33 largely parallel those for termination of a Federal branch or agency in 12 CFR 28.24(b). Similar to termination of a Federal branch or agency, revocation of a permitted payment stablecoin issuer's application approval or a foreign payment stablecoin issuer's registration removes the entity's authorization to conduct certain business activities in the United States.

b. Description of Comments and Final Rule

The OCC received one comment on proposed § 15.33 noting that the OCC should have broader authority to revoke or rescind approval of a permitted payment stablecoin issuer. The OCC is adopting § 15.33 with technical changes. The OCC is changing a reference to rescission in paragraph (a)(3) to revocation, consistent with the statute. The provisions of § 15.33 directly implement sections 5(i)(3) and 18(c) of the GENIUS Act (12 U.S.C. 5904(i)(3) and 5916(c)). In response to the commenter's concerns, the OCC notes that it has enforcement tools beyond the revocation contemplated in § 15.33. Further, the effect of the OCC's action does not otherwise terminate an entity's corporate existence or affect any other rights. The OCC believes that the procedures in § 15.33 strike the appropriate balance between ensuring that the permitted payment stablecoin issuer or foreign payment stablecoin issuer receives appropriate process before the revocation of its authorization to issue a payment stablecoin in the United States and the potential need for expeditious action by the OCC when necessary to protect the public interest. In addition, the OCC is replacing a reference to the ''OCC's rules of practice and procedures'' with ''the OCC's rules of practice and procedure'' in § 15.33(a)(2)(ii) and § 15.33(b)(2)(ii).

E. Subpart E—Capital and Operational Backstop

Section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the OCC to establish capital requirements for permitted payment stablecoin issuers. The capital requirements must be tailored to the business model and risk profile of permitted payment stablecoin issuers and not exceed requirements sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. The OCC proposed to address these capital requirements in subpart E of part 15.

1. Overview of Changes From Proposed Rule to Final Rule for Subpart E

The agency is finalizing § 15.40 with changes. The section name and the title for § 15.40(a) have changed from the proposed ''Capital elements'' to ''Capital.'' Whereas proposed § 15.40(a) described a minimum capital requirement as common equity tier 1 capital (described in proposed § 15.40(b)) and additional tier 1 capital (described in proposed § 15.40(c)), final § 15.40(a) requires a permitted payment stablecoin issuer to meet the minimum capital requirement in final § 15.41(a) through the total of its equity accounts after deducting the items listed in final § 15.40(b). As described below, both proposed and final § 15.41(a) describe minimum capital requirements. The final § 15.40(b) lists capital deductions, including intangible assets (*e.g.,* goodwill) and operational backstop assets funded by equity. Proposed § 15.40 did not describe the funding of the operational backstop specifically. Final § 15.40(c) describes operational backstop debt and requires that such debt not exceed 50 percent of the operational backstop requirement in final § 15.41(b). As described below, both proposed and final § 15.41(b) describe the operational backstop requirement. Proposed § 15.40(c)(1) described criteria for additional tier 1 capital whereas final § 15.40(c)(1) describes the criteria for operational backstop debt.

In final § 15.41, the section title ''Minimum capital and operational backstop'' includes ''operational'' while the title of proposed § 15.41 did not. The OCC is adopting § 15.41(a)(1) on the minimum de novo capital requirement as proposed except as described below. Proposed § 15.41(a)(1)(i)(A) differentiated de novo capital requirements for Federal qualified payment stablecoin issuers and State qualified payment stablecoin issuers. Final § 15.41(a)(1)(i)(A) removes that distinction and applies the condition proposed for Federal qualified payment stablecoin issuers. As part of this change, ''OCC'' has been added into ''OCC licensing or chartering conditions.'' The final rule also includes a more specific cross reference than the proposed rule in § 15.41(a)(1)(ii). The OCC is adopting § 15.41(a)(2) on the minimum ongoing capital requirement as proposed with the addition of § 15.41(a)(2)(iii).

For final § 15.41(b) on the operational backstop requirement, the OCC is adopting the rule as proposed with limited additions. The subsection name has changed from ''Operational backstop'' to ''Operational backstop requirement.'' The OCC is replacing a reference to ''payment stablecoin issuer'' with ''permitted payment stablecoin issuer'' in § 15.41(b)(1)(ii)(B). Within § 15.41(b)(1), the final rule includes new paragraphs (iii) and (iv). In addition, the OCC is replacing a reference to ''insured shares'' with ''funds in share accounts that are payable on demand'' in § 15.41(b)(2).

The OCC is adopting § 15.41(c) with changes. In § 15.41(c)(1), the agency is replacing ''the end of each quarter based on the amounts reported in the most recent report required under § 15.14'' with ''at all times.'' The final rule also includes new § 15.41(c)(1)(i) and (ii), where § 15.41(c)(1)(ii) refers to the quarterly reports required under § 15.14(i). Within § 15.41(c)(2), the agency is moving the proposed phrase ''starting on the first day of the following month and until such time as it satisfies its minimum capital and backstop requirements'' to before ''except.'' The agency has also added the phrase ''during a quarter and remains noncompliant,'' which resulted in a conforming edit. Final § 15.41(c)(3)(ii) replaces a reference to stablecoins with a reference to payment stablecoins. Final § 15.41(c) includes new § 15.41(c)(4) and (5).

The OCC is adopting proposed § 15.41(d) with changes. In § 15.41(d)(1), the final rule requires compliance with ''all of the requirements in §§ 15.40 through 15.42'' where the proposal required compliance with ''the minimum capital requirement in paragraph (a) of this section and backstop requirement in paragraph (b) of this section.'' The OCC also replaced ''the minimum capital and leverage requirements in 12 CFR part 3'' with ''the requirements in part 3 of this chapter upon receipt of the OCC's prior approval.'' Proposed § 15.41(d)(2) has been split into final § 15.41(d)(2) through (4) with additional edits. Whereas proposed § 15.41(d)(2) required a notice for both an election or a rescission, final § 15.41(d)(2) and (3) are now about elections only and require a written request for prior approval. The OCC will approve or deny such a request within 60 days after receipt of a complete request. The OCC separated final § 15.41(d)(3) from § 15.41(d)(2) to describe this timeframe. Final § 15.41(d)(4) concerns rescissions and requires a notice. Unlike the notices under proposed § 15.41(d)(2) that were effective 30 days after OCC receipt unless the OCC provided a certain written objection, notices under final § 15.41(d)(4) are effective upon receipt by the OCC. The agency is adopting proposed § 15.41(d)(3), renumbered as § 15.41(d)(5), without proposed § 15.41(d)(3)(ii). Additional edits conform with that change. Final § 15.41(d)(5) also replaces the phrase ''an otherwise applicable minimum capital requirement'' with ''a different minimum capital requirement applies to the national trust bank.''

The OCC is adopting proposed § 15.42 largely as proposed. The final rule makes non-substantive wording and numbering changes, including adding ''operational'' to the section title, technical corrections in § 15.42(a) and § 15.42(c), and adding paragraph subdivisions within § 15.42(c)(3).

The OCC is adopting the proposed amendments to 12 CFR parts 3 and 6 as proposed except for the addition of the GENIUS Act to the part 3 authorities and revisions related to losses from a permitted payment stablecoin issuer that is consolidated with a national bank or Federal savings association.

2. Capital (§ 15.40)

a. Description of Proposed Rule

Under the proposed rule, regulatory capital for permitted payment stablecoin issuers would have consisted of two capital elements, common equity tier 1 capital and additional tier 1 capital. These two elements are generally consistent with the capital elements for national banks and Federal savings associations under 12 CFR part 3. These elements consist of common equity, retained earnings, and noncumulative perpetual preferred stock that meet certain terms designed to ensure significant loss-absorbing capabilities.

Under the proposed rule, common equity tier 1 capital elements would have consisted of common stock instruments (par value, if any, and related surplus), retained earnings, and any accumulated other comprehensive income (AOCI), all as reported under GAAP. Common stock instruments would need to meet various proposed

criteria, including being the most subordinated claim on the issuer's assets, being fully paid-in, having no maturity date, and not being redeemable except with prior OCC approval. Any dividends would have to be fully discretionary, paid out only after fulfillment of any other legal or contractual obligations. In addition, the holders of the instruments must bear losses equally, proportionally, and simultaneously with other holders of common stock instruments. As the most subordinated tier of regulatory capital, common equity tier 1 exhibits the greatest loss absorbency, as any dividends are discretionary and there is no expectation of redemption or repurchase of the instrument, ensuring any operating funds generated can be used for any other business need of the issuer.

The proposed rule also included AOCI as a component of common equity tier 1 capital. While this treatment is consistent with the OCC's requirement in 12 CFR part 3, the OCC did not propose the option in 12 CFR part 3 that permits neutralization of AOCI. The OCC permits certain banks the option to neutralize some components of AOCI in part to reduce regulatory capital volatility associated with changes in value of available-for-sale fixed income securities due to changes in interest rates. These changes in value due to interest rate movements are generally more pronounced the longer the remaining maturity of the securities. As permitted payment stablecoin issuers can only hold securities with remaining maturities of 93 days or less as reserve assets, the change in value of these securities due to interest rate movements likely would generate immaterial amounts of AOCI.

Additional tier 1 capital would have consisted of instruments that meet a different set of proposed criteria, generally consistent with noncumulative perpetual preferred stock issuances that are classified as equity under GAAP. Generally, these instruments would have been subordinated to all claims except those of common shareholders. Under the proposed rule, the instruments could not have a maturity date but may be callable after at least five years with prior approval of the OCC. To provide additional flexibility to the issuer when needed, the terms of the instrument would have needed to provide for the payment of dividends only if and when declared by the board of directors of the issuer. This feature provides the permitted payment stablecoin issuer the ability to retain earnings and capital if needed. These provisions were intended to help the instrument provide significant loss absorbency by limiting the permitted payment stablecoin issuer's obligations to holders. The OCC's capital framework in 12 CFR part 3 also permits tier 2 capital elements, which primarily consist of tier 2 capital instruments (subordinated debt instruments) and certain allowances for credit losses. However, proposed § 15.40 did not include tier 2 capital elements for permitted payment stablecoin issuers. Like the proposed rule, the OCC's process for evaluating capital and liquidity requirements for new uninsured national trust banks also considers only common equity tier 1 capital and additional tier 1 capital but not tier 2 capital, so the proposed approach would promote parity among uninsured national trust banks and other permitted payment stablecoin issuers.

The proposed rule would not have required any specific ratio between the regulatory capital elements or minimum amounts of any capital element. The OCC's current rule for national banks and Federal savings associations sets minimum ratios for common equity tier 1 capital, tier 1 capital, and total capital. The minimum ratio amount of each tier of capital is designed to promote more loss-absorbing capital by setting the minimum common equity tier 1 ratio at more than half of the minimum total capital ratio.

The proposed rule would not have required any specific deductions from regulatory capital for permitted payment stablecoin issuers. The OCC's current rule for national banks in 12 CFR part 3 requires deductions from regulatory capital for goodwill, mortgage servicing assets, other intangible assets, and certain other assets such as deferred tax assets.

b. Description of Comments and the Final Rule

Several commenters addressed the capital elements. Most of these commenters objected to the bank-centric capital element framework and recommended the OCC adopt a measure that would be simpler for issuers to implement, such as tangible equity under GAAP. One commenter supported the proposed elements but requested that the OCC clarify that capital instruments issued under the bank regulatory framework also qualify as capital instruments in the same category in the permitted payment stablecoin issuer framework, in order to avoid the costs of having to reissue capital instruments. A few commenters supported the exclusion of subordinated debt from the capital elements and recommended extending that exclusion to preferred stock as less loss-absorbing than common stock or retained earnings due to required dividend or interest payments and maturities. Numerous commenters recommended that the OCC require deduction of intangible and certain other assets from capital, as these assets generally are not readily liquid, have volatile valuations, or have limited ability to absorb losses during times of stress. These assets include goodwill and deferred tax assets (which often have little or no value in a failure scenario).

After consideration of the comments, the OCC has decided to adopt a capital element framework generally based on GAAP tangible equity. Specifically, any instrument that qualifies as equity under GAAP (including common stock, retained earnings, and certain preferred stock) would qualify as capital for permitted payment stablecoin issuers. This GAAP measure would also incorporate other accounts in the equity section (whether positive or negative), such as treasury stock and accumulated other comprehensive income. In addition, to calculate tangible equity, permitted payment stablecoin issuers would need to deduct any intangible assets (as defined by GAAP) from the capital amount, including goodwill, patents, trademarks, and certain crypto-assets. While not intangible assets under GAAP, the final rule also requires deduction of deferred tax assets (DTAs) for similar reasons. However, as discussed further under the operational backstop requirement, the final rule allows a limited amount of debt based on tier 2 capital instrument criteria [182] to support a portion of the operational backstop requirement.

Relying on a measure derived from GAAP, tangible equity would create a simple, transparent measure for all permitted payment stablecoin issuers. In addition, most instruments that qualify as common equity tier 1 or additional tier 1 capital under the bank regulatory framework likely would qualify as equity under GAAP without the need for bank issuers to reissue those instruments. Another reason for this measure is that the adjustments to deduct intangible assets and DTAs reflect that those assets generally are not liquid, may have volatile or uncertain valuations, may present wrong-way risk (for example, an issuer that incurs regular losses that decrease retained earnings may need to report goodwill impairment, which further decreases retained earnings), and may have little or no value in case of a permitted

[182] *See* 12 CFR 3.20(d).

payment stablecoin issuer failure. Additionally, the deduction of intangible assets and DTAs, including crypto-assets classified as intangible assets under GAAP, is largely consistent with the OCC's current regulatory capital rules for banks as well as for capital calculations for recent preliminary approvals for national trust bank applicants.

While the OCC's regulatory capital rules for banks permit certain timing difference DTAs to avoid deduction and instead receive a risk weight, the final rule at § 15.40(b)(1)(iii) will require a full deduction of all DTAs. Importing the bank capital framework for DTAs would introduce a significant amount of complexity, particularly around categorization of DTAs and various netting and offset provisions, and the final rule for permitted payment stablecoin issuers has no equivalent to a risk-weighted assets framework. However, the final rule allows the DTA deduction to be net of valuation allowances, which are already deducted from the permitted payment stablecoin issuer's net income, in order to avoid a double deduction for those amounts.

The final rule also includes at § 15.40(b)(2) a deduction from capital for any operational backstop assets funded by equity, *i.e.,* those assets that are not funded by operational backstop debt. The qualifying criteria for operational backstop debt and justification for the deduction are discussed in the following § 15.41 together with other comments on the operational backstop requirement.

3. Minimum Capital and Operational Backstop (§ 15.41)

a. Description of Proposed Rule

The OCC proposed establishing a minimum capital requirement framework based on the lifecycle of the permitted payment stablecoin issuer. Under this framework, the OCC would have established the minimum capital requirement for a permitted payment stablecoin issuer as part of the chartering or licensing process that will apply for a minimum timeframe, generally three years. For example, based on the recent approvals for national trust banks engaging in stablecoin issuance programs, the OCC would establish a monetary capital amount for each issuer that must be maintained and a portion of which must be maintained in certain liquid assets.[183] Under this approach, the OCC would consider factors such as projected revenues and expenses, cash burn rates, and expenditures necessary to implement the proposed business plan and activities of the applicant. This analysis may include various scenarios based on projected stablecoin issuance volumes, planned composition of reserves, and projected returns on those reserves in different interest rate environments. During this time, and afterward, the permitted payment stablecoin issuer also would be required to assess its capital adequacy and maintain an amount of capital that is commensurate with its business model and risk profile, subject to review by the OCC.

Under proposed § 15.41, the initial minimum capital requirement would have applied during the ''de novo period,'' generally the three-year period following chartering or licensing by the OCC of the permitted payment stablecoin issuer to issue stablecoins under this proposed rule, or, in the case of State qualified payment stablecoin issuers, transitioning to the OCC's regulatory framework. This timeframe could be extended or shortened by the OCC.

In proposed § 15.41(a)(1)(i)(B), the OCC would have required a floor of $5 million on the minimum capital requirement during the de novo period. This floor was primarily intended to ensure that every proposed payment stablecoin issuer has sufficient resources to support initial operations, particularly to cover the losses that are expected to occur early in the startup phase of a new permitted payment stablecoin issuer. Based on the OCC's experience with chartering de novo national trust banks seeking to provide stablecoin programs, the OCC determined that minimum capital amounts ranging from $6 million to $25 million would be necessary to establish a viable business model.[184]

The proposed rule would have required a permitted payment stablecoin issuer to calculate a minimum capital requirement based on an evaluation of the risks associated with its business model and risk profile. This amount would have been based on estimates submitted during the de novo chartering phase, and, after approval, this amount would have needed to incorporate the operating history of the permitted payment stablecoin issuer and losses experienced from all sources, including operational risk. The OCC would have reviewed and monitored this requirement and the amount of capital held by the permitted payment stablecoin issuer as part of the examination process. The amount of capital held by the permitted payment stablecoin issuer would have needed to appropriately incorporate the operating history and operational risk of the issuer, consistent with the standards described above that the OCC uses to determine the capital requirement for de novo stablecoin issuers. The OCC did not propose any floors on the minimum capital requirement or frameworks for determining a minimum capital requirement for those risks in the rule text.

The OCC proposed that a payment stablecoin issuer must hold a designated pool of highly liquid assets to maintain the ongoing operations of the stablecoin issuer during a business disruption, referred to as the operational backstop. These proposed backstop assets would have been independent of the de novo or ongoing capital requirements and any assets held as reserve assets. The purpose of the operational backstop was to help ensure that during a business disruption that impacts operations of the stablecoin issuer, a liquid pool of identifiable assets exists to allow the stablecoin issuer to meet short-term liquidity needs, stabilize the issuer after the disruption, and continue or resume normal operations. The operational backstop would have been calculated based on the actual total expenses of the stablecoin issuer over the past 12 months. These expenses, including for utilities, data processing, and salaries, are highly correlated with the permitted payment stablecoin issuer's ability to maintain the operations of its payment stablecoin and stabilize from a business disruption. The operational backstop would have provided a runway for the permitted payment stablecoin issuer to evaluate the source of the disruption and potential responses without needing to take urgent action due to lack of funds. The amount of the operational backstop requirement would be calculated each quarter, based on the permitted payment stablecoin issuer's total expenses as reported in the four most recent quarterly reports filed under § 15.14 of the proposed rule. For de novo permitted payment stablecoin issuers, the initial requirement would have been based on reasonable expense projections and adjusted each quarter based on actual amounts for that quarter.

[183] OCC News Release 2025–125, ''OCC Announces Conditional Approvals for Five National Trust Bank Charter Applications'' (December 12, 2025), *https://occ.gov/news-issuances/news-releases/2025/nr-occ-2025-125.html.*

[184] *See id.*

b. Description of Comments and the Final Rule

Calibration of Capital Requirement

Many commenters responded to the above-described proposal of individualized minimum capital requirements during and after the ''de novo'' period. Approximately half of these commenters supported the proposed individualized assessment, while the other half recommended that the OCC adopt more objective standards for setting capital requirements.

Commenters that supported the proposed approach cited various factors, including that individualized assessments allow for precise tailoring of capital requirements to the business model, risk, and size of the permitted payment stablecoin issuer. One commenter noted that the OCC would lack sufficient empirical data on stablecoin operators to propose appropriate standardized capital requirements.

Commenters that supported a more objective framework cited numerous factors, including that individualized capital calibration gives the OCC too much discretion to set capital requirements for permitted payment stablecoin issuers. Commenters argued this discretion includes the ability to set materially different capital requirements for similar issuers. Some commenters noted that the ''black box'' capital process harms potential new issuers, who will not know their capital requirements until after OCC approval, and stablecoin holders, who will not have objective metrics to compare the financial health of competing permitted payment stablecoin issuers. Numerous commenters noted that the OCC has long established standardized minimum capital requirements for banks, including capital requirements for credit risk, market risk, interest rate risk, and operational risk, which could be used to calibrate a framework for permitted payment stablecoin issuers and reserve assets that are subject to the same risks.

A few commenters requested that, however the capital requirement is determined, the OCC should provide a capital discount to permitted payment stablecoin issuers that use the commenter's proprietary technology, blockchain protocol, risk modeling software, or other service. Another commenter requested that capital requirements for new issuers should phase-in over time to allow those issuers to build up capital during the de novo period.

After consideration of the comments, the OCC has decided to retain the proposed approach of individualized capital requirements for each permitted payment stablecoin issuer. The varied business models of permitted payment stablecoin issuers and lack of empirical evidence make calibration of objective numeric capital requirements too challenging at this time to implement in a manner that is appropriate for the expected variety of permitted payment stablecoin issuers. However, to address the comments that the proposed rule's individualized approach lacked sufficient detail about the basis for the determination, the OCC is providing a more detailed list of what factors the OCC will consider in setting minimum capital requirements for issuers, consistent with the principles in OCC Bulletin 2007–21.[185] Although not all permitted payment stablecoin issuers will operate similarly to national trust banks, the factors in Bulletin 2007–21 have long provided an appropriate balance between providing notice to potential trust bank applicants of the factors the OCC will consider with the OCC's discretion to tailor capital requirements based on business model and risk. The OCC also has experience applying these factors to a number of recent trust bank applicants that have sought charters in part to issue payment stablecoins. The factors the OCC will consider, as adapted from the principles set out in Bulletin 2007–21, follow:

- *The composition, stability, and direction of revenue.* Compare actual revenue against projected revenue. Evaluate revenue by business line. Consider growth expectations along with customer concentrations. Assess fee structure and pricing policies including negotiated concessions. Also, consider earnings sensitivity to market risk factors (*e.g.,* exposure to changes in interest rates and foreign exchange rates).
- *The level and composition of expenses in relation to the permitted payment stablecoin issuer's operations.* Consider fixed versus variable expenses, the level of cash expenditures for existing or planned contract agreements (employment, equipment, fixtures, premises, etc.), and the adequacy of the cash budgeting and planning process.
- *The level of retained earnings.* Evaluate the relationship between retained earnings and realized and anticipated growth. Consider shareholder/parent company expectations for dividends along with their commitment and ability to augment capital, if needed. Also, consider the volume of intangible assets and their effect on capital levels and capital requirements.
- *The quantity and direction of strategic risk.* Evaluate the volume, type, and growth in reserve assets as well as other assets that support the issuer's business. Consider the risks associated with the various product types, business lines, concentrations, investment strategies, and outsourcing arrangements. Evaluate the impact of customer complaints, pending lawsuits, and regulatory actions. Consider the likelihood and magnitude of a loss event along with the opportunity cost of lost business.
- *The quality of risk management processes, including the adequacy of internal and external audit, internal controls, and the compliance management system.* Consider the volume and significance of noncompliance with policies and procedures, laws, regulations, prescribed practices, and ethical standards.
- *The quantity of transaction risk from the permitted payment stablecoin issuer's issuance of stablecoins, as well as its delivery and administration of other products and services.* Consider the condition, security, capacity, and recoverability of systems. Also consider plans for conversions, integrations, and system upgrades.
- *The impact of external factors, including economic conditions, competition, evolving technology, legislative changes, and precedent-setting court decisions.*

In addition, the OCC will require as part of the quarterly reporting that every permitted payment stablecoin issuer disclose its current minimum capital and operational backstop requirements in order to promote transparency. This would also allow stablecoin holders to compare the minimum capital requirements and the amount of capital instruments and operational backstop assets held to satisfy those requirements.

The OCC declines to adopt a capital adjustment for permitted payment stablecoin issuers that adopt a certain proprietary technology, as this would be beyond the scope of the rulemaking, may disincentivize changes in technology, and would be inconsistent with the role of the OCC. The OCC also declines to adopt a phase-in for new issuers to meet their minimum capital requirements. Those requirements are intended to reflect both the current state of the permitted payment stablecoin issuer as well as future growth projections and allowing a phase-in of capital requirements would increase the

[185] OCC Bulletin 2007–21, ''Supervision of National Trust Banks: Revised Guidance: Capital and Liquidity,'' (June 26, 2007), *https://www.occ.gov/news-issuances/bulletins/2007/bulletin-2007-21.html.*

risk as the issuer is ramping up growth in the early stages of its existence.

De Novo Minimum Capital Requirement. The OCC proposed that de novo stablecoin issuers, generally those that have been licensed for three years or less, would have a $5 million floor on their capital requirements.

A few commenters opposed the floor, noting that it would limit access for smaller applicants or may be higher than the individual capital requirement tailored to the risks of the individual permitted payment stablecoin issuer. Other commenters supported the floor as an appropriate prudential safeguard. One commenter recommended raising the floor to $15 million, suggesting that it is more in line with the capital requirements the OCC has imposed on de novo trust banks that plan to issue stablecoins.

After consideration of the comments, the OCC has decided to adopt the $5 million floor as proposed, except for adding a more specific cross reference in § 15.41(a)(1)(ii) (the proposal referred to waivers under § 15.15, whereas the final rule specifies waivers under § 15.15(d)). The OCC agrees that setting a capital floor is a valuable prudential safeguard and provides stability for smaller issuers. This safeguard is important to provide stability throughout the life of a permitted payment stablecoin issuer and, therefore, the OCC is extending the $5 million floor beyond just the de novo period. Based on the OCC's experience to date with the minimum capital amounts necessary to operate a viable stablecoin business model, the OCC believes that a $5 million floor is appropriately calibrated. However, given the variety of possible business models of applicants, the OCC does not believe that a higher minimum floor is necessary, as the OCC can set a higher capital requirement for more complex permitted payment stablecoin issuers as necessary.

Operational Backstop Requirement

Calibration of the Backstop. As noted above, the operational backstop requirement would be calibrated based on the total expenses of the permitted payment stablecoin issuer over the prior 12 months, or on reasonable estimates of expenses for issuers with a shorter operating history. The OCC proposed the backstop to provide a source for immediate liquidity to the permitted payment stablecoin issuer to assist the issuer with recovering from a business disruption in the near term.

Many commenters recommended shortening the 12-month timeframe and limiting the purpose and expenses included in calculating the operational backstop. Specifically, many of those commenters recommended limiting the purpose of the operational backstop to those costs necessary to liquidate the stablecoin and that the amount not exceed 6 months or less of those more limited expenses. A few commenters supported limiting expenses if the permitted payment stablecoin issuer was a subsidiary of a bank, had a binding liquidity agreement with its parent entity, or used a specific software product that may accelerate the liquidation of the stablecoin. A few commenters supported the backstop as proposed, while a few other commenters recommended incorporating a forward-looking metric for expenses based on the projected growth of the permitted payment stablecoin issuer. Some commenters recommended that however expenses are determined, the OCC should ensure that permitted payment stablecoin issuers with affiliates do not attempt to artificially reduce expenses by running those expenses through affiliates.

After consideration of the comments, the OCC has decided to calculate the operational backstop requirement based on the prior 12 months of total expenses. While past crypto-asset company failures have taken many years to resolve, the existence of prudential safeguards and requirements (including know-your-customer requirements) should help reduce the time required to identify claims and to facilitate the sale or liquidation of a permitted payment stablecoin issuer (and the redemption of outstanding payment stablecoins). In addition, the operational backstop requirement has a broader purpose of addressing temporary business disruptions that would lead to failure absent the backstop, but that could resolve and lead to recovery of the stablecoin issuer within 12 months with the backstop. The OCC does not agree with commenters that the shorter 6-month expense backstop used for recent bank charter approvals is appropriate here, as the activities, business models, regulatory framework, and potential for resolution materially diverge.

However, to address comments that using 12 months of total expenses may be overly broad, the OCC will allow a permitted payment stablecoin issuer to request permission to exclude one-time expenses that bear no relation to the ongoing operations of the stablecoin issuer when calculating the backstop. As the backstop is calculated each quarter based on the prior 12 months, one-time expenses will automatically be removed after 12 months, so the approval will only cover the timeframe until the one-time expense is no longer in that window. As a baseline to qualify for exclusion, expenses must bear no relation to the ongoing operations of the permitted payment stablecoin issuer; common expenses such as for equipment, software, employee compensation (whether paid as salary, bonus, stock options, or in other forms) would not qualify for exclusion, as they support the operations of the stablecoin issuer.

The OCC also is clarifying that in cases in which one permitted payment stablecoin issuer merges with another permitted payment stablecoin issuer, the acquiring issuer would be required to include the acquired issuer's expenses during the relevant timeframe when calculating the operational backstop requirement for the combined entity. This adjustment reflects that the acquiring issuer's expenses are likely to increase to support a larger payment stablecoin issuance post-merger. However, the acquiring permitted payment stablecoin issuer could request exclusion of one-time expenses associated with the merger incurred by either the acquired or acquiring permitted payment stablecoin issuer under the general exclusion in the final rule. In cases in which the combined entity may have additional operational risks post-merger, for example from stablecoin conversion or systems integration, the OCC may impose an additional operational backstop requirement under § 15.42.

The OCC is not adopting any adjustments based on whether a permitted payment stablecoin issuer is a subsidiary of a bank or has a liquidity agreement in place with a parent bank; while it is possible these arrangements may reduce the risk to the issuer, the arrangements may weaken the health of the parent bank if the issuer ever needs liquidity or other support from the parent bank. The OCC generally does not mandate use of a specific product or service provider in exchange for obtaining a capital benefit. For permitted payment stablecoin issuers with affiliates, the OCC agrees with commenters that those issuers must reflect the reasonable cost of any shared services provided by affiliates, whether reimbursed or not, when calculating the operational backstop requirement. The OCC is not incorporating a specific forward-looking assessment of operating expenses; historical increases in operating expenses will be included in the backstop each quarter, while the overall capital evaluation and stress testing performed by each issuer will already consider expected capital requirements based on future growth.

Funding and Composition of the Backstop. Under the proposal, the operational backstop requirement would consist of a limited pool of highly liquid, low-risk assets. The proposed pool of eligible assets would have been narrower than those assets that qualified as reserve assets, and these assets would have been separately reported from the reserve assets. While the proposal did not specifically identify how the operational backstop would be funded, the minimum capital requirement and operational backstop requirement were defined as two separate pools to support the continued operation of a permitted payment stablecoin issuer.

Some commenters recommended that the OCC expand the list of assets that qualify for the operational backstop to include one or more of the following: United States Treasury securities with maturities greater than 93 days; uninsured bank deposits; stablecoin reserve assets that are not currently backing any stablecoins; other unspecified assets that the OCC has approved as liquid assets in recent charter approvals. Many commenters recommended that the OCC require that the operational backstop be funded by equity accounts, not debt instruments, as the interest payments and maturities on debt instruments would weaken the availability of the backstop. Some of these commenters also requested clarification as to whether the backstop could be funded by equity instruments that also count toward the minimum capital requirement or if the minimum capital and operational backstop requirements had to be contributed separately.

After consideration of the comments, the OCC has decided to retain the list of permissible backstop assets with one technical change. While uninsured bank deposits are allowable as reserve assets, they are subject to credit and liquidity risks of the depository bank. Furthermore, uninsured deposits held at an affiliated bank would present wrong-way risk, as a failure of the bank would jeopardize funds available at the affiliated permitted payment stablecoin issuer, while an operational failure at the issuer that required drawing on those deposits could increase the liquidity risk at the affiliated bank. The OCC is also declining to expand recognition to longer-dated United States Treasuries or other assets; while these assets may have low credit risk, they present heightened interest rate and price risk, as the backstop may require liquidation of these assets prior to maturity when the asset prices may be below par or acquisition value. The OCC is changing references to ''insured shares'' to funds in ''share accounts that are payable on demand'' to clarify that such funds, like deposits, must be payable on demand.

The OCC agrees with the commenters that the operational backstop requirement should be funded significantly by equity accounts and be accounted for separately from the minimum capital requirement. Permitting the backstop to be funded only by debt increases the risk to the permitted payment stablecoin issuer, as funds that may be needed to assist the issuer may be obligated to be paid out as interest or principal on debt instruments, while it may be difficult for an issuer to replace or roll over those debt instruments if it faces a business disruption. However, the OCC also recognizes that debt funding is generally less expensive than equity funding, which could help improve the financial position of the permitted payment stablecoin issuer. Therefore, the final rule allows a permitted payment stablecoin issuer to rely on debt instruments to fund no more than 50 percent of the operational backstop requirement, provided those debt instruments include appropriate safeguards generally consistent with requirements for tier 2 capital instruments under the bank capital framework. These requirements, listed in § 15.40, include that the instrument is paid in, has a maturity no shorter than five years from issuance, and may be called prior to maturity only after five years and with approval of the OCC. In addition, the amount of debt from an issuance that could qualify as operational backstop debt would be reduced by 20 percent of the otherwise qualifying amount of that instrument per year for each of the last five years until maturity of that issuance to reduce the cliff effect from maturity causing the full amount of operational backstop debt to disappear all at once. For example, when an instrument has 5 years remaining until maturity, and the instrument would otherwise satisfy up to $100 of the operational backstop requirement (even if the amount of the instrument issued exceeded $100), only a maximum of $80 could count as qualifying operational backstop debt. When that same instrument has 4 years remaining until maturity, only a maximum of $60 could count as qualifying operational backstop debt, and so on. A permitted payment stablecoin issuer may have multiple debt issuances, and the phase-out would apply separately to each issuance based on its maturity date, subject to a total cap across all instruments of 50 percent debt financing of the operational backstop requirement. This provides some flexibility to permitted payment stablecoin issuers while ensuring that debt funding of the operational backstop requirement will not disappear through early repayments or subject the issuer to a cliff effect upon final maturity of any operational backstop debt instrument. A permitted payment stablecoin issuer may issue debt instruments in excess of 50 percent of its operational backstop requirement, but only the portion of those debt instruments not in excess of 50 percent will qualify as operational backstop debt funding the operational backstop requirement.

Allowing the same capital amount to count toward the minimum capital requirement and the operational backstop requirement would double the negative consequences from using the backstop, as any use of the backstop to pay expenses to support the stablecoin would reduce retained earnings, thus reducing available capital; conversely, as capital is depleted through operating losses it would also reduce capital available to support the operational backstop requirement. One way to achieve the result of independent minimum capital and backstop requirements, as suggested by one commenter, would be to require that the operational backstop requirement be deducted from tangible equity. The OCC is adopting this approach as it provides a simple, transparent mechanism to separately capitalize the minimum capital requirement and operational backstop requirement and avoid the risk of counting the same equity accounts for both purposes. Under the final rule, when calculating its capital, the permitted payment stablecoin issuer must deduct the difference between its operational backstop requirement and its operational backstop debt (up to a cap of 50 percent of the operational backstop requirement).

Capital Calculation Timeframes and Effects. Under the proposal, the capital requirements would be calculated as of the last day of each quarter and compliance would be evaluated at that time. An issuer that failed to meet its capital requirements at the end of a quarter would have been subject to certain restrictions on new stablecoin issuance during that quarter until it returns to a satisfactory capital level, and an issuer that failed its capital requirements in two consecutive quarters would have been required to liquidate the stablecoin.

A few commenters recommended that the OCC replace the point-in-time capital calculation with a daily, weekly, or monthly average in order to avoid

issuers ''window dressing'' their end-of-quarter capital amounts. A few commenters supported the proposed effects of failing to meet the capital requirements but recommended that the OCC allow itself the ability to either accelerate or delay those impacts based on individual considerations of a specific permitted payment stablecoin issuer. One commenter opposed the stablecoin issuance and liquidation measures for failure to meet capital requirements if the stablecoin still had sufficient reserve assets.

One commenter requested clarification on whether an applicant would be required to maintain an operational backstop equal to 12 months of total operating expenses in liquid assets as of the application date. As provided in the proposal, for de novo permitted payment stablecoin issuers, the initial operational backstop amount would be based on reasonable expense projections and adjusted each quarter based on actual amounts for that quarter. The requirement to hold the operational backstop would not attach until the applicant began operations as a permitted payment stablecoin issuer.

After consideration of the comments, the OCC has decided to require a permitted payment stablecoin issuer to track its compliance with the minimum capital requirement and operational backstop requirement throughout the quarter, and at quarter-end to report whether or not the issuer complied with those requirements every day of the quarter rather than just on the last day. This approach is more prudent and addresses commenter concerns about issuers artificially improving (*i.e.,* ''window dressing'') quarter-end numbers, when capital may vary significantly throughout the quarter. Furthermore, to address commenter concerns about timeliness, if a permitted payment stablecoin issuer's capital falls below its minimum capital requirement at any time during the quarter, the issuer must notify the OCC within 24 hours. After notification, the OCC may decide to accelerate imposition of the penalties for failure to meet minimum capital requirements prior to the end of the quarter if it appears unlikely to the OCC that the permitted payment stablecoin issuer will be able to raise sufficient capital to regain compliance or implement other actions to protect the interests of stablecoin holders. These measures will help reassure holders of stablecoins that issuers are addressing deficiencies in meeting capital requirements in a timely and appropriate manner. A permitted payment stablecoin issuer that fails to meet its capital or backstop requirements at any point during a quarter, but restores compliance by the end of that quarter, would not be subject to the new issuance restrictions or mandatory redemption requirements unless the OCC accelerates imposition of those requirements.

The OCC also recognizes that one of the purposes of the operational backstop requirement is to provide a source of readily available liquid assets that can be used to support the continued operation of the stablecoin during a temporary disruption or other operational event. However, using those assets for the intended purpose of recovering from such an event could cause the permitted payment stablecoin issuer to temporarily fall below the minimum operational backstop requirement. Therefore, the final rule includes a limited waiver of compliance with the operational backstop requirement in this circumstance. Specifically, if the permitted payment stablecoin issuer suffers a temporary disruption or other operational event requiring use of the backstop assets; notifies the OCC of the event within 24 hours; submits a plan to the OCC within 7 days of the event to restore the backstop assets within 90 days, and the OCC deems the plan viable, then the permitted payment stablecoin issuer will be considered to be in compliance with the operational backstop requirement during that time. The final rule also makes a technical change in § 15.41(c)(3)(iii), changing a reference from ''stablecoin'' to ''payment stablecoin.''

Final § 15.41(d) describes requirements specific to uninsured national trust banks. There are several changes from the proposed § 15.41(d) that generally would require an uninsured national trust bank to apply to be subject to the capital requirements in part 15 in lieu of the requirements in 12 CFR part 3 and to provide notice if it rescinds the election to be subject to the capital requirements of part 15. Because these requirements and the changes relate to the amendments to 12 CFR part 3, a description of the § 15.41(d) requirements and changes is below alongside a description of the amendment to 12 CFR part 3.

4. Individual Additional Capital or Operational Backstop Requirement (§ 15.42)

a. Description of Proposed Rule

The OCC proposed a process to impose an individual additional capital or backstop requirement on a permitted payment stablecoin issuer. This process was permitted by section 4(a)(4)(B)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(B)(i)) and is generally consistent with the OCC's process to impose individual minimum capital ratios for national banks in 12 CFR part 3, subpart H. Uninsured national trust banks that are also permitted payment stablecoin issuers would have been subject to both the individual minimum capital ratio framework and the proposed individual additional capital or backstop requirement.

The proposed rule included a list of illustrative examples of when the OCC may consider imposing an individual additional capital or backstop requirement, such as when a permitted payment stablecoin issuer is facing a significant increase in operational risks, excessive volatility in stablecoin issuance or redemptions and the permitted payment stablecoin issuer's management lacks a robust plan to address that volatility, or for additional risks that the stablecoin issuer is not appropriately managing or reflecting in the capital determination.

Under the proposal, the OCC would notify the permitted payment stablecoin issuer of the proposed individual additional capital or backstop requirement, including a justification for that requirement and a target achievement date. The board and management of the permitted payment stablecoin issuer generally would have 30 days to respond to that notice. The OCC could change this time period, as appropriate, based on the condition of the permitted payment stablecoin issuer.

b. Description of Comments and the Final Rule

The OCC received no comments on the proposed framework for the individual additional capital or backstop requirement and, except for certain technical amendments described below, adopts it as proposed. The final rule eliminates a reference to an individual permitted payment stablecoin issuer in paragraph (a) as unnecessary. In addition, the final rule replaces the phrase ''in view of its circumstances'' with ''if appropriate under the particular facts and circumstances'' in the same paragraph. The final rule makes a grammatical correction in paragraph (c)(1) substituting ''is'' for ''are.'' In paragraph (c)(2), the OCC is making non-substantive clarifying edits, including replacing the word ''which'' with ''that'' and eliminating surplus language. The final rule also breaks apart and renumbers paragraph (c)(3) (so that the final rule includes paragraphs (c)(3)(i) through (iii)). Paragraph (c)(4) now

contains an express reference to paragraph (c)(3). Surplus language has been removed from language finalized at paragraph (c)(5). These changes are non-substantive. The provisions of § 15.42 will allow the OCC to better tailor the capital requirements of a permitted payment stablecoin issuer in a variety of circumstances, such as when that issuer fails to appropriately determine its minimum capital requirement, has material unaddressed risks, or faces excessive volatility in the operation of its stablecoin.

Excessive Volatility. One of the proposed factors related to excessive volatility in the issuance or redemption of an issuer's stablecoin. The OCC asked a question in the proposed rule specifically around whether to further define what would qualify as excessive volatility for purposes of the individual additional capital or backstop requirement. A few commenters supported the OCC defining excessive volatility by listing objective factors but not linking those to any specific numerical outcome. The OCC is declining to define excessive volatility in the final rule, as the OCC currently lacks sufficient data to support a numerical threshold for this term as well as to preserve flexibility in how to apply that factor going forward.

Capital Buffers. While the GENIUS Act permits the OCC to impose capital buffers, the OCC did not propose any buffers as part of the capital framework.

A few commenters recommended that the OCC adopt capital buffers for various purposes or risks that issuers may face. One commenter recommended a buffer for permitted payment stablecoin issuer subsidiaries of banks that deposit stablecoin reserve assets at their parent banks to help address the risk that a failure of the parent bank will lead to insufficient reserves and a failure at the stablecoin issuer. One commenter recommended capital buffers to provide stablecoin holders with a larger cushion for fluctuations in reserve assets in order to reduce the risk of a run on the stablecoin. One commenter recommended adopting capital buffers to address operational failures, cybersecurity incidents, fraud, or a breakdown in internal controls at the permitted payment stablecoin issuer. One commenter recommended capital buffers for more complex permitted payment stablecoin issuers or those that hold money market mutual fund shares, uninsured bank deposits, or that are affiliated with a bank.

The OCC is not adopting a capital buffer in the final rule. The risks that commenters raise are sufficiently addressed through the calibration of existing capital requirements or through other provisions within this rule without the need for imposing a capital buffer. Risks associated with the payment stablecoin reserve assets, including riskier reserve assets such as uninsured deposits, are addressed through the limits on reserve asset composition and monitoring requirements. Risks associated with operational failures, whether internal or external, are addressed through the individualized capital requirement and the operational backstop, which is intended to help ensure that a permitted payment stablecoin issuer will have sufficient liquid assets available to address such a failure. As described elsewhere in the final rule, a permitted payment stablecoin issuer must conduct stress testing and must ensure that its reserve asset value will equal or exceed outstanding issuance value at all times. As a result, a permitted payment stablecoin issuer may need to hold a buffer of reserve assets, which could mitigate the risks that might otherwise be addressed by a capital buffer requirement.

Foreign Issuer Capital. The proposed rule requested comment on whether foreign issuers should follow the same capital requirements as permitted payment stablecoin issuers. The OCC requested feedback on this proposal, as well as on any potential adjustments to the capital equivalency deposit for Federal branches or foreign banks that operate payment stablecoins. Generally, the capital equivalency deposit is calculated as 5 percent of liabilities of a Federal branch.[186]

Numerous commenters provided diverging views on how to address capital requirements for foreign issuers. These views ranged from allowing foreign issuers to follow home-country stablecoin capital requirements to reduce burden, requiring foreign issuers to follow United States requirements to maintain a level playing field with United States issuers, or requiring foreign issuers to follow the higher of home country or United States requirements to avoid regulatory arbitrage. A few commenters also supported exempting liabilities associated with stablecoin programs, such as stablecoin reserve deposits or stablecoin holder liabilities, from being in the calculation of the capital equivalency deposit for a foreign branch operating a payment stablecoin, or otherwise counting appropriately segregated reserve assets as satisfying the capital equivalency deposit requirement.

After considering the comments, the OCC has determined that it is appropriate to consider whether a foreign issuer must follow the same United States minimum capital and operational backstop requirements as permitted payment stablecoin issuers through the registration process. Addressing capital requirements through the registration process recognizes that foreign payment stablecoin issuers eligible to register with the OCC must be subject to a regulatory and supervisory regime that is comparable to the GENIUS Act. As a result, in many circumstances, following home-country stablecoin capital requirements may be sufficient. However, if a foreign regime were generally comparable but required less capital to be held, it may be appropriate for the OCC to require additional capital to be held with respect to the United States operations of the foreign payment stablecoin issuer. Assessing capital requirements at the registration phase will allow the OCC to ensure that the United States operations of foreign payment stablecoin issuers are appropriately capitalized and are not unduly advantaged or disadvantaged relative to permitted payment stablecoin issuers. The OCC believes this will reduce the burden on these foreign issuers from having to comply with multiple equivalent capital frameworks, while ensuring that foreign issuers are not benefitting from lower home-country capital requirements to create an uneven competitive environment.

The OCC also agrees with commenters that the current requirements for capital equivalency deposit calculations based on 5 percent of most liabilities could unnecessarily disincentivize Federal branches from offering stablecoin programs and disadvantage them relative to State branches. The OCC is considering addressing this concern in the near future through a separate rulemaking on 12 CFR part 28, the OCC's implementing regulation for Federal branches that includes provisions on calculation and maintenance of the capital equivalency deposit.

[186] Under 12 U.S.C. 3102(g), the capital equivalency deposit is calculated as the greater of the capital required of a national bank at the same location or 5 percent of total liabilities, with exceptions for certain accrued expenses and related party liabilities. In practice, the 5 percent of liabilities amount is generally the binding requirement.

5. Proposed Adjustments to the Bank Capital Rule (12 CFR Part 3)

a. Description of Proposed Rule

Section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii)) specifies that for stablecoin issuers owned by insured depository institutions or depository institution holding companies, the appropriate Federal banking agency (as defined in 12 U.S.C. 1813(q)) cannot require an insured depository institution or depository institution holding company that is consolidated with a permitted payment stablecoin issuer to hold any amount of regulatory capital with respect to such permitted payment stablecoin issuer and its assets and operations in excess of the capital that such permitted payment stablecoin issuer must maintain under the capital regulations promulgated under the GENIUS Act.

Therefore, for regulatory capital purposes, the OCC proposed to amend 12 CFR part 3 to specify that an insured national bank or Federal savings association that owns a permitted payment stablecoin issuer consolidated under GAAP must deconsolidate the permitted payment stablecoin issuer for regulatory capital purposes. The insured national bank or Federal savings association would need to deduct any interest in retained earnings of the permitted payment stablecoin issuer from the insured national bank's or Federal savings association's common equity tier 1 capital. This amount would also be deducted from the asset reflecting the investment in the subsidiary for risk-based and leverage capital calculations. This interest reflects the insured national bank's or Federal savings association's share of retained earnings of the permitted payment stablecoin issuer that have not been paid out as dividends, and the deduction ensures that the same amount would not count as capital at both the permitted payment stablecoin issuer and its parent insured national bank or Federal savings association. Once earnings from the subsidiary are paid as dividends to the parent national bank or Federal savings association, those funds would be available for general uses of the parent bank and no longer count as capital of the stablecoin issuer. Finally, any remaining assets associated with the permitted payment stablecoin issuer (after deducting its share of retained earnings), such as investments in or intercompany receivables from a permitted payment stablecoin issuer, would have been excluded when calculating the insured national bank's or Federal savings association's standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, and total leverage exposure, as applicable. To the extent that a subsidiary permitted payment stablecoin issuer incurs net losses, there would be no adjustment to increase its parent national bank or Federal savings association's assets or retained earnings to offset those losses, so as not to overstate the resources and financial condition of the parent bank.

As proposed, this deconsolidation and deduction approach would have ensured that any assets and capital associated with the permitted payment stablecoin issuer are not double-counted when included in risk-based or leverage capital ratio calculations at the parent insured national bank or Federal savings association, and that any retained earnings of the permitted payment stablecoin issuer are not double-counted as capital that can be used by the parent insured national bank or Federal savings association.

The proposed rule, like the statute, would have allowed uninsured national trust banks to issue payment stablecoins directly. Currently, uninsured national trust banks are subject to the full requirements of 12 CFR part 3, including risk-based and leverage capital ratios. However, the capital required under those measures may significantly exceed the capital that would be required for other types of permitted payment stablecoin issuers under the proposal. In order to establish parity among all types of permitted payment stablecoin issuers, the OCC also proposed permitting uninsured national trust banks that issue stablecoins to elect to follow the proposed capital requirements in part 15 and not calculate or comply with the minimum capital requirements in part 3.

Furthermore, to promote parity among uninsured national trust banks, whether or not they issue payment stablecoins, the OCC proposed to allow any uninsured national trust bank to similarly elect to follow the proposed minimum capital requirements calculated under part 15 instead of those under part 3. As acknowledged in OCC Bulletin 2007–21, the leverage and risk-based capital ratios in 12 CFR part 3 generally are not optimal measures of capital adequacy for national trust banks. Under the proposed rule, a national trust bank seeking to follow the part 15 minimum capital requirements instead of the part 3 minimum capital requirements would submit a notice to the OCC indicating its election. The election would become effective 30 days after OCC receipt, unless the OCC objects in writing for good cause within that timeframe. After electing to be subject to the capital requirements of part 15, a national trust bank subsequently could revert to following the relevant capital measures in part 3 for good cause and with approval of the OCC.

Under the proposal, an uninsured national trust bank would continue to follow the criteria and definitions for capital instruments in 12 CFR part 3, subpart C, including any adjustments or deductions.

b. Description of Comments and the Final Rule

Bank Subsidiary Issuers

The proposed rule included regulatory capital adjustments for banks that have subsidiary permitted payment stablecoin issuers, which generally would have required deconsolidating and deducting the issuers when computing the bank's regulatory capital under 12 CFR part 3. The proposed adjustments were intended to implement a requirement in the GENIUS Act that consolidated permitted payment stablecoin issuers should not also be subject to duplicative bank regulatory capital requirements when owned by a bank.

Commenters responding to this aspect of the proposal generally supported the proposed treatment. A few commenters recommended also exempting the assets and activities of a permitted payment stablecoin issuer subsidiary when considering the assets and activities of the bank in other contexts, such as under the high-quality liquid assets requirements, stable funding requirements, and for reserve asset deposits held at the parent bank. One commenter recommended that parent banks be required to enter into source of strength agreements with their subsidiary issuers to provide additional liquidity and capital as needed.

After considering the comments, the OCC is adopting the capital adjustments to 12 CFR part 3 for bank parents of permitted payment stablecoin issuers as proposed with one revision. Under the final rule, a bank that is consolidated with a subsidiary permitted payment stablecoin issuer must deconsolidate that issuer. The bank must then exclude any amount of its investment in the subsidiary reflecting undistributed earnings from both the bank's investment and equity accounts.

Likewise, the final rule includes one revision to provide an adjustment to increase a parent bank's common equity tier 1 capital for any losses incurred by

its consolidated permitted payment stablecoin issuer. This adjustment will ensure that losses at the permitted payment stablecoin issuer, which reduce capital at the issuer, will not also reduce regulatory capital at the parent bank or require the parent bank to raise additional regulatory capital to cover those losses. The OCC will monitor any losses at the permitted payment stablecoin issuer and associated addback for potential manipulation, and the OCC may take action, such as through the use of the reservation of authority or imposing individual minimum capital requirements, as appropriate, to ensure the safety and soundness of the national bank or Federal savings association.

Finally, the bank must exclude any remaining balance of its investment in the subsidiary when calculating any risk-weighted asset and leverage ratio requirements. For clarification, this provision also excludes the permitted payment stablecoin issuer's operations from the calculation of operational risk-weighted assets, which is a component of advanced approaches risk-weighted assets.

The GENIUS Act only requires an adjustment for a bank that owns a consolidated permitted payment stablecoin issuer. To the extent a bank has any other exposure to a permitted payment stablecoin issuer that is not consolidated with the bank under GAAP, the bank would treat its interest under the existing 12 CFR part 3 framework. To the extent that the bank's consolidated permitted payment stablecoin issuer subsidiary has outside investors, which would be reflected as minority interest at the consolidated bank, this minority interest would be eliminated during deconsolidation and therefore would not also be includable as capital under the minority interest provisions in 12 CFR 3.21.

The OCC does not agree that deposits of an issuer subsidiary should receive special treatment under regulatory capital or liquidity rules over other deposits of the bank; on the contrary, those deposits may exhibit increased liquidity risk compared to other deposits at the bank, depending on the form of the deposits. Many of the asset thresholds or non-part 3 regulatory requirements for banks that have permitted payment stablecoin issuer subsidiaries are contained within interagency rules and are better addressed on an interagency basis rather than through this standalone OCC rule. The OCC is declining to require parent banks to enter into capital maintenance agreements with their subsidiary permitted payment stablecoin issuers, as this requirement would impose an extra burden on bank-affiliated issuers and increase risk to the bank to support its stablecoin subsidiary, potentially jeopardizing the parent bank's safety and soundness. The final rule does not include any requirement or supervisory expectation that a parent bank act as a source of strength for a subsidiary permitted payment stablecoin issuer.

The final rule also adds a reference to the GENIUS Act in the authority citation for 12 CFR part 3.

National Trust Bank Capital Framework

The OCC received numerous comments on the proposed capital treatment for national trust banks. Commenters generally offered four perspectives: not providing any special treatment to national trust bank permitted payment stablecoin issuers; allowing national trust banks with stablecoin programs to use the proposed GENIUS capital framework if those banks limited their activities solely to GENIUS-authorized activities; allowing all national trust banks with stablecoin programs to use the proposed capital framework regardless of other activities; and allowing all national trust banks to use the proposed capital framework. One commenter suggested requiring additional capital for national trust banks that conduct more than half of their business in non-stablecoin activities. Some commenters agreed that the part 3 bank capital rules are not relevant for national trust banks, but that this issue should be proposed separately from implementation of GENIUS rules due to the potential magnitude of the shift for national trust banks. National trust bank commenters noted that attempting to bifurcate internal records between stablecoin and non-stablecoin activities to apply both capital frameworks would be the most burdensome and least favored option.

After reviewing comments, the OCC has decided to allow all uninsured national trust banks to adopt the GENIUS Act regulatory capital and operational backstop requirements instead of following the capital requirements in 12 CFR part 3, regardless of whether the national trust bank issues a payment stablecoin. The OCC agrees with commenters that attempting to bifurcate the regulatory capital frameworks that apply to stablecoin activities and non-stablecoin activities would be overly burdensome for national trust bank issuers. Preventing national trust banks that do not issue stablecoins from opting in to the new framework could create an uneven competitive environment for trust banks engaged in similar activities, while restricting these banks to only GENIUS-authorized activities could present significant business disruptions, as numerous OCC national trust banks are or plan to engage in stablecoin programs prior to adoption of this final rule. The OCC has issued reservation-of-authority letters to numerous trust banks addressing regulatory capital requirements under 12 CFR part 3 for stablecoin programs. These letters note that to the extent a final rule implementing the GENIUS Act presents a different capital treatment for stablecoin reserve assets than in 12 CFR part 3, those requirements would control notwithstanding the reservation in the letters. Therefore, existing national trust banks could face significant capital charges and business disruptions if they are not allowed to elect to use the GENIUS Act framework.

The OCC is limiting the option only to uninsured national trust banks, as all insured depository institutions must comply with the prompt corrective action framework in 12 CFR part 6, which is tied into the capital requirements in 12 CFR part 3.

A national trust bank that makes this election must follow all of the GENIUS capital requirements (including ongoing minimum capital assessments, operational backstop requirements, and intangible asset and deferred tax asset deductions), which may be more conservative for trust banks that do not issue stablecoins. In order to make this election, the national trust bank must submit a request for prior approval to the OCC with supporting documentation for its initial minimum capital and operational backstop requirements, and the OCC will provide an approval or denial within 60 days of receiving a request. This process will allow the OCC to review the appropriateness of the national trust bank's capital requirements upfront to ensure the bank retains a stable capital base under the GENIUS framework and has developed procedures for ongoing capital assessments as required for permitted payment stablecoin issuers. After making an election, a national trust bank can choose to revert to 12 CFR part 3 without prior approval from the OCC by providing a notice to the applicable OCC supervisory office. While this rule helps address capital requirements for national trust banks in connection with the GENIUS Act, in the future the OCC may revisit the regulatory capital framework for all national trust banks in line with commenter feedback to provide a more robust and comprehensive proposed alternative to application of 12 CFR part 3.

The OCC plans to propose revised regulatory reporting for national trust banks that elect the GENIUS capital framework to allow these trust banks to report their capital position and requirements in lieu of existing regulatory capital reporting in Schedule RC–R of the Call Report.

Stablecoin Capital

One commenter requested that the OCC consider adopting a capital framework for stablecoins held by banks in order to provide more clarity to the industry. The proposed rule did not address the regulatory capital treatment of stablecoins that are held by national banks or Federal savings associations. Therefore, the request is outside the scope of this rulemaking. The OCC plans to address the capital framework for digital assets, including stablecoins, as part of a separate rulemaking project.

6. Amendment to Part 6

When calculating total assets for prompt corrective action purposes under 12 CFR part 6, the definition of *total assets* in § 6.2 of the rule specifies that certain assets deducted from capital are also deducted from total assets. Consistent with section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii)) and the deductions and adjustments proposed to 12 CFR part 3, the OCC proposed a conforming amendment to also incorporate the deductions related to an insured national bank's or Federal savings association's ownership of a permitted payment stablecoin issuer when calculating total assets under 12 CFR part 6. As part 6 only applies to insured depository institutions, no adjustments are necessary for uninsured national trust banks.

The OCC received no comments on this proposed amendment and is adopting it as proposed.

F. Amendments to Part 8

1. Overview of Changes From Proposed Rule to Final Rule

The OCC is generally adopting subpart A of 12 CFR part 8 substantially as proposed, with certain modifications described below.

The OCC is finalizing § 8.2(a)(5), (b)(2), (c)(1), (c)(2) through (c)(3), and (c)(5) as proposed except for an updated cross-reference in § 8.2(a)(5). These were the only paragraphs proposed and are the only paragraphs being finalized in § 8.2(a) through (c).

The OCC is finalizing § 8.2(e) with changes. First, the final rule does not include proposed § 8.2(e)(2). An approach related to but distinct from proposed § 8.2(e)(2) is in the new section of the final rule at § 8.7. Because of this change, proposed § 8.2(e)(1) is being renumbered as § 8.2(e). Second, the word ''minimum'' that appeared several times in proposed § 8.2(e)(1) is being removed throughout final § 8.2(e). There are several minor conforming edits to reflect this change, and the addition of quotation marks around the name of a notice for the sake of consistency. Third, the phrase ''thirty-five percent, or such other percentage (up to fifty-five percent)'' in proposed § 8.2(e)(1)(ii) is being finalized as ''35 percent, or such greater percentage (up to 55 percent).'' Fourth, final § 8.2(e)(2) includes the following text in the language proposed at § 8.2(e)(1)(ii): ''To calculate the reserve asset assessment discount, the OCC will use the reserve assets shown on Schedule B of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date.'' Fifth, references to ''stablecoin issuer'' have been replaced with the defined term ''permitted payment stablecoin issuer'' for clarity.

The OCC is finalizing § 8.6 as proposed except for minor technical edits.

The final rule includes a new § 8.7. As mentioned above and described in detail below, this addition relates to what was proposed as § 8.2(e)(2) and concerns the assessment calculation if a national bank's or Federal savings association's total assets reported on that institution's Call Report do not reflect any assets that a permitted payment stablecoin issuer reports on Schedules B or C of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date.

The OCC is finalizing § 8.9 as proposed.

The OCC is finalizing § 8.10(a) as proposed with changes. First, final § 8.10(a) removes the proposal's reference to foreign payment stablecoin issuers. Second, final § 8.10(a) includes technical corrections, such as the capitalization and the heading in Table 1. Third, final § 8.10(a)(5) replaces the proposed ''assets shown on the most recent quarterly report'' with ''assets shown on Schedule B of the most recent quarterly report.'' Fourth, final § 8.10(a)(6)(i) removes the following proposed language: ''To the extent the assets reported by an institution subject to this section on its quarterly report reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903.'' Fifth, references to the term ''stablecoin issuer'' in § 8.10(a)(6) have been replaced with ''permitted payment stablecoin issuer.'' Sixth, final § 8.10(a)(6)(i) makes edits that conform with the above-described edits to § 8.2(e): the removal of ''minimum,'' the substitution of ''other'' with ''greater,'' the removal of proposed § 8.10(a)(6)(ii) (the equivalent of proposed § 8.2(e)(2)), and edits to conform with those changes.

The OCC is finalizing § 8.10(b) with changes. The OCC has replaced the term ''stablecoin issuer'' with ''permitted payment stablecoin issuer.'' In § 8.10(b)(1), the final rule uses ''at its most recent examination prior to December 31 or June 30, as appropriate, to be in less than satisfactory condition'' where the proposed rule used ''at its most recent examination to be a problem institution and require rehabilitation.'' In § 8.10(b)(2), the final rule uses ''was found at its most recent examination prior to December 31 or June 30, as appropriate, to be in deficient or critically deficient condition'' where the proposed rule used ''to have material financial or operational deficiencies that threaten the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate.''

The OCC is finalizing § 8.11 as proposed with changes. In § 8.11(a), the final rule includes the addition of '', as reflected on the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date.'' In § 8.11(a)(2), the OCC is adding ''Schedule C of'' so the text reads ''as reflected on Schedule C of the most recent report.'' In § 8.11(b), the OCC revised the text in line with the above-described edits to § 8.10(b).

The OCC is finalizing § 8.12 as proposed except for the addition of ''including foreign payment stablecoin issuers subject to the OCC's jurisdiction'' to § 8.12(a) and a technical correction to the name of a fee schedule.

The OCC is finalizing § 8.13 as proposed except for two changes. First, final § 8.13(a) corrects ''All institutions'' to ''Any institution.'' Second, there is a new § 8.13(d) that parallels § 8.7 of the final rule (described above).

2. Background and Overview of the Proposed Amendments

As described in the proposal, the OCC funds the activities it undertakes to carry out its supervisory responsibilities through assessments on institutions regulated by the OCC.[187] The OCC is

[187] The National Bank Act authorizes the OCC to impose assessments on national banks and Federal branches and agencies. *See* 12 U.S.C. 16, 481, and 482. The Home Owners' Loan Act, as amended, authorizes the OCC to impose assessments on Federal savings associations. *See* 12 U.S.C. 1467.

authorized to collect assessments, fees, and other charges to meet the agency's expenses in carrying out authorized activities.[188] In setting assessments, the Comptroller has broad authority to consider variations among institutions, including the nature and scope of the activities of an institution, the amount and type of assets that the institution holds, the financial and managerial condition of the institution, and any other factor the Comptroller determines appropriate.[189]

The OCC collects assessments from OCC-supervised institutions pursuant to 12 CFR part 8.[190] Under current part 8, the base assessment for each national bank and Federal savings association is calculated using a table with eleven categories, or brackets, each of which comprises a range of asset-size values. The formula used to calculate an assessment for each national bank and Federal savings association is the sum of a base amount, which is the same for every institution in its asset-size bracket, plus a marginal amount, which is computed by applying a marginal assessment rate to the amount in excess of the lower boundary of the asset-size bracket.[191] The marginal assessment rate declines as asset size increases, reflecting economies of scale in the OCC's supervision activities.[192]

The OCC's annual Notice of Office of the Comptroller of the Currency Fees and Assessments (Notice of Fees) sets forth the marginal assessment rates applicable to each asset-size bracket for each year,[193] as well as other assessment components and fees.[194]

The OCC determined in the proposed rule that collecting assessments in connection with the GENIUS Act activities of OCC-supervised institutions is necessary and appropriate to facilitate the OCC's functions under the Act and conforms with the agency's assessment authorities. The OCC's supervisory responsibilities under the Act include licensing and registration decisions for certain nonbank payment stablecoin issuers, and monitoring compliance with reserve requirements and other applicable laws and regulations relating to stablecoin activities. To that end, the OCC proposed to amend part 8 to create subparts A and B. As described in the proposal, the proposed reorganization of part 8 into subparts reflected the fact that the powers and structures of the institutions subject to OCC supervision solely under the GENIUS Act often differ from those of the entities to which the existing part 8 applies.

Subpart A, as proposed, applied principally to national banks and Federal savings associations and included assessments related to payment stablecoin-issuing uninsured national banks—a type of Federal qualified payment stablecoin issuer—and payment stablecoin-issuing subsidiaries of insured national banks and Federal savings associations (*i.e.,* insured depository institutions). The subpart consisted of existing provisions relating to the assessment of national banks and Federal savings associations, with proposed amendments to clarify how these provisions will be applied with respect to new activities that these institutions undertake pursuant to the GENIUS Act. In particular, the OCC proposed to amend existing § 8.2 to include special rules governing the treatment of assets attributable to minimum stablecoin reserve assets under 12 U.S.C. 5903 when calculating an institution's semiannual assessment. Under these rules, the OCC proposed to apply the existing asset-based formula to those assets reflecting minimum stablecoin reserve assets, except that it then would reduce the resulting amount by 35 percent, or by such other percentage (up to 55 percent) that the OCC may deem appropriate for minimum stablecoin reserves held by national banks and Federal savings associations, based on its experience supervising stablecoin issuers.

Subpart B, as proposed, adopted a structure for assessments on institutions newly subject to OCC jurisdiction under the GENIUS Act that are not subject to assessments under subpart A—*i.e.,* nonbank entities and certain State qualified payment stablecoin issuers. Proposed § 8.9 clarified that the OCC would impose assessments on certain Federal, Foreign, and State qualified payment stablecoin issuers for GENIUS Act-related activities pursuant to the authority contained in 12 U.S.C. 93a, 481, 482, and 5901 *et seq.* Proposed § 8.10 set forth the OCC's methodology for the primary assessment of GENIUS Act-related activities of the institutions described therein and in general incorporated the same structure and asset-based formula used to impose assessments on national banks and Federal savings associations under § 8.2. Proposed § 8.11 set forth the OCC's methodology for separately assessing certain institutions in connection with their GENIUS-Act-permitted custodial and safekeeping activities. Proposed § 8.12 described special fees and assessments in connection with the GENIUS Act-related activities of institutions covered under subpart B. Finally, proposed § 8.13 covered payment of interest on delinquent assessments and examination and investigation fees.

3. Comments on the OCC's Overall Assessment Methodology

Proposed amendments to part 8 reflect the agency's preliminary conclusion that the existing assessments regime applicable to national banks and Federal savings associations would adequately and appropriately ensure that the OCC could fund the activities it undertakes to carry out its statutory obligations under the GENIUS Act. An important element of that existing regime is the agency's reliance on asset-based assessment formulas to determine an institution's semiannual assessments. The agency requested comment on whether there is reason to believe that the existing assessment structure in § 8.2, as amended, or the proposed assessment structure under subpart B would not adequately and appropriately enable the OCC to fund its supervisory activities in connection with institutions' GENIUS Act-related activities. The agency further asked whether it should consider imposing assessments based on different or additional measurements to account for increased supervision activities it will undertake in connection with supervising the GENIUS Act-related activities of these institutions.

The OCC received several comments relating to this request and, more generally, the OCC's adoption of an assessment framework with a significant asset-based component. One set of commenters agreed that the proposed framework, as modified in the proposal, was an appropriate starting point to assess institutions for GENIUS Act-related activities and that it was premature to introduce any additional assessment measures. These commenters in general supported the OCC preserving flexibility to re-evaluate the framework after obtaining more experience supervising permitted payment stablecoin issuers. One commenter sought a commitment from the OCC to engage in a re-evaluation of the framework after several assessment cycles. Another argued that, if supervision of permitted payment

[188] *See* 12 U.S.C. 16, 481 and 482.

[189] 12 U.S.C. 16. *See also* 12 U.S.C. 1467(a) (providing that the Comptroller has the authority to recover costs of examination of Federal savings associations ''as the Comptroller deems necessary or appropriate'').

[190] Current part 8 covers assessments for national banks, Federal savings associations, and Federal branches and Federal agencies. For clarity, proposed subpart A as discussed below will cover the same institutions.

[191] 12 CFR 8.2(a).

[192] *See* 12 CFR 8.8(a) and notices published by the OCC thereunder.

[193] 12 CFR 8.2(a)(5)(i).

[194] 12 CFR 8.2(a)(4).

stablecoin issuers should prove more resource-intensive than anticipated, future adjustments should be modest, transparent, and structured in a manner to preserve the proposed discounted treatment of reserve assets. In this latter respect, this commenter argued that any future adjustment should reflect the commenter's view that the supervisory risks associated with permitted payment stablecoin issuers do not scale linearly with balance sheet size in the way such risks might for traditional banks.

Conversely, other commenters argued that basing assessments primarily on stablecoin issuance value, rather than assets, would more accurately reflect a permitted payment stablecoin issuer's level of activities and therefore the OCC's supervisory expenses. They argued that an issuance-based approach would be less operationally complex and burdensome for issuers.

Finally, one commenter observed that, because supervisory complexity may extend beyond reserve balances, an operational complexity factor may complement asset-based measures when calibrating supervisory resources. The commenter opined that relevant factors could include the number of supported blockchains, cross-chain exposure, transaction velocity, custody model complexity, third-party dependency density, and incident frequency and severity.

After reviewing the comments, and as described in further detail below, the OCC concludes that the existing assessments regime applicable to national banks and Federal savings associations, as amended by this final rule, adequately and appropriately ensures that the OCC can fund the activities it undertakes to carry out its statutory obligations under the GENIUS Act. The OCC has for decades assessed national banks and Federal savings associations based primarily on an asset-based formula, notwithstanding the numerous innovations and novel product offerings by these institutions over that period. The agency's experience has confirmed its view that, with few exceptions, asset-based assessments are an accurate, equitable, product-neutral method of ensuring the OCC can fund the activities it undertakes to carry out its statutory obligations. Commenters have not articulated persuasive arguments for why the existing methodology, as modified here, is inappropriate, inaccurate, or otherwise unduly burdensome.

An issuance-based assessment methodology, by contrast, risks significant under-assessment. As commenters appear to acknowledge, a stablecoin issuer may engage in certain GENIUS Act-related activities subject to OCC supervision that would not be accounted for in an issuance-based formula but that would be accounted for under the proposed asset-based formula. While supervision of these activities may not contribute to the bulk of the OCC's supervisory expenses, at least in the ordinary case, they could be a meaningful cost contributor. For example, stablecoin issuers may have balance sheet assets to pay the blockchain network fees known as gas fees, and issuers with certain business models may have balance sheet assets from the receipt of other transaction-based fees. While an issuance-based assessment would overlook these assets, an asset-based assessment would reflect this aspect of the issuer's operations. It would be imprudent to adopt an assessment methodology that does not take these activities into account, especially where the agency's methodology would result in materially the same assessment as an issuance-based assessment for those issuers not engaged in such activities.

The OCC also disagrees with commenter suggestions that an asset-based assessment would impose meaningfully greater operational burden on institutions, as compared to an issuance-based assessment. These commenters argued that an issuance-based regime would free them from having to calculate the amounts of assessments due on reserve and non-reserve assets separately. They also argued that asset-based assessments would present challenges for issuers maintaining separate trusts to hold reserve assets for different brands of stablecoin as such issuers would need to calculate assessments due on the reserve assets for each stablecoin brand. As a threshold matter, the OCC clarifies that the agency will perform the accounting for assessments due on reserve and non-reserve assets, not issuers. Moreover, section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)) separately requires permitted payment stablecoin issuers to maintain identifiable reserves backing their outstanding payment stablecoins on at least a 1 to 1 basis. Consequently, permitted payment stablecoin issuers are statutorily required to identify which of their assets constitute reserves for reasons unrelated to assessments.

The OCC generally agrees with commenters that the cost of supervising the bulk of an issuer's non-custodial GENIUS Act-related activities is likely to be meaningfully lower than the cost of supervising more traditional activities conducted by national banks and Federal savings associations. But the proposed, and now final, rule takes this distinction into account by meaningfully discounting assessments on reserve assets attributable to issuances. And, as discussed, commenters are incorrect to the extent they argue that an issuance-based model would more accurately reflect the cost of OCC supervision because it would more accurately reflect an issuer's level of activities.

The OCC has considered the international comparisons made by one commenter and alternative assessment frameworks, which in general rely on activities-based cost models to estimate total supervisory costs or on flat, fixed fees per licensee. However, the OCC does not view any of these alternative frameworks as superior to the framework that the agency now finalizes. Supervisory experience strongly suggests that a flat, fixed-fee assessment framework, while providing a degree of operational simplicity, would introduce a significant risk of under- or over-assessment that could undermine the agency's goal of adequately funding the activities it must undertake to carry out its statutory obligations under the GENIUS Act while not imposing undue burden. That risk of under-assessment would be especially high in the early years of GENIUS Act implementation, during which the agency would have limited historical data on which to base flat fees and supervisory costs could be especially high, as explained elsewhere.

An activities-based cost model, on the other hand, would introduce significant operational complexity, and it would be difficult to design without the benefit of more precise information on costs of supervising permitted payment stablecoin issuers. More importantly, the OCC has no reason to believe that an activities-based cost model would perform materially better than the existing framework at appropriately approximating and allocating the overall cost of supervising OCC-regulated entities, and it received no information or evidence in public comments to suggest otherwise. The OCC also is concerned that activities-based cost models have the potential to introduce substantial regulatory uncertainty as to assessment amount and could potentially result in significant swings in assessment fees reflecting changes in the market, regulatory environment, or even the pool of entities subject to OCC supervision.

The OCC also disagrees with a central premise asserted by the commenter, which, in summary, is that the proposed framework inappropriately scales linearly or mechanically the size of

assessments to an issuer's market growth. As discussed in further detail below, the OCC anticipates that supervisory costs in general *likely will* scale with the growth of an issuer's balance sheet assets, as a growing balance sheet will likely correspond to increases in the operational, management, and compliance-related complexities that in turn will increase the OCC's supervisory expenses. However, contrary to the commenter's assertions, the OCC's asset-based formulas now and under this final rule are regressive: marginal rates applied to an issuer decline as the issuer climbs the different asset tiers reflected therein.

Finally, with respect to one commenter's concern that supervisory complexity may extend beyond the size of reserve asset balances, the OCC in general agrees, but it also believes that the existing asset-based formula as modified by this final rule should already adequately account for that complexity. The agency is also concerned that it lacks sufficient data at this early stage to assess with a meaningful degree of confidence whether an additional assessment element focused specifically on operational complexity is necessary or even administrable.

The OCC will gain significant experience supervising permitted payment stablecoin issuers during the first several years of GENIUS Act implementation and plans to monitor the application of the final assessment framework to ensure that it adequately and appropriately funds the activities that the agency undertakes to carry out its statutory obligations. This monitoring includes, among other things, periodically comparing the agency's expenses in supervising GENIUS Act-related activities to its related assessment revenue to ensure that no class of institution is unduly or disproportionately burdened by the final assessment framework. To the extent practical and appropriate, the agency may also solicit feedback from affected institutions. Should the agency determine that assessments may require adjustment, or that changes may be needed to the framework itself, the OCC can address these issues either in the annual Notice of Office of the Comptroller of the Currency Fees and Assessments, pursuant to § 8.8, or through a subsequent rulemaking, depending on the nature of the potential adjustment then contemplated.

4. Subpart A—Assessment of National Banks and Federal Savings Associations

The OCC proposed establishing a new subpart A incorporating the existing provisions of part 8 with targeted modifications to address assessments for GENIUS Act-related activities in which national banks and Federal savings associations may engage. As a reflection of this, the OCC proposed amending § 8.1 to add 12 U.S.C. 5901 *et seq.,* the GENIUS Act, as an authority pursuant to which the OCC imposes assessments on permitted payment stablecoin issuers for GENIUS Act-related activities. As described in the discussion below, the OCC will finalize subpart A substantially as proposed, with certain modifications to reflect commenter feedback.

a. Section 8.2—Semiannual assessment

Under existing § 8.2, the OCC collects assessments for national banks, Federal savings associations, and Federal branches and agencies on a semiannual basis, with fees due by March 31 and September 30 (payment due dates) of each year for the six-month period beginning on January 1 and July 1 before each payment due date.[195] Each semiannual assessment is based on the total consolidated assets shown in the institution's most recent ''Consolidated Reports of Condition and Income'' (Call Report) preceding the payment date.[196] Section 8.2 and the Table included therein set forth methodologies and rates used to calculate the semiannual assessment paid by each national bank and Federal savings association.

The OCC proposed several adjustments to current § 8.2 to account for the GENIUS Act-related activities of national banks and Federal savings associations. First, the OCC proposed special rules governing the treatment of assets attributable to minimum stablecoin reserve assets under 12 U.S.C. 5903. Under proposed § 8.2(e)(1), to the extent the assets reported by the national bank or Federal savings association on its Call Report reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the semiannual assessment for such institution would be calculated in two parts. The OCC first would use the existing formula set forth under § 8.2(a) to determine the institution's semiannual assessment attributable to assets other than those reflecting minimum stablecoin reserve assets. The OCC next would apply the same formula to those assets reflecting minimum stablecoin reserve assets, except that it would reduce the resulting amount by 35 percent, or by such other percentage (up to 55 percent) that the OCC may deem appropriate for minimum stablecoin reserves held by national banks and Federal savings associations, based on its experience supervising stablecoin issuers. The OCC would publish the percentage reduction deemed appropriate for minimum stablecoin reserve assets on an annual basis in the Notice of Fees. An institution's semiannual general assessment fee would be the sum of the two figures above.[197]

The OCC considered whether to propose a larger baseline discount for required stablecoin reserve assets and recognizes that it may be appropriate over time for the agency to discount assessments on required stablecoin reserve assets by more than the baseline 35 percent. However, the agency explained that it expected to commit more resources to supervising GENIUS Act-related activities in the first several years following passage of the GENIUS Act as institutions and the OCC adapt to the exercise and supervision of new GENIUS Act powers. Additionally, the OCC anticipated that the new powers granted under the GENIUS Act may result in many new de novo chartered institutions, which typically require heightened supervision in the early years of such institutions. To address potential differences in the OCC's immediate- and longer-term supervisory commitments in connection with GENIUS Act-related activities, the proposed rule provided the OCC with sufficient flexibility to annually adjust the discounted rate to reflect changes in the overall share of the supervisory burden attributable to the GENIUS Act-related activities of national banks and Federal savings associations.

The OCC also considered in the proposal whether to also include a mechanism to account for permitted payment stablecoin issuers that hold reserve assets above the minimum—*i.e.,* reserve assets that a stablecoin issuer voluntarily maintains in excess of the minimum stablecoin reserve assets it must hold under 12 U.S.C. 5903. The agency explained that extending the proposed discount to reserve assets above the minimum—or excluding them altogether from assessment—could be appropriate, especially if a different course were likely to meaningfully disincentivize voluntarily holding reserve assets above the minimum.

[195] 12 CFR 8.2(a) and 8.2(b)(1).

[196] 12 CFR 8.2(a)(5)(i) and 8.2(b)(3).

[197] For clarity, final § 8.2(e)(2) is amended to say that, to calculate the reserve asset assessment discount, the OCC will use the reserve assets shown on Schedule B of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date. This addition is simply to clarify the source of the reserve asset inputs for the assessment calculation. Other sections of the final rule, such as final § 8.2(e)(2), and § 8.7(d), also use these quarterly filings.

However, the agency determined that it lacked reliable information or evidence to suggest that assessing stablecoin reserve assets above the minimum at undiscounted rates would meaningfully influence an issuer's business judgment on whether and to what extent it should hold on-balance-sheet stablecoin reserves above the minimum. Additionally, while the OCC did not wish to disincentivize holdings above the minimum, the agency expressed initial concern that extending the proposed discount to reserves above the minimum might encourage some institutions to mischaracterize the status of certain on-balance-sheet assets as reserves to minimize their overall assessment. Nevertheless, the OCC sought comment on whether it should extend the reserve asset discount to holdings above the minimum and, if it did, whether to cap the discount at an amount equal to between 1 and 5 percent of required reserves. This range of 1 to 5 percent reflected the agency's understanding that current stablecoin reserve asset holdings above the minimum typically occur within this range.

The OCC received several comments on its proposal to discount assessments on assets attributable to required stablecoin reserves, including on whether it should have a mechanism to account for reserve asset holdings above the minimum.

One commenter stated that reserve assets backing payment stablecoins are fundamentally different from traditional bank assets such that the supervisory complexity is substantially reduced with regard to these reserve assets. The commenter stated that under the GENIUS Act's required 1 to 1 reserve requirement, issuers hold high-quality liquid assets that pose minimal credit risk and do not require loan-loss provisioning, underwriting decisions, or complex valuations. Rather, they are passive, transparent holdings verifiable through automated systems and monthly attestation reports, while traditional bank supervision requires intense examination of credit portfolios, loan classifications, borrower financial conditions, collateral valuations, and complex management frameworks. The commenter stated that the marginal cost to the OCC of supervising an additional billion dollars in passive Treasury holdings is substantially lower than for an equivalent amount of commercial loans or other credit products. The commenter stated that the proposed 35 percent discount implies that supervising stablecoin reserves requires 65 percent of the resources of traditional bank assets, posited that this does not adequately account for the supervisory burden, and urged the OCC to adopt the proposed maximum discount of 55 percent.

Separately, a comment addressed the possibility of an assessment discount in the context of stablecoin issuers holding more reserve assets than are strictly required. In the proposal, the OCC had asked about mechanisms to account for such holdings above the minimum, such as assessment discounts. The comment explained a framework to incentivize reserve asset holdings above the minimum and structure such holdings. Rather than employing assessment discounts that could give entities a reason to mischaracterize balance sheet assets as reserve assets above the minimum, the comment suggested a mechanism that would tie the holding of reserve assets above the minimum to a higher ceiling on the portfolio weighted average maturity. Such a mechanism, the comment argued, would avoid the agency's well-founded concern about mischaracterization.

In the final rule, the OCC is adopting the discount methodology as proposed and as described above (with the below-described removal of the word ''minimum''). For the portion of stablecoin issuer assessments that are attributable to the stablecoin reserve assets, the final rule sets a 35 percent discount on the asset-based assessment. Additionally, the final rule describes how the OCC will publish updates to the percentage reduction (up to a 55 percent reduction) annually. Whereas the proposed rule would allow the agency to deem some percentage ''other'' than 35 percent (up to a 55 percent reduction) as appropriate, the final rule clarifies that 35 percent is the lower limit on potential discounts by allowing the agency to deem some percentage ''higher'' than 35 percent (up to a 55 percent reduction) as appropriate. As in the proposal, no discount applies to the portion of stablecoin issuer assessments for assets other than stablecoin reserve assets.

As the OCC explained in the proposal, a 35 percent discount for stablecoin reserve assets reflects the OCC's judgment that the cost of supervising non-custodial GENIUS Act-related activities is likely to be meaningfully lower than the cost of supervising more traditional activities conducted by national banks and Federal savings associations. The GENIUS Act limits the stablecoin-related activities in which issuing institutions may engage, and certain of these newly authorized GENIUS Act-related activities may present lower risks to participating institutions and the Federal banking system than certain traditional banking activities. Notably, the GENIUS Act significantly restricts the composition of, and the permissible activities in connection with, required stablecoin reserves. The OCC continues to believe these limitations warrant treating stablecoin reserve assets differently for assessment purposes than existing, on-balance-sheet assets attributable to more traditional banking activities.

However, in the absence of stronger empirical evidence of its supervisory costs, the OCC believes it is premature to conclude that these factors would support providing discounts larger than 35 percent on reserve assets at this time. While the OCC generally agrees with commenters that the cost of supervising certain GENIUS Act-related activities likely will be lower than supervising certain activities of traditional banks and Federal savings associations, the permissible GENIUS Act-related activities of an issuer overall can still present significant operational, organizational and management, and compliance-related complexities and risks (including, for example, liquidity and AML/CFT risk management and monitoring). And, as discussed in further detail below, the OCC anticipates that growth in the scale and scope of permitted payment stablecoin issuers will correspond with increases in their overall complexity and risk profile, in turn increasing the resources the OCC will need to commit to their supervision. Aside from reserve assets, much of this complexity and risk is not directly reflected on the balance sheet of a permitted payment stablecoin issuer.

Taking into account these considerations, while acknowledging limits in the OCC's ability to predict with precision the extent of those complexities, the agency continues to believe that a baseline 35 percent discount is the best approximation of the expected marginal increase in its overall supervisory costs attributable to GENIUS Act-related activities. As described in the proposal, that baseline derives from the median discount currently provided on a per-asset basis to all custodial assets under existing § 8.6(c) relative to the median per-asset assessment charge for non-custodial assets under existing § 8.2(a). In addition, that baseline reflects the OCC's view that certain GENIUS Act-related activities are likely more complex than traditional custodial banking activities, and this complexity will likely impose a greater economic impact on the OCC's overall supervisory burden than supervising traditional custodial banking activities. To account for this reasoning, the final baseline

discount for required stablecoin reserve assets is set at an amount equal to approximately half of the existing median discount assessed on custodial assets under § 8.6(c).

While the agency finalizes a baseline 35 percent discount, as noted, the final rule will permit the OCC to annually adjust the discount on reserve assets, up to 55 percent, if the agency determines in the future that a higher discount would more appropriately reflect the cost of supervising permitted payment stablecoin issuers. Specifically, subsequent to the effective date of this rule, the OCC will publish the discount as the rule describes. In preparing these publications, the agency anticipates reviewing the costs and complexity of supervising permitted payment stablecoin issuers as a group to determine the appropriate discount on reserve assets within the range finalized. The agency more generally will monitor supervisory cost data as it becomes available to determine whether any additional modifications or revisions to part 8 are needed to account for GENIUS Act-related supervision.

As described above, one commenter was concerned that an assessment discount would lead to mischaracterization of balance sheet assets as reserve assets. This discussion was tied to the commenter's discussion of a framework for reserve asset holdings above the minimum, and such holdings above the minimum are discussed below. The commenter did not challenge the proposed assessment discount for the minimum stablecoin reserve assets required under the GENIUS Act, 12 U.S.C. 5903. The OCC is not revising the proposed rule's general approach to assessment reductions in light of the commenter's concern about discounting assessments on reserve asset holdings above the minimum. Whatever benefits may exist in the commenter's suggested framework, the commenter did not offer the framework as a comprehensive substitute for all assessment reductions. The above-described assessment reduction in the final rule is appropriate given the anticipated supervisory burden and the need for adaptability over time.

The OCC also received several comments in response to questions on its approach to assessing for reserve asset holdings above the minimum. Most commenters urged the OCC not to penalize holdings above the minimum through unfavorable assessment treatment. One commenter stated that if an issuer chooses to maintain reserve assets above the required minimum, the assessment framework should not create disincentives for that prudent choice. The commenter stated that voluntary excess reserves can serve as an additional buffer and may reflect conservative risk management, and therefore the OCC should be careful not to inadvertently discourage such practices. Another commenter stated that it would be a mistake to penalize the holding of reserve assets above the minimum because additional high-quality liquid assets held above the 1 to 1 requirement would provide extra cushion against redemption stress without adding complexity, so this practice would reduce, rather than increase, the OCC's supervisory risk. The commenter argued that assessing those incremental reserves at the full, undiscounted rate would treat them as if they imposed proportional supervisory burden when in practice the marginal risk is close to flat or negative.

As mentioned above, some commenters raised concerns related to permitted payment stablecoin issuers holding reserve assets above the minimum. The proposed rule acknowledged the possibility that assessment discounts could encourage asset mischaracterization with the goal of lowering total assessments. A few commenters stated that this concern is well-founded and that if the agency extends assessment relief to voluntary excess reserves, relief should only apply to clearly identified and independently verifiable excess reserves. However, these commenters stated that the OCC could institute guardrails to protect against mischaracterization, such as imposing the same segregation, identification, and recordkeeping standards that apply to required reserves. One commenter argued that there is no opportunity for issuers to mischaracterize reserve assets because, given the requirement that issuers must certify and publish reserve asset coverage, once an issuer allocates assets as reserves, those assets are not ''mischaracterized'' because they will automatically become part of the pool available to support redemptions for the benefit of holders.

Separately, one commenter offered a framework for incentivizing and structuring reserve asset holdings above the minimum without an assessment reduction. In short, this framework would revolve around the percentage of total short-term Treasury securities outstanding as compared to the amount of short-term Treasury securities plus the notional amount of reverse repos in the hands of permitted payment stablecoin issuers. If the concentration percentage crosses predetermined levels, permitted payment stablecoin issuers with reserve assets above their minimums would be permitted to extend their portfolio weighted average maturity or avoid redemption gating (depending on the level the percentage crosses). In response to a related question from the OCC, some commenters also generally supported providing a capped carve-out for a reasonable band of reserve asset holdings in excess of the minimum (*e.g.,* 1 to 5 percent above required reserves) so that issuers are not discouraged from conservative risk management or from extending the general discount to all reserve assets.

The final rule extends the assessment reduction to reserve asset holdings above the minimum as well by removing the word ''minimum'' such that the assessment reduction applies to stablecoin reserve assets held under 12 U.S.C. 5903. Two factors impact the agency's decision-making in this respect. First, the OCC is persuaded by comments that holdings above the minimum can contribute to a reduction in overall supervisory risk, insofar as holdings above the minimum may reflect an issuer engaging in appropriate and conservative risk management decisions. Holding reserve assets above the minimum, for example, could provide necessary liquidity for certain issuers in the event of market volatility and thereby lower the risk of a loss of value for the payment stablecoin holders. The agency is also persuaded by comments that in fact assessing excess reserves at a higher assessment rate may discourage holding more reserve assets than the minimum requires.

Second, the OCC has concluded that the supervisory process should be able to promptly identify and address any mischaracterization of certain balance sheet assets as excess reserve assets. Examiners will be aided in this respect by the OCC's final rule and information collection, which will require stablecoin issuers to apply the same segregation, identification, and recordkeeping requirements to report assets designated as reserve assets, regardless of whether they are required reserve assets or excess reserve assets. Compared to other approaches for addressing the risk of mischaracterization (*e.g.,* the commenter's framework tracking outstanding short-term Treasury securities), the planned supervisory process is expected to be comparably effective and administratively simpler. Additionally, the OCC anticipates that limiting reserve asset withdrawal as provided in § 15.11(a)(4) further disincentivizes any attempt to misclassify assets as excess reserves

solely to obtain lower assessment fees. Consequently, the OCC believes the risks associated with an assessment reduction for reserve assets above the minimum are lower than some commenters indicated.

Other commenter suggestions to reduce incentives to mischaracterize assets are not likely more effective and would create undue supervisory burdens on the agency or stablecoin issuers or unnecessarily increase the complexity of the regulatory framework by increasing assessments' interconnectedness with other aspects of GENIUS Act implementation. The agency therefore is finalizing § 8.2(e) without limiting the assessment reduction to minimum stablecoin reserves. The agency is also finalizing the subsection without capping the allowable assessment discount on reserve assets attributable to reserve asset holdings above the minimum. While the OCC understands that current stablecoin reserve holdings above the minimum typically occur within the range of 1 to 5 percent of required reserves, the agency cannot conclude with a high degree of confidence that holdings more than 5 percent above the minimum are or will remain atypical as the market develops. The agency similarly cannot conclude with confidence that the potential benefits of holdings above the minimum cease to continue outside of the range of 1 to 5 percent of required reserves. The OCC therefore concludes that the most prudent course is to extend the assessment reduction for reserve assets to all reserve asset holdings above the minimum and monitor the marketplace and actions by issuers for developments that might support the introduction of a cap at a later date.

The OCC separately proposed to clarify in § 8.2(e)(2) that, if, for any reason, a national bank's or Federal savings association's total assets reported on that institution's Call Report do not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903 and the proposed implementing regulations, the OCC shall increase the assessment calculated under the subsection. The increased assessment amount would reflect the difference between the amount of stablecoin reserve assets reflected on the institution's Call Report and the minimum required stablecoin reserve assets for the amount of outstanding stablecoin issuances that the institution reports pursuant to § 15.14(i). While the OCC anticipates that Call Reports of issuing national banks and Federal savings associations will ordinarily reflect all non-custodial assets attributable to stablecoins, including assets held in reserve to satisfy the institution's obligations under 12 U.S.C. 5903, proposed § 8.2(e)(2) would permit the OCC to address any potential under-assessment resulting from an institution's failure to ensure that it holds sufficient stablecoin reserve assets to meet its obligations under 12 U.S.C. 5903 and these proposed implementing regulations.[198]

The OCC requested comment on this provision and more generally on whether there was reason to believe that it would not receive all information necessary to impose assessments on each national bank or Federal savings association for GENIUS Act-related activities from existing Call Report data and the supplementary reports proposed in this notice. The OCC noted (for example) that it currently relies upon Schedule RC–T to capture the ''fiduciary and related assets'' upon which independent trust banks pay assessments under § 8.6(c), as discussed below, and it asked whether there is any reason to believe that the custodial or safekeeping assets attributable to the activities described in 12 U.S.C. 5901 *et seq.* would not be fully represented in Schedule RC–T. The OCC also sought comment on how best to ensure it received sufficient information to obtain full contributions of assessed amounts in the event the OCC permitted combinations of chartered and non-chartered institutions subject to the agency's jurisdiction to own a stablecoin-issuing subsidiary.

On the first issue, one commenter believed there was reason to be concerned about underreporting through Schedule RC–T because, in the commenter's view, the current instructions for that form direct an institution to exclude arrangements where the institution only provides operational or back-office services and does not itself hold the assets. The commenter suggested that because of uncertainty about what would be captured, and differences in the frequency of reporting by different institutions, a separate reporting mechanism was advisable. On the second issue, one comment argued that, given the operational difficulties of apportioning amounts *ex ante* across multiple regulated entities owning part of an issuer, the best solution would be entity-level reporting plus designated payer responsibility, backed by joint-and-several fallback liability. The commenter called for an entity-level consolidated stablecoin activity report reconciliation with the reports of owners, and that the ownership group should designate one responsible filer and payer for assessments. If that mechanism fails, the commenter suggests that the OCC should retain authority to recover any shortfall from one or more owners.

Taking these comments into consideration, the final rule provides that, if a national bank's or Federal savings association's total assets reported on that institution's Call Report are not consistent with the assets that a stablecoin issuer reports on Schedules B or C of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date, the OCC may increase the assessment set forth in subpart A for such institution to fully reflect the amounts shown on the quarterly reports. Because this provision as revised would apply to the whole of subpart A, the OCC is placing this new provision in existing § 8.7, ''Payment of interest on delinquent assessments and examination and investigation fees.'' To be clear, except to the extent a reallocation appears to be the result of misreporting on the part of the institution, the OCC does not intend to treat reallocations under this new subsection as delinquent assessments subject to fees unless and until it has informed the institution of the reassessment and the institution has declined to pay the assessment by the date indicated.

The new subsection will leave the agency with discretion to determine whether and to what extent it is appropriate under the circumstances presented to reconcile Call Reports with Schedules B or C of the institution's most recent quarterly report. Although the OCC does not anticipate exercising this authority in the ordinary course, the agency believes that it is prudent to retain this discretion to ensure that its assessment formulas serve their intended purpose—to ensure that the agency can adequately and appropriately fund the activities that the agency undertakes overall to carry out its statutory obligations.

With these revisions, the OCC concludes that the final rule's reliance on Call Report data—when supplemented with information collected in quarterly reporting forms under § 15.14—will ensure assessment amounts appropriately reflect the GENIUS Act-related activities of

[198] Additionally, if a permitted payment stablecoin issuer's actual reserve amount is less than its required reserve amount, the OCC anticipates that the permitted payment stablecoin issuer may incur additional fees and charges under revisions to § 8.6 associated with (among other things) examinations conducted to understand and address the institution's reserve asset deficiencies.

permitted payment stablecoin issuers. Should the OCC permit combinations of chartered and non-chartered institutions subject to the agency's jurisdiction to own a stablecoin-issuing subsidiary, the OCC anticipates that the noted revisions to § 8.7 will enable the agency to quickly and effectively identify any potential information shortfall that could result in the agency failing to receive full assessment contributions from chartered institutions without imposing the type of operational difficulties that the commenter recommended avoiding.

Without expressing a view on the commenter's reading of the RC–T instructions, the OCC notes it has not experienced any material, assessment-related issues with the reporting of fiduciary and related assets and does not expect that to change with the introduction of GENIUS Act-related activities. Likewise, with respect to commenter concerns regarding uniformity in the frequency of RC–T form reporting, which the OCC has used in the assessment context solely in connection with the assessment of independent trust banks, the agency disagrees that existing reporting frequency poses a problem with respect to issuers. The OCC regularly monitors the sufficiency of data collection for a variety of purposes, and it has not experienced material issues related to the frequency of RC–T form reporting. Of course, if the OCC were to identify issues with the adequacy of RC–T form reporting, it could address those issues as appropriate.

The OCC further proposed amending § 8.2(b), which addresses the semiannual assessment imposed on Federal branches and agencies. As amended, § 8.2(b)(2) provides that the semiannual assessment imposed on Federal branches and agencies shall be computed using the same methodology and the same rates as national banks and Federal savings associations, though clarifying that only the total *domestic* assets of the Federal branch or agency will be subject to the assessment under § 8.2. This clarification reflects that the OCC ordinarily supervises only the domestic operations of Federal branches and agencies. The agency proposed language making clear that semiannual assessments for all institutions subject to subpart A *will* reflect all assets attributable to GENIUS Act-related activities (including minimum reserve assets), irrespective of whether those assets would be categorized as ''domestic'' assets.

The OCC did not receive any comments on this assessment as applied to Federal branches and agencies and is finalizing the provision as originally proposed.

Finally, the OCC proposed to amend § 8.2(c) to eliminate that subsection's additional assessment for independent credit card national banks and Federal savings associations where the on-balance-sheet assets attributable to non-custodial GENIUS Act-related activities of such institutions make the additional assessment unnecessary. An ''independent credit card'' national bank or Federal savings association is an institution that is (i) ''engaged primarily in credit card operations;'' and (ii) not affiliated with a ''full-service'' national bank or Federal savings association.[199] An institution is ''engaged primarily in credit card operations'' if it is either a bank described in section 2(c)(2)(F) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(F)), or if the ratio of the institution's total gross receivables attributable to its balance sheet assets exceeds 50 percent.[200] A ''full-service'' institution is one that generates more than 50 percent of its income ''from activities *other than credit card operations or trust activities* and is authorized according to its charter to engage in all types of permissible banking activities.'' [201]

The OCC originally imposed the additional assessment in § 8.2(c), and the corresponding 50 percent threshold in the relevant definitional term, upon finding that the magnitude and the complexity of the business of independent credit card national banks and Federal savings associations were not fully reflected by the volume of assets reported on those institutions' balance sheets as of a particular date.[202] An independent credit card national bank's or Federal savings association's balance sheet was not, by itself, generally a meaningful measure of the resources that the OCC needed to expend to supervise these types of institutions, nor a fair measure of the value of the national bank charter to these enterprises. The OCC therefore adopted an additional assessment under § 8.2(c) for independent credit card national banks and Federal savings associations based on these institutions' ''receivables attributable'' (*i.e.,* the total amount of outstanding balances due on credit card accounts owned by the institution) as the measure of the volume of the institution's business. The additional assessment under § 8.2(c) ensures that assessments imposed on independent credit card national banks and Federal savings associations represent their fair share of the OCC's overall supervisory expenses.[203]

The OCC preliminarily concluded that the justification for imposing an additional assessment under § 8.2(c) is no longer present where the ratio of an institution's total gross receivables attributable to its balance sheet assets no longer exceeds 50 percent after accounting for on-balance-sheet assets attributable to GENIUS Act-related activities. In such instances, although the independent credit card institution may not qualify as a ''full-service'' institution, the agency expects that the additional on-balance-sheet assets attributable to the institution's GENIUS Act-related activities should suffice to ensure that the institution's assessment under § 8.2(a) adequately reflects the magnitude and complexity of the institution's overall business and represents its fair share of the OCC's overall supervisory expenses. The OCC therefore proposed to amend § 8.2(c) to provide that an independent credit card national bank or Federal savings association is not subject to an additional assessment under that subsection if the ratio of its total gross receivables attributable to its balance sheet assets no longer exceeds 50 percent after accounting for on-balance-sheet assets attributable to GENIUS Act-related activities. The agency further proposed to amend § 8.2(c) to require independent credit card national banks and Federal savings associations to report data related to their assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.* to the OCC semiannually at a time specified by the OCC, as § 8.2(c)(4) currently requires for data related to off-balance sheet receivables, to ensure accurate accounting in calculating assessments.

The OCC did not receive any comments on either this definitional clarification or the reporting requirement supporting it and will finalize the provision as originally proposed.

b. Section 8.6—Fees for Special Examinations and Investigations

Section 8.6 is generally designed to allow the OCC to impose assessments on national banks, Federal branches or agencies of foreign banks, Federal savings associations, and related entities for supervisory expenses that, due to the complexity of the attributes of the underlying activity, are not adequately offset by the base assessment under § 8.2. The OCC proposed the following

[199] 12 CFR 8.2(c)(3)(vi) and (vii).

[200] 12 CFR 8.2(c)(3)(iii).

[201] 12 CFR 8.2(c)(3)(iv) and (v) (emphasis added).

[202] 66 FR 29890, 29890 (June 1, 2001).

[203] *Id.*

revisions to the existing § 8.6 to appropriately reflect the agency's increased supervisory activities relating to the GENIUS Act.

Specifically, the OCC proposed to revise existing § 8.6(c) to eliminate that subsection's additional assessment for ''independent trust'' national banks and Federal savings associations where the on-balance-sheet assets attributable to the non-custodial GENIUS Act-related activities of such institutions make the additional assessment unnecessary. Section 8.6(c) currently imposes an additional assessment on ''independent trusts'' in connection with their off-balance sheet ''fiduciary and related assets.'' The OCC adopted existing § 8.6(c) upon finding that—unlike ''full-service'' institutions that may exercise trust powers but that also engage in sufficient non-custodial activities—the limited balance sheet assets of ''independent trusts'' resulted in assessments under § 8.2(a) that did not constitute a fair representation of the complexity of their operations, or the extent of the OCC's supervisory activities related to their operations.[204] An ''independent trust'' is an institution that (i) has trust powers, (ii) does not primarily offer full-service banking, and (iii) is not affiliated with a full-service national bank or Federal savings association.[205] A ''full-service'' institution is one that (i) generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities; and (ii) is authorized according to its charter to engage in all types of permissible banking activities or activities permissible for Federal savings associations.[206]

The OCC preliminarily concluded that the justification for imposing an additional assessment under § 8.6(c) no longer exists where an independent trust generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities, after accounting for on-balance-sheet assets attributable to GENIUS Act-related activities. In such instances, although the independent trust may not qualify as a ''full-service'' institution, the agency expected that the additional on-balance-sheet assets attributable to its GENIUS Act-related activities should suffice to ensure that the institution's assessment under § 8.2(a) adequately reflects the magnitude and complexity of the institution's overall business and represents its fair share of the OCC's overall supervisory expenses. The OCC therefore proposed to amend § 8.6(c) to provide that an independent trust national bank or Federal savings association is not subject to an additional assessment under that subsection if it generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities, after accounting for on-balance-sheet assets attributable to GENIUS Act-related activities. The OCC further proposed to amend § 8.6(c) to require independent trust institutions to report their interest and non-interest income from activities other than credit card operations or trust activities at a time specified by the OCC to ensure accurate accounting in calculating assessments.

The OCC did not receive any comments on either this definitional clarification or the reporting requirement supporting it and will finalize the provision as originally proposed.

c. Additional Requests for Comments Relevant to Subpart A

The OCC requested comment on whether there is a reserve asset threshold above which it would be appropriate to impose either a series of graduated additional discounts or a cap for the purpose of calculating assessments. The OCC had considered, but preliminarily declined, setting a stablecoin reserve asset threshold above which the agency would impose either additional discounts or a cap. The OCC explained that it has occasionally adopted a similar approach (*e.g.,* a cap) when warranted by circumstances. The agency further described that a required stablecoin reserve asset threshold could be appropriate if the OCC were confident that assessment revenues obtained on stablecoin reserve assets above a certain threshold would be disproportionate to the marginal cost of supervising GENIUS Act-related activities attributable to those assets. However, the agency preliminarily concluded that it lacks sufficient certainty of its future supervisory needs to determine with confidence the threshold above which this circumstance would arise.

One stablecoin issuer commented in support of imposing a hard cap on assessment fees for reserve assets at $10 billion. The commenter argued that the OCC's proposed structure of charging basis-point fees on total reserve assets creates a scaling concern such that assessment revenues could become disproportionate to marginal supervisory costs. The commenter argued that the OCC's assessment structure for traditional banks reflects the reality that larger loan portfolios require proportionally more examiner hours to evaluate credit quality, collateral adequacy, and borrower financial condition. However, the commenter argued that logic does not translate to stablecoin reserves because, unlike traditional bank assets where asset growth corresponds to increased lending complexity and supervisory burden, stablecoin reserve assets scale without a corresponding increase in supervisory complexity. The commenter argued that a $50 billion portfolio of segregated Treasury bills is not 50 times more complex to examine than a $1 billion portfolio, and that it would functionally be the same examination repeated against a larger balance. The commenter argued that linear fee scaling above $10 billion would not constitute recovery for supervision, rather it would constitute a tax on scale that penalizes issuers for growth. The commenter stated that without a hard cap, assessment fees would inevitably become grossly disproportionate to marginal supervisory costs at scale, which could make large-scale Federal stablecoin issuance commercially uncompetitive relative to State-chartered or offshore alternatives—directly undermining the GENIUS Act's objective of concentrating stablecoin issuance within the Federal supervisory framework.

However, two commenters—a stablecoin issuer and an industry association—stated that the OCC should not set a hard reserve asset-size threshold above which additional discounts or caps would automatically apply. One commenter argued that setting such a threshold would require confidence that supervisory scale does not continue to scale, directly or indirectly, with an issuer's size or complexity and that such confidence does not yet exist. The commenter argued that international standards increasingly recognize that large issuers require more, not less, attention to redemption, liquidity, cross-border and third-party risk, as well as operational resilience. Both commenters stated that agency should revisit the issue after the agency has observed several supervisory cycles and has greater certainty about the marginal supervisory costs associated with very large reserve asset balances, particularly given the current stage of the stablecoin industry in the United States market.

On the topic of capping or otherwise discounting assessments on assets above a certain threshold, the agency is finalizing the rule as proposed without such an asset threshold. As discussed,

[204] 65 FR 75859, 75860 (December 5, 2000).

[205] 12 CFR 8.6(c)(3)(v) and (vi).

[206] 12 CFR 8.2(c)(3)(iii) and (iv).

while the OCC generally agrees with commenters that the cost of supervising certain GENIUS Act-related activities likely will be lower than supervising the activities of traditional banks and Federal savings associations, the permissible activities of an issuer overall can still present significant operational, organizational and management, and compliance-related complexities and risks. In addition, the OCC anticipates, based on its supervisory experience with national banks and Federal savings associations and its expertise in financial markets, that increases in the scale and scope of permitted payment stablecoin issuers will lead to increases in operational, organizational and management, and compliance-related complexity and risk. For example, the OCC would expect the complexity of liquidity risk management, especially monitoring activity and stress testing possible withdrawals, to generally increase with asset size growth. Likewise, as a stablecoin issuer grows, the likelihood increases that it will take steps that tend to increase the operational complexity of its issuances and redemptions, including entering new market segments, connecting with additional platforms or distributed ledgers, and establishing additional third-party relationships. Additionally, increased complexity and risk commonly necessitate more sophisticated AML/CFT risk management and monitoring as transaction volumes and customer base grow, greater demand for sanctions screening as cross-border risk increases, and cybersecurity risk management becomes more challenging as the technology infrastructure evolves and expands. The OCC has experienced similar effects in connection with the growth of OCC-regulated entities engaged in both traditional and nontraditional banking activities.

Thus, even if the issuer's balance sheet composition means that the marginal cost of supervising an issuer's management of reserve assets does not scale fully with the amount of reserve assets under an issuer's management, other GENIUS Act-related activities likely will scale with the size of an issuer's balance sheet. And, in the absence of information or data from which the OCC can with confidence identify a reserve asset threshold above which the marginal cost of supervision meaningfully decreases, it cannot adopt any such threshold at this time without seriously risking under-assessment.

Further weighing against a threshold-based assessment reduction is the regressive nature (*i.e.,* diminishing rate of increase) of the planned assessments. Contrary to the suggestion of some commenters that the OCC's assessment framework inappropriately scales linearly or mechanically, in fact, the amount an entity pays in assessments per dollar of assets declines as total assets increase. The OCC regularly updates a fee schedule that uses asset-size brackets. As asset size increases and an entity passes into higher brackets, the applicable marginal rate declines such that the lowest marginal rates apply to assets in the largest asset-size categories. This structure reflects the OCC's experience that some economies of scale exist in the supervision of larger banks and Federal savings associations. Because the rule integrates stablecoin issuers into this framework, stablecoin issuers will experience the same decreasing marginal rate structure. As a simplified example of how stablecoin issuer assessments are regressive under the final rule, a stablecoin issuer with $1 billion of assets (of which 75 percent are reserve assets that receive a discounted assessment rate) would have an assessment of $38,421 at 2026 rates. An issuer five times larger ($5 billion of total assets with 75 percent as reserve assets) would have an assessment of about four times larger ($151,558), an issuer ten times larger ($10 billion) would have an assessment between seven and eight times larger ($279,446), and an issuer twenty times larger ($20 billion) would have an assessment between thirteen and fourteen times larger. An additional threshold-based reduction would be a reduction on top of this regressive structure, which the agency does not see as appropriate at this time.

Although one commenter argued that the absence of a hard cap would render Federal stablecoin issuers uncompetitive at scale, the OCC does not believe this is a substantial risk that justifies the creation of an assessment cap. The commenter's point touches on a larger potential concern in the assessment context: whether different assessment rates create an opportunity for regulatory arbitrage or a material incentive for stablecoin issuers to pursue State supervision over Federal supervision. A separate comment addressed the risk of regulatory arbitrage directly: it suggested that asset- or issuance-based OCC assessment fees (as opposed to the flat or activities-based fees of certain foreign digital asset regulatory regimes) could be high enough that stablecoin issuers seek State charters or foreign alternatives. Even if assessments are different under different supervisors, stablecoin issuers would have to weigh assessment costs along with other differences between supervisors, such as the extent of supervisors' experience, what guidance and rules supervisors have issued regarding permissible activities, and the compliance standards expected by third parties. In the complete picture, the agency does not expect assessment amounts to be determinative of a stablecoin issuer's competitiveness or a stablecoin issuer's selection of a supervisor.

Furthermore, the agency is not persuaded that OCC assessments without a cap would be higher than State supervisor assessments. In the proposal, the OCC estimated that in total, the assessment schedule under the proposed rule would save permitted payment stablecoin issuers $11.9 million in assessment fee costs in 2026 relative to the baseline scenario without the OCC assessment framework. While OCC-bank-affiliated permitted payment stablecoin issuers would pay additional assessment fees as the agency would begin to supervise GENIUS Act-related activities, the agency estimates that non-OCC-bank-affiliated permitted payment stablecoin issuers would save money by transitioning from certain State oversight to OCC supervision. The OCC therefore does not see comparisons to State assessment structures as a compelling reason for an assessment cap.

For the various reasons described above, ranging from the limits on the OCC's confidence to the already regressive nature of stablecoin issuer assessments, the OCC is finalizing the rule as proposed without additional assessment reductions or limits above an asset threshold. As the OCC gains experience with the supervision of stablecoin issuers, the OCC may revisit the appropriateness of this conclusion and its underlying reasons.

5. Subpart B—Assessment of Certain Other Institutions

The OCC proposed amending part 8 to include a new subpart B, setting forth the methodology the agency proposed to impose assessments on the following institutions, to the extent they are subject to the OCC's supervisory jurisdiction under the GENIUS Act: (i) nonbank Federal qualified payment stablecoin issuers; (ii) certain foreign payment stablecoin issuers; and (iii) certain State qualified payment stablecoin issuers. The OCC proposed to assess these institutions in connection with the agency's supervisory authority under 12 U.S.C. 482, which authorizes the Comptroller to ''impose and collect assessments, fees, or other charges as necessary or appropriate to carry out the

responsibilities of the office of the Comptroller.'' As described below, the OCC will finalize subpart B substantially as proposed, with certain modifications to reflect commenter feedback.

a. Issues Specific to the Assessment of State Qualified Payment Stablecoin Issuers

Subpart B in general applies the same methodology to State qualified payment stablecoin issuers as it applies to other institutions subject to that subpart, which in turn is generally the same methodology applied to national banks and Federal savings associations under subpart A. As discussed in the proposal, the OCC considered whether it should assess State qualified payment stablecoin issuers differently, including whether the agency should reduce assessments in connection with those GENIUS Act-related activities that would be subject to joint or coordinated review as between the OCC and State payment stablecoin regulators. The agency explained that the appropriateness of assessing one or more classes of institutions subject to subpart B at lower rates would depend on whether the cost of supervising those institutions' GENIUS Act-related activities is in fact shared jointly with another regulator such that the cost to the OCC is meaningfully lower than the cost of supervising national banks and Federal savings associations. Based on the OCC's supervisory experience in similar circumstances involving joint or coordinated supervision, the agency expressed its preliminary view that it is not likely that the costs will be any lower. The OCC nevertheless sought comments or any information that may support adopting alternative assessment methodologies under proposed subpart B for all or a subset of State qualified payment stablecoin issuers, such as applying a discount in the range of 35 to 55 percent of the assessments under subpart B.

The OCC received a range of comments in response to these questions. A State financial regulator and an organization that advocates for State bank regulators both supported assessment credits or some other form of assessment reductions for State qualified payment stablecoin issuers. They argued such a reduction is consistent with effective coordination with State regulators and with giving prospective stablecoin issuers choices. They further indicated that failing to provide a discount would penalize State qualified payment stablecoin issuers that transition to the Federal regulatory framework because such issuers would face higher assessments.

The advocacy organization further suggested that OCC assessments should include a discount for a State qualified payment stablecoin issuer that is eligible for a waiver from OCC supervision such that it would remain solely supervised by a State payment stablecoin regulator. The organization argued this assessment discount should apply regardless of whether the stablecoin issuer seeks a waiver. The commenter supported such a discount because it understands that qualifying for a waiver means that the stablecoin issuer is already subject to a State payment stablecoin regulatory regime that is substantially similar to the Federal regulatory framework.

Other commenters urged the OCC to ground potential discounts in clear and objective criteria that reflect the nature, degree, and effectiveness of the OCC's supervisory coordination with State regulators. One commenter argued that the agency should adopt an assessments framework that would permit and calibrate supervisory fee reductions where, for example, robust home-jurisdiction supervision materially reduces the OCC's supervisory burden or supervisory coordination arrangements demonstrably reduce duplicative supervisory efforts. Another commenter argued that the framework should reflect the OCC's actual supervisory effort and, by avoiding overly burdensome assessments, avoid discouraging operation within State supervisory frameworks.

After considering all relevant comments, the OCC declines to reduce assessments for institutions subject to subpart B whose GENIUS Act-related activities would be subject to joint or coordinated supervision by the OCC and State payment stablecoin regulators. As a threshold matter, the OCC disagrees with the commenters' view that the absence of a discount penalizes State qualified payment stablecoin issuers. The GENIUS Act established the supervisory framework this final rule implements. Absent a waiver, certain State qualified payment stablecoin issuers are subject to OCC supervision.[207] Subpart B describes assessments for certain OCC-supervised payment stablecoin issuers, and no element of those assessments is a penalty. In addition to its obligation to supervise these payment stablecoin issuers, the OCC has a separate obligation to recover the costs of its expenses. The planned assessments as described in the rule appropriately ensure that the agency can fund the activities it must undertake pursuant to the GENIUS Act without imposing undue burdens. The OCC further disagrees with the implication by one commenter that OCC examination of a State payment stablecoin issuer that operates in a certified State regulatory regime would be unnecessarily costly and disruptive.

Additionally, the OCC further disagrees that the assessment as described in the rule is disproportionate to the agency's expected supervisory burden during joint or coordinated supervision. The approval of a certification by the Stablecoin Certification Review Committee of a State-level regulatory regime is not equivalent to a determination that examinations under the approved State-level regulatory regime are immediately capable of defraying OCC supervisory costs for entities subject to joint or coordinated Federal and State supervision. State payment stablecoin regulators that operate under a certified State-level regulatory regime will likely have varied experience regulating the operations of *any* permitted payment stablecoin issuer, much less one with issuances of $10 billion or more. As described above, based on its supervisory experience with national banks and Federal savings associations and its expertise in financial markets, the OCC expects that increases in the scale and scope of permitted payment stablecoin issuers in turn will lead to increases in operational, management, and compliance-related complexity and risk. Likewise, based on its supervisory experience in similar circumstances (for example, the agency's coordinated supervision of Federal branches and agencies), the OCC does not anticipate that supervisory costs will be lower for State payment stablecoin issuers than they will be for Federal issuers. While the OCC is sensitive to ensuring that its supervision and assessment of State payment stablecoin issuers does not impose undue costs, no commenter provided information or evidence undermining the agency's preliminary conclusion. However, as discussed below, the OCC will monitor the situation and consider whether and to what extent it would be appropriate to revisit this discussion after the OCC and State regulators gain more experience with joint and coordinated supervision.

The OCC does not disagree in principle with commenter suggestions that the OCC should ground any potential discounts in clear and objective criteria that reflect the nature, degree, and effectiveness of the OCC's

[207] *See* sections 4(d)(2)–(d)(3) of the Act (12 U.S.C. 5903(d)(2)–(d)(3)).

supervisory coordination with State regulators. However, the OCC presently lacks the information it would need to meaningfully ground any potential discounts in this manner, and therefore it will not, at this time, include in the regulation a mechanism for potential future discounts. To reach an informed decision on the appropriateness of discounts—*i.e.,* whether the cost of supervising those institutions' GENIUS Act-related activities is in fact shared jointly with another regulator such that the cost to the OCC is meaningfully lower than the cost of supervising national banks and Federal savings associations—the OCC will need to gain experience working jointly and in coordination with State regulators. And, without the benefit of that experience, the OCC cannot meaningfully achieve the stated objective of many commenters that the agency base any potential discounting decisions on clear and objective criteria that account for the real-world costs of supervision.

b. Issues Specific to the Assessments of Foreign Payment Stablecoin Issuers

Subpart B in general applies the same methodology to foreign payment stablecoin issuers as it applies to other institutions subject to that subpart, which in turn is generally the same methodology applied to national banks and Federal savings associations under subpart A. As discussed above, the GENIUS Act prohibits digital asset service providers from offering or selling a payment stablecoin to a person in the United States unless the issuer is a permitted payment stablecoin issuer or the issuer is a foreign payment stablecoin issuer that meets the following statutory requirements: (1) the foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, as determined by the Secretary of the Treasury under section 18(b) of the GENIUS Act (12 U.S.C. 5916(b)); (2) the foreign payment stablecoin issuer is registered with the OCC; (3) the foreign payment stablecoin issuer holds reserves in a United States financial institution sufficient to meet the liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under subsection 18(d) of the GENIUS Act (12 U.S.C. 5916(d)); and (4) the foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern. 12 U.S.C. 5902. The OCC will have regulatory authority over foreign payment stablecoin issuers that meet these conditions, and such issuers must register with the OCC. Registered foreign payment stablecoin issuers are subject to ongoing monitoring by the OCC, including reporting, supervision, and examinations, and they will be subject to a full-scope examination at the same frequency as the OCC would examine a permitted payment stablecoin issuer unless the OCC determines to examine at a different frequency.

The OCC considered whether it should assess foreign payment stablecoin issuers differently in the proposed rule but, for reasons similar to those discussed in connection with State qualified payment stablecoin issuers, the OCC preliminarily concluded that it should not. The agency nevertheless sought comments or any information that may support adopting alternative assessment methodologies under proposed subpart B for all or a subset of foreign payment stablecoin issuers, such as applying a discount in the range of 35 to 55 percent of the assessments under subpart B.

The OCC received several comments in response to its request. Several industry commenters, addressing foreign payment stablecoin issuers together with State qualified stablecoin issuers, expressed the views summarized above with respect to the appropriateness of providing discounts to foreign payment stablecoin issuers and the methodology that the OCC should use if it were to adopt such discounts. For example, these commenters indicated that robust home-jurisdiction supervision could materially reduce the OCC's supervisory burden. Some comments raised similar arguments with additional nuances that were specific to foreign payment stablecoin issuers. One stablecoin issuer discussed both State qualified payment stablecoin issuers and foreign payment stablecoin issuers but noted that differences in regulatory pathways and assessments are particularly relevant to foreign payment stablecoin issuers as they reach decisions about market entry and organization. Two other commenters, writing specifically with respect to foreign payment stablecoin issuers, suggested that the OCC could calibrate a sizable discount within a certain range (*e.g.,* the 35 to 55 percent discount described in the proposal, 55 percent or greater) based on the terms of the supervisory coordination agreement or the actual extent of OCC reliance on the foreign regulator. This was consistent with a larger point by a foreign regulator stating that the OCC should structure its regulations in a manner that preserves the flexibility of the Secretary of the Treasury to negotiate reciprocal arrangements with foreign jurisdictions.

Another set of comments highlighted unique elements of OCC supervision over foreign payment stablecoin issuers that commenters viewed as necessitating further calibration or a different approach to assessments. Commenters focused on the OCC's unique role in supervising primarily the United States operations of and the United States-specific requirements governing foreign issuers. They also flagged some uncertainty as to whether the asset-based semiannual assessments under proposed subpart B would apply solely to those assets of a foreign issuer related to their United States operations or to the foreign issuer's non-U.S. assets, observing that in some instances the volume of a foreign issuer's United States holdings and transactions could be only a small fraction of the foreign issuer's overall business.

After considering comments, the OCC concludes that foreign issuers and the agency's supervision of them occupy a unique space within the overall GENIUS Act regulatory framework. It is therefore appropriate to assess foreign issuers under OCC jurisdiction differently than permitted payment stablecoin issuers. Particularly relevant here, as alluded to above, section 18(d) of the GENIUS Act grants the Secretary of the Treasury broad authority to create and implement reciprocal arrangements or other bilateral agreements between the United States and foreign jurisdictions. These reciprocal arrangements or bilateral agreements have the potential to meaningfully impact the extent of foreign issuer participation in the United States market, as well as the nature and scope of OCC supervision over those issuers. The OCC is not able to anticipate the terms of these reciprocal arrangements or bilateral agreements, or how they may impact the OCC's supervision of any foreign payment stablecoin issuer authorized to register with the OCC. Additionally, the OCC has limited experience with institutions like foreign payment stablecoin issuers that are both subject to ongoing reporting, supervision, and examination requirements as determined by the Comptroller (section 18(c)(2)(A) of the GENIUS Act, 12 U.S.C. 5916(c)(2)(A)) and ongoing regulation and supervision by a foreign payment stablecoin regulator (subsection 18(a)(1)

of the GENIUS Act, 12 U.S.C. 5916(a)(1)). To the extent the OCC determines assessment levels based on the extent it relies on foreign regulators, the OCC lacks enough certainty to set the appropriate framework. In turn, this uncertainty about the terms of agreements and actual future reliance complicates the OCC's ability to conclude that the asset-based formulas upon which it would rely to determine semiannual assessments for permitted payment stablecoin activities (whether discounted or not) would accurately or appropriately reflect a level of funding that the OCC would need to supervise registered foreign stablecoin issuers. The OCC therefore concludes that, at least initially, the proposed semiannual assessments under subpart B should not apply to registered foreign stablecoin issuers.

Notwithstanding this conclusion, the OCC intends to assess foreign payment stablecoin issuers at levels sufficient to ensure that the OCC can fund the activities it undertakes with respect to these issuers. Foreign payment stablecoin issuers will remain subject to § 8.12 which, as finalized, authorizes the OCC to charge fees to conduct special examinations or investigations. That authority mirrors the OCC's existing authority under 12 CFR 8.6, which the agency has similarly used in the past in limited circumstances where it has reason to believe asset-based semiannual assessments might not adequately or appropriately ensure that it can recoup the cost of supervising a small number of institutions engaged in novel or otherwise nontraditional banking activities. While the OCC does not view this assessment methodology as either adequate or appropriate when applied across wide categories of supervised institutions—including as applied to all or even a subset of permitted payment stablecoin issuers—it has enabled the OCC in certain targeted circumstances to satisfy its supervisory mission in the immediate term while providing the agency with sufficient information to better inform longer-term decision-making.

Given the unique uncertainties related to the OCC's supervision of registered foreign payment stablecoin issuers, combined with an expectation that the universe of such issuers will be limited at least initially, the OCC concludes that fee-based assessments under § 8.12 offer the best assessment methodology at this time for these registered foreign issuers. As the United States authorizes more registered foreign payment stablecoin issuers, and the nature and scope of the OCC's supervisory role with respect to these issuers crystallizes, the OCC anticipates that it will be better positioned to evaluate whether foreign issuers should be subject to subpart B's asset-based semiannual assessments and (if so) whether it would be appropriate to discount those assessments to reflect the OCC's shared supervision of these entities with foreign regulators.

Until such time, under § 8.12, the OCC will calculate cost-based assessments for foreign payment stablecoin issuers semiannually by working with the examiners in charge of each foreign issuer to estimate the anticipated supervisory hours for the forthcoming quarters and multiply the estimated hours by the hourly rate that the OCC publishes in its annual Notice of Office of the Comptroller of the Currency Fees and Assessments, which is described in 12 CFR 8.8. Consistent with prior precedent under existing § 8.6, the assessment will be based on the anticipated direct supervisory hours and a factor to account for indirect hours associated with supervising the foreign issuers. Assessments of foreign payment stablecoin issuers would be due semiannually, on March 31 and September 30.

Finally, the OCC clarifies that it does *not* view the agency as possessing only narrow or otherwise limited supervisory authority over registered foreign issuers. The GENIUS Act states unequivocally that foreign payment stablecoin issuers ''shall . . . be subject to reporting, supervision, and examination requirements as determined by the Comptroller.'' [208] While reciprocal arrangements or other bilateral agreements with foreign regulators may impact the precise nature and scope of OCC supervision, creating the uncertainties discussed above that warrant different treatment of foreign issuers for assessment purposes, it remains the case that Congress has equipped the OCC with robust authority to supervise foreign issuers as necessary to ensure their compliance with all applicable laws. For these reasons, as discussed elsewhere, the final rule provides that the OCC will conduct full-scope examinations of a foreign payment stablecoin issuer registered with the OCC at the same frequency as the OCC would examine a permitted payment stablecoin issuer, unless the OCC determines, in its sole discretion, to examine at a different frequency. Nothing herein should be misconstrued to suggest that the agency has a narrow, limited, or ''secondary'' role in supervising a foreign payment stablecoin issuer registered with the OCC.

[208] Paragraph 18(c)(2)(A) of the GENIUS Act (12 U.S.C. 5916(c)(2)(A)).

c. Section 8.10—Semiannual Assessment for Certain Institutions

Section 8.10, as proposed, established the primary assessment for nonbank Federal qualified payment stablecoin issuers, certain foreign payment stablecoin issuers, and State qualified payment stablecoin issuers subject to 12 U.S.C. 5903(d) (except to the extent such issuer remains solely supervised by a State payment stablecoin regulator).[209] Proposed § 8.10(a) in general incorporated the current structure and asset-based formula used to impose assessments on national banks and Federal savings associations under § 8.2(a), and included the same percentage-based assessment reduction for minimum stablecoin reserve assets that the agency proposed under § 8.2(e)(1), discussed above. Consistent with the agency's treatment of national banks and Federal savings associations, proposed § 8.10(a) imposed a semiannual assessment schedule. In addition to ensuring consistency across all categories of supervised institutions, a semiannual assessment schedule may be especially prudent for those institutions subject to proposed § 8.10, given that stablecoin reserve assets—the primary asset for many of the subject institutions—may experience significant fluctuation over the course of a year as issuance and transaction volumes change.

To ensure the annual assessment of an institution subject to proposed § 8.10(a) would be in an amount equal to the annual assessment of a similarly-sized national bank or Federal savings association under § 8.2(a), the OCC proposed to use the same asset tiers (Columns A and B) in Table 1 of

[209] State qualified payment stablecoin issuers with consolidated total outstanding issuances of not more than $10 billion may opt for regulation under a State-level regulatory regime under 12 U.S.C. 5903(c). However, when a State-chartered depository institution that is a State qualified payment stablecoin issuer exceeds a threshold of $10 billion consolidated total outstanding issuance, not later than 360 days after reaching such threshold, it transitions to the Federal regulatory framework of its primary Federal payment stablecoin regulator, which is administered by the State payment stablecoin regulator and the primary Federal payment stablecoin regulator *acting jointly.* Similarly, when a non-depository State qualified payment stablecoin issuer exceeds a threshold of $10 billion consolidated total outstanding issuance, not later than 360 days after reaching such threshold, it transitions to the Federal regulatory framework of the OCC, administered by the relevant State payment stablecoin regulator and the OCC *acting in coordination.* This means that some State qualified payment stablecoin issuers will be subject to the OCC's regulatory framework administered by the relevant State payment stablecoin regulator and the OCC *acting jointly or in coordination.*

§ 8.10(a) as used in Table 1 of § 8.2(a),[210] and to publish in its annual Notices of Fees tier-specific base amounts (Column C) and marginal rates (Column D) that match those published annually in connection with current § 8.2(a).[211] Proposed § 8.10(a)(6) likewise established the same two-pronged approach to calculating assessments for the on-balance-sheet assets of institutions subject to that section as proposed in § 8.2(e)(1).

Specifically, the OCC proposed to use the existing asset-based formula to first determine the institution's semiannual assessment attributable to its on-balance-sheet assets that do *not* reflect minimum stablecoin reserve assets. As noted, the agency anticipated that institutions subject to proposed § 8.10 will have a limited amount of such assets on balance sheet. The OCC next proposed to apply the same formula to those minimum stablecoin reserve assets, *except* that it would reduce the resulting amount by 35 percent, or by such other percentage (up to 55 percent) that the OCC may deem appropriate for minimum stablecoin reserves held by institutions subject to proposed § 8.10, based on its experience supervising all stablecoin issuers subject to this part. The OCC would publish the percentage reduction deemed appropriate for minimum stablecoin reserve assets on an annual basis in the Notice of Fees. An institution's semiannual assessment would be the sum of the two figures described above.

For the reasons already discussed, the OCC has removed references to foreign payment stablecoin issuers subject to the OCC's jurisdiction. The OCC will calculate assessments for foreign payment stablecoin issuers in the separate manner described above.

Whereas proposed § 8.10 applied an assessment discount only to the minimum stablecoin reserve assets required by the GENIUS Act, the final version of § 8.10 parallels the change in the final version of § 8.2 by removing the minimum amount limitation and applying the assessment discount to all stablecoin reserve assets held by the issuer. Consequently, the assessment discount would apply to reserve asset holdings above the minimum. As described in the above discussion of § 8.2, the agency understands reserve asset holdings above the minimum can contribute to reduced overall supervisory risk when it reflects appropriate and conservative risk management decisions, and the agency sees a benefit in encouraging such decisions. Furthermore, the information the agency has learned and expects to receive from stablecoin issuers mitigates the potential risks associated with reserve asset holdings above the minimum, such as asset mischaracterization.

Separately, the agency is finalizing the assessment reduction on reserve assets as proposed. Like certain activities of institutions subject to subpart A of part 8, certain GENIUS Act-related activities of institutions subject to subpart B (such as reserve management) are likely to present lower risks and supervisory costs than traditional banking activities. However, given the agency's uncertainty about the complexity of other GENIUS Act-related activities, the agency is not finalizing the reduction above the 35 percent in the proposal. As in the proposal, the agency will review the complexity and supervisory costs associated with GENIUS Act-related activities, which may lead the agency to adjust the assessment reduction as high as 55 percent. The final § 8.10(a)(6)(i) replaces the word ''other'' with ''greater'' to clarify that 35 percent is the lower bound of the range of assessment discounts.

The above-described finalization of § 8.10 to apply a 35 percent discount to all stablecoin reserve assets aligns § 8.10 with final § 8.2. As mentioned above, the agency is looking to achieve consistency across categories of supervised institutions to the extent other objectives permit, and applying the same discount between § 8.2 and § 8.10 supports such consistency.

Presently, the OCC relies primarily on Call Reports to calculate the total consolidated on-balance-sheet assets of national banks and Federal savings associations for purposes of calculating semiannual assessments under § 8.2(a). Because many institutions subject to proposed § 8.10 do not presently file Call Reports, proposed § 8.10(a)(5) instead provided that the OCC would base semiannual assessments on the total consolidated assets shown on the most recent quarterly report filed by each institution pursuant to proposed § 15.14(i) preceding the payment date. As discussed elsewhere, the OCC proposed to require all institutions subject to proposed § 8.10 to file quarterly reports reflecting the total consolidated assets held on the balance sheet of the institutions. The OCC anticipated that the asset reporting on these quarterly reports will match the asset reporting that would otherwise appear on Call Reports if all institutions subject to proposed § 8.10 were required to file these reports quarterly.

The OCC requested comment on the proposed use of weekly or quarterly reporting under § 15.14 to determine the appropriate semiannual assessment amount due from each supervised institution in connection with its GENIUS Act-related activities, including for those institutions subject to subpart B. In particular, the OCC asked whether the agency should require reserve asset reporting on a rolling daily or weekly basis directly to the agency and whether required reporting should focus on the latest figures, the highest figures, the median, or the mean.

The OCC received several comments related to this request, some of which it separately addresses in connection with the agency's discussion of § 15.14, as finalized, and the remainder of which are addressed here. One commenter argued that the OCC's assessment methodology should be tied to the reporting regime established in proposed § 15.14 and warned against turning assessments into a reporting regime apart from that contemplated under § 15.14. This commenter also suggested that the OCC rely on the existing weekly reporting under § 15.14(h), arguing that requiring rolling or daily reporting directly to the OCC would be burdensome and not provide clear incremental value relative to the weekly and quarterly reporting.

Another commenter opined that the OCC should use the proposed weekly reporting under § 15.14(h) to calculate assessments from a rolling average or other smoothing measure over the assessment period, rather than from only the latest observation. It suggested that while daily reporting should not be mandatory for all issuers, because that would add substantial burden, the OCC should reserve authority to require daily

[210] As discussed elsewhere, the OCC's current asset-based assessment scheme assigns each bank to a bracket based on total assets. For each bracket, the assessment is a base amount (representing application of successive marginal rates to the assets up to the lower threshold of that bracket) plus a marginal rate applied to amounts within that tier. There are currently eleven brackets, the thresholds for which are set by regulation. Current base amounts and marginal rates are published annually in the Notice of Fees. *See* 57 FR 22413 (May 28, 1992) (discussing overall methodology); 73 FR 9012 (February 19, 2008) (establishing current asset size thresholds). The most recent Notice of Fees can be found on the OCC's website. *See, e.g.,* OCC Bulletin 2025–21, ''Office of the Comptroller of the Currency Fees and Assessments: Interim Calendar Year 2025 Fees and Assessments Structure'' (August 29, 2025), *https://www.occ.gov/news-issuances/bulletins/2025/bulletin-2025-21.html.*

[211] Accordingly, consistent with current § 8.2(a), proposed § 8.10(a)(4) would provide that the OCC may index marginal rates to adjust for the percentage in the level of prices, as measured by changes in the Gross Domestic Product Implicit Price Deflator (GDPIPD) for each June-to-June period. It would similarly reserve for the agency a degree of discretion to adjust marginal rates by amounts other than the percentage change in the GDPIPD.

data from large, fast-growing, or stressed issuers.

The OCC concludes that quarterly reporting under § 15.14 is adequate and appropriate to calculate assessments. The OCC agrees with commenters that, at least for assessment-related purposes, daily or other reporting directly to the OCC separate and apart from the reporting required under § 15.14 would be unduly burdensome and would not meaningfully impact the OCC's ability to ensure it can fund its activities in connection with the GENIUS Act. The OCC similarly does not believe that rolling averages or other smoothing techniques—either for purposes of calculating the OCC's jurisdictional thresholds or as a basis for assessments—is necessary for the agency to have actionable and appropriate information to calculate assessments that ensure the agency can fund its activities. Reliance on end-of-quarter reporting of reserve assets is consistent with the agency's current approach to calculating existing asset-based assessments for national banks and Federal savings associations, and the OCC does not expect that reliance on quarterly reporting of reserve assets would meaningfully affect assessment amounts.

One commenter requested that the OCC explain further how reporting data will be used to calculate the semiannual assessment base. As noted, unless otherwise indicated, the semiannual assessment of an institution subject to § 8.10(a) will be in an amount equal to the semiannual assessment of a similarly sized national bank or Federal savings association under § 8.2(a). Total balance sheet asset reporting under § 15.14, Schedule B, should provide the OCC with the same or substantially similar balance sheet asset reporting as that provided by similarly situated national banks and Federal savings associations in Call Reports. The OCC will therefore calculate the semiannual assessments under § 8.10(a) using the assets shown on Schedule B of the most recent quarterly report filed by each institution, and relying on the same assessment formula applicable to national banks and Federal savings associations under § 8.2(a), with the reserve asset data provided to the OCC in Schedule B to calculate the reserve asset discount. Section 8.10, as finalized, is revised to better reflect this formula.

Finally, similar to proposed amendments in subpart A, proposed § 8.10(a)(6) included language clarifying that the OCC shall increase the assessment set forth in § 8.10(a) for any institution if the assets reported on that institution's quarterly report for any reason do not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903 and these implementing regulations. The proposed increase would reflect the difference between the amount of stablecoin reserve assets reflected on the quarterly report and the minimum required stablecoin reserve assets for the amount of outstanding stablecoin issuances that the institution reports. As discussed above, among other things, this proposed subsection would permit the OCC to address any potential under-assessment resulting from an institution's failure to ensure that it holds sufficient stablecoin reserve assets to meet its obligations under 12 U.S.C. 5903 and these implementing regulations. If a stablecoin issuer's actual reserve amount is less than its required reserve amount, the OCC anticipates that the institution may incur additional fees and charges under proposed § 8.12 associated with (among other things) examinations conducted to understand and address the stablecoin issuer's reserve asset deficiencies.

While the OCC did not receive comment directly on this provision, the final rule makes certain revisions to ensure overall consistency with similar revisions to subpart A (final § 8.7(d)). Specifically, the final rule provides that, if the assets reported by an institution on its most recent quarterly report preceding the payment date for assessments do not reflect the assets that the institution holds under 12 U.S.C. 5903—or the assets that are otherwise attributable to the institution's custodial and safekeeping activities—the OCC may increase the assessment set forth in subpart B for such institution to fully reflect the appropriate amount of attributable assets. Because the provision would no longer apply solely to reporting inconsistencies in connection with semiannual assessments under § 8.10, the OCC will remove this provision from § 8.10 and add it to proposed § 8.13, ''Payment of interest on delinquent assessments and examination and investigation fees.'' As discussed in connection with similar revisions in subpart A, by expanding the provision to cover *all* assets attributable to GENIUS Act-related activities subject to assessment—and not simply minimum reserve assets subject to semiannual assessment under § 8.10—the revised provision best ensures that an institution's assessment amount appropriately reflects the GENIUS Act-related activities of permitted payment stablecoin issuers. The OCC does not anticipate this provision would apply to institutions in the ordinary course. Absent reporting errors or non-compliance with the quarterly reporting forms established under § 15.14, the OCC expects to receive all the information that it will need to assess institutions subject to subpart B solely by reference to Schedules B and C of the institution's quarterly reporting. And, except to the extent a reallocation appears to be the result of misreporting on the part of the institution, the OCC does not intend to treat reallocations under this new subsection as delinquent assessments subject to fees unless and until it has informed the institution of the reassessment and the institution has declined to pay the assessment by the date indicated.

Proposed § 8.10(b), modeled after existing § 8.2(d), applied a surcharge to the semiannual assessments for stablecoin issuers that require increased OCC supervisory resources. Similar to the OCC's assessment schedule for national banks and Federal savings associations, the surcharge ensures that fees reflect the increased cost of supervising stablecoin issuers determined to require rehabilitation. As explained above, a condition-based surcharge ensures the OCC has sufficient resources to fund the special supervisory attention that lower-rated entities require without raising general assessments; in the absence of such a charge, healthier entities would in effect subsidize their lower-rated competitors.[212] The OCC proposed to determine relevant surcharges by multiplying the semiannual assessment computed in accordance with paragraph (a) by 1.5, in the case of any institution that was found to require rehabilitation at its most recent examination; and 2.0 in the case of any institution that was found to have material financial or operational deficiencies that threaten the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate. This proposed methodology was intended to operate in the same manner, and on the same rationale, as the surcharges tied to UFIRS ratings in § 8.2(d). The OCC generally requested information and comment on its proposed methodology to ensure that assessments for all regulated entities requiring rehabilitation are adequately reflected in the increased cost of supervising those institutions. In § 8.10(b), as finalized, the OCC is changing the language used for purposes of the surcharge to better align with the conditions specified in the surcharges tied to UFIRS ratings in § 8.2(d). Specifically, under the final

[212] *See* 62 FR 64135, 64136 (December 4, 1997).

rule, the OCC will determine relevant surcharges by multiplying the semiannual assessment computed in accordance with paragraph (a) by 1.5, in the case of any institution that was found to be in less than satisfactory condition, and by 2.0, in the case of any institution that was found to be in deficient or critically deficient condition, at its most recent examination prior to December 31 or June 30, as appropriate.

Proposed § 8.10(c) clarified that, even if certain State qualified payment stablecoin issuers are not subject to the assessment proposed in that section, these institutions still may be subject to certain other assessments and fees under subpart B. The GENIUS Act requires the OCC to engage in certain supervisory and enforcement activities outside the ordinary course of its operations that are not otherwise accounted for in semiannual assessments contemplated under subpart B, including the OCC's exercise of certain enforcement authorities under 12 U.S.C. 5906(e)(2)(A) over certain State qualified payment stablecoin issuers with consolidated total outstanding issuances less than $10 billion. Twelve U.S.C. 5903(d)(3)(A) separately requires the OCC to adjudicate waiver requests from certain State qualified payment stablecoin issuers with consolidated total outstanding issuances exceeding $10 billion to remain subject to the sole supervision of their State payment stablecoin regulators. Proposed § 8.10(c) acknowledged these and other similar circumstances by clarifying that, while these issuers may not be subject to the assessments proposed in subpart B, they may still be subject to fees under proposed § 8.12 in connection with the OCC's exercise of these and any other authorities relevant to their operations under the GENIUS Act.

The OCC did not receive comment specifically on § 8.10(c) and finalizes it as proposed.

d. Section 8.11—Fees for Certain Institutions Engaged in the Custodial and Safekeeping Activities Permitted Under the GENIUS Act

Certain institutions subject to assessments under proposed § 8.10 also would have been subject to an additional assessment under proposed § 8.11 in connection with their participation in custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* Specifically, proposed § 8.11 would have applied to those institutions for which 50 percent or more of their income is derived from custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* Proposed § 8.11 is modeled on the existing provisions of § 8.6(c), which addresses additional assessments imposed upon independent trust national banks and independent trust Federal savings associations. Further, as described below, the asset-based assessment formula under proposed § 8.11 would have generally matched the formula under existing § 8.6(c) so that like-sized institutions would be subject to the same assessment amounts for similar activities under § 8.6(c) and proposed § 8.11.

Proposed § 8.11 reflected the OCC's preliminary conclusion that an assessment based solely on an institution's activities covered under § 8.10—*i.e.,* non-custodial assets—would not adequately reflect the supervisory burden on the OCC for supervising institutions for which 50 percent or more of their income is derived from the custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* This preliminary finding is consistent with the agency's longstanding position that chartered institutions should be subject to an assessment under § 8.6(c) in connection with their fiduciary and related assets, in addition to an assessment based on their non-fiduciary activities. As discussed, the OCC adopted existing § 8.6(c) upon finding that—unlike ''full-service'' institutions that may exercise trust powers but that also engage in sufficient non-custodial activities—the limited balance sheet assets of ''independent trusts'' result in assessments under § 8.2(a) that do not constitute a fair representation of the complexity of their operations, or the extent of the OCC's supervisory activities related to these institutions.[213] The OCC preliminarily concluded that a similar risk of under-assessment would likely occur for those institutions subject to proposed § 8.10 that primarily derive their income from custodial and safekeeping activities. The additional assessment proposed under proposed § 8.11 would better ensure that such institutions contribute their fair share of the costs associated with the OCC's supervisory activities.

Consistent with the existing assessment formula under § 8.6(c), assessments for each institution subject to proposed § 8.11 would include a minimum fee associated with the first $1 billion of assets attributable to the custodial and safekeeping activities permitted under the GENIUS Act, and an additional amount associated with assets in excess of $1 billion. To reflect the similar activities of institutions subject to proposed § 8.11 and existing § 8.6(c), the initial fee and the multiplier associated with excess assets would match the amounts used to assess independent trust national banks and independent trust Federal savings associations subject to § 8.6(c).

Additionally, consistent with existing § 8.6(c)(1)(iii), and for the reasons described earlier in connection with proposed § 8.10(b), the OCC proposed to apply a surcharge to the semiannual assessments for permitted payment stablecoin issuers subject to proposed § 8.11(b) determined to require rehabilitation. Specifically, under proposed § 8.11(b), the agency would have adjusted the semiannual assessment computed under § 8.11(a) by applying to it the following multiples: 1.5, in the case of any institution that was found to require rehabilitation at its most recent examination; and 2.0 in the case of any institution that was found to have material financial or operational deficiencies threatening the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate. As discussed above, this proposed methodology was intended to functionally mirror the distinction made in § 8.6(c)(1)(iii), whether or not assessed using the UFIRS system. The OCC generally requested information and comment on its proposed methodology to ensure that assessments for all regulated entities requiring rehabilitation are adequately reflected in the increased cost of supervising those institutions. As discussed above, in final § 8.11(b), the OCC is changing the language used for purposes of the surcharge to better align with the conditions specified in the surcharges tied to UFIRS ratings in § 8.2(d). Under the final rule, similar to § 8.10(b), the OCC will determine relevant surcharges by multiplying the semiannual assessment computed in accordance with paragraph (a) by 1.5, in the case of any institution that was found to be in less than satisfactory condition, and by 2.0, in the case of any institution that was found to be in deficient or critically deficient condition, at its most recent examination prior to December 31 or June 30, as appropriate.

The OCC received no comments on this provision and is finalizing this section with no other changes from the proposal, except that the final rule includes language clarifying that the agency will rely on the most recent report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date to determine whether an institution is subject to the minimum

[213] 65 FR 75860.

additional assessment under § 8.11(a)(1) and that the OCC will rely on Schedule C: Off Balance Sheet Items, to calculate any additional amount of assessment on custodial and safekeeping assets in excess of $1 billion. The OCC reiterates that, unless otherwise indicated, the assessment of an institution subject to § 8.11 should be in an amount equal to the assessment of a similarly situated national bank or Federal savings association under § 8.6(c).

e. Section 8.12—Fees for Special Examinations and Investigations

Section 8.12 proposed fees for special examinations and investigations the OCC would undertake with respect to certain institutions covered under subpart B. The fees covered by this section would be in addition to any fees and charges assessed in connection with the other sections of subpart B and generally align with the fees and charges currently imposed on national banks and Federal savings associations under existing § 8.6. The OCC intended proposed § 8.12 to apply to any institution subject to the OCC's jurisdiction under 12 U.S.C. 5901 *et seq.* For example, as discussed above, the OCC anticipated charging fees in connection with the OCC's resolution of a request for a waiver from a State qualified payment stablecoin issuer with consolidated total outstanding issuances exceeding $10 billion to remain subject to the sole supervision of its State stablecoin regulator pursuant to 12 U.S.C. 5903(d)(3). The OCC also anticipated charging fees in connection with any instance in which the OCC must conduct investigations to support its enforcement authority under 12 U.S.C. 5906(e)(2)(A).

Other special examinations or investigations under proposed § 8.12 included, but were not limited to, those in connection with (i) supervision- or enforcement-related activities described in 12 U.S.C. 5905; (ii) activities related to examining affiliates of institutions subject to subpart B; and (iii) activities related to 12 CFR part 5.

The OCC received no comments on this provision and will finalize it largely as proposed, except that the section as finalized expressly references registered foreign payment stablecoin issuers, consistent with the OCC's decision to rely primarily on § 8.12 to ensure that it can fund the agency's supervisory activities in connection with these registered issuers.

f. Section 8.13—Payment of Interest on Delinquent Assessments and Examination and Investigation Fees

The OCC modeled proposed § 8.13 after and did not differ materially from existing § 8.7. Proposed § 8.13 covered the payment of interest on delinquent assessment and examination and investigation fees by each Federal, Foreign, or State payment stablecoin issuer under OCC jurisdiction for purposes of the GENIUS Act. The OCC preliminarily concluded that provisions covering the payment of interest on delinquent assessment and examination and investigation fees from these institutions should match the existing provisions covering payment of interest on delinquent assessment and examination and investigation fees that currently govern national banks and Federal savings associations, although it sought comment and information on any potential justifications to treat the respective institutions differently.

The OCC received no comments on this provision and is finalizing it as proposed except, as discussed above, the agency will include a new subsection (d) addressing unusual circumstances where the assessable assets attributable to GENIUS Act-related activities do not appear on the institution's most recent quarterly report preceding the payment date. As discussed above, except to the extent a reallocation appears to be the result of misreporting on the part of the institution, the OCC does not intend to treat reallocations under this new subsection as delinquent assessments subject to fees unless and until it has informed the institution of the reassessment and the institution has declined to pay the assessment by the date indicated.

In addition, final § 8.13(a) includes a technical change wherein the word ''All'' beginning the paragraph in the proposal is changed to ''Any'' to reflect the singular language used in the remainder of the paragraph. This change is technical in nature and not intended to be substantive.

6. Subpart C—General Provisions

In addition to finalizing subparts A and B of part 8 as described above, the final rule includes subpart C for provisions that are not specific to subpart A or subpart B. At the present time, the only section within this subpart is § 8.14, which the OCC is adding in the final rule as a reservation of authority. Section 8.14 provides that the OCC may waive or modify the requirements of part 8 or adopt different procedures implementing this part, as necessary, to administer and carry out its authorities to collect assessments, fees, and other charges to meet the agency's expenses in carrying out authorized activities. The OCC is adopting this provision in recognition of the nascent nature of the stablecoin industry and the novelty of the GENIUS Act framework. Those circumstances relate to the OCC's ability to adequately and appropriately ensure that the OCC can fund its activities to carry out its statutory obligations under the GENIUS Act. The OCC will only exercise this reservation of authority where consistent with the agency's assessment authorities, the GENIUS Act, and where circumstances justify the use of this reservation. The OCC generally uses reservations sparingly.

G. Amendments to Part 19

The OCC proposed several revisions to the rules of practice and procedure for adjudicatory proceedings in 12 CFR part 19 to incorporate the Act's procedural requirements with respect to permitted payment stablecoin issuers.

Section 6(b) of the GENIUS Act (12 U.S.C. 5905(b)) requires the OCC to follow certain procedures when bringing an enforcement action or imposing civil money penalties against a permitted payment stablecoin issuer for violations of the GENIUS Act, any regulation or order issued under the Act, or any condition imposed in writing between the OCC and permitted payment stablecoin issuer.

Specifically, section 6(b)(4)(A) of the GENIUS Act (12 U.S.C. 5905(b)(4)(A)) requires the OCC to comply with the procedures set forth in paragraphs (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) if the OCC identifies a violation or attempted violation of the Act or makes a determination with respect to the enforcement authorities enumerated at sections 6(b)(1) through (3) of the Act.[214] Similarly, section 6(b)(4)(D) of the GENIUS Act (12 U.S.C. 5905(b)(4)(D)) permits the OCC to follow the procedures in section 8(c) of the Federal Deposit Insurance Act when the OCC issues a temporary cease-and-desist order.

Section 6(b)(5)(D) of the GENIUS Act (12 U.S.C. 5905(b)(5)(D)) clarifies that any civil money penalty imposed under the Act may be assessed and collected by the OCC pursuant to the procedures set forth in section 8(i)(2) of the Federal Deposit Insurance Act.

[214] Section 6(b)(1) through (3) of the Act provide the OCC authority to suspend or revoke the registration of a permitted payment stablecoin issuer, initiate cease-and-desist proceedings, and remove and prohibit institution-affiliated parties.

Consistent with the GENIUS Act, the OCC proposed to revise § 19.1 to clarify that the rules of practice and procedure in part 19 apply to the following proceedings: suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition, or civil money penalties under section 6 of the GENIUS Act (12 U.S.C. 5905). Additionally, the OCC proposed to revise § 19.180 to clarify that the part 19 procedures for formal investigations apply to formal investigations initiated by the Comptroller pursuant to section 6 of the GENIUS Act (12 U.S.C. 5905).

The OCC also proposed several technical revisions. Specifically, the OCC proposed to revise the definitions of ''institution'' and ''institution-affiliated party'' in § 19.3 to incorporate permitted payment stablecoin issuers and actions brought pursuant to the Act.

The OCC received no comments on the proposed revisions to part 19. The OCC is finalizing the revisions to part 19 as proposed other than adding a reference to 12 U.S.C. 5905 in the authority section.

III. Effective Date

The effective date for the final rule is January 18, 2027. The GENIUS Act will be effective on January 18, 2027, and it is important for the implementing regulations to be effective as of the same date. Although the effective date will not be the first day of the next calendar quarter that begins at least 60 days after the final rule is published in the **Federal Register**,[215] the effective date is in the next calendar quarter that begins at least 60 days after the final rule is published in the **Federal Register**. The final rule cannot be effective until the underlying Act that it is implementing is effective. Congress provided in the GENIUS Act that the Act would take effect the earlier of the date that is 18 months after enactment, which would be January 18, 2027, or the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue any final regulations. Because this final rule is the first final rule issued by a primary Federal payment stablecoin regulator implementing the Act and 120 days following it would be later than January 18, 2027, January 18, 2027, will be the effective date of the Act.

[215] *See* 12 U.S.C. 4802(b)(1)(C) (providing that new regulations and amendments to regulations that impose certain requirements shall take effect on the first day of a calendar quarter which begins on or after the date on which the regulations are published, unless the regulation is required to take effect on a different date pursuant to an Act of Congress).

IV. Expected Effects

The OCC anticipates that the primary effect of the Act and the final rule would be an increase in the aggregate market capitalization of payment stablecoins in response to an increased demand for payment stablecoins due to greater adoption. While the OCC expects that payment stablecoins would still have been issued in the absence of the GENIUS Act, the OCC anticipates that regulatory clarity and regulatory simplification from the final rule will encourage payment stablecoin issuance in the short run beyond the issuance that would have taken place in the absence of the rule.

Consistent with the final rule text, this analysis assumes that permitted payment stablecoin issuers will not pay the holder of a payment stablecoin any form of interest or yield solely in connection with the holding, use, or retention of such payment stablecoin. The analysis below focuses on the increased demand for short-term Treasury debt securities that may follow as a result of the reserve requirements in the rule.

Effect on Cost of Short-Term Treasury Debt Financing

The OCC anticipates that the final rule will benefit the U.S. government and taxpayers by increasing the demand for short-term Treasury debt securities. The rule may raise demand for short-term Treasuries because it requires stablecoin issuers to back outstanding stablecoins with highly liquid assets, which include short-term U.S. Treasury bills with a maturity of 93 days or less.

Because research suggests that short-term Treasury securities do not have close substitutes, an increase in demand for these securities would be expected to lower short-term Treasury yields. Azzimonthi and Quadrini (2024) and Ahmed and Aldasoro (2025) similarly estimate that increased demand for short-term Treasuries arising from stablecoin issuance could have a sizeable impact on short-term Treasury yields and other short-term interest rates.[216]

The final rule's effect on short-term Treasury yields may also be moderated by external factors. For example, the U.S. Treasury could respond to lower financing costs by increasing short-term debt issuance or the Federal Reserve could sell short-term Treasury securities from its balance sheet. Either response would increase supply and partially offset downward pressure on yields.

Overall, the final rule has the potential to lower short-term Treasury financing costs. However, this effect would be offset to the extent that stablecoin reserve demand represents a substitution away from other sources of demand for short-term Treasury securities rather than a net increase in demand. Ultimately, the total effect will be driven by the proposal's net effect on the supply and demand for Treasury debt securities.

Finally, these effects should be evaluated relative to the pre-GENIUS Act baseline. Using a post-GENIUS baseline would risk attributing the effects of new stablecoin issuance on Treasury markets to the GENIUS Act rather than the rule.

Effect of Demand for Short-Term Debt on Other Short-Term Debt Markets

The OCC expects that an increase in demand for short-term Treasury securities resulting from the final rule's reserve requirements could benefit borrowers in short-term debt markets by lowering short-term interest rates overall. This could occur if the reserve requirement increases market demand for short-term government debt, which would put downward pressure on overall short-term market debt yields. For example, the increase in demand for short-term Treasury debt from stablecoin reserve assets could benefit corporate debt issuers by lowering yields on short-term corporate debt issues, potentially raising private sector investment in the economy.

The economic reasoning underlying this effect relies on the assumption that debt instruments with different maturities are imperfect substitutes for investors. Under imperfect substitutability, an increase in demand for short-term Treasury securities represents an increase in overall market demand for short-term debt, which lowers the cost of short-term debt financing if other investors bidding for short-term debt do not shift their demand to long-term debt securities in to obtain higher yields.

In particular, a study by Greenwood, Hanson, and Stein (2010) suggest that an increase in the supply of short-term Treasury debt would raise the relative cost of short-term debt financing relative to long-term financing if new short-term Treasury debt issuance exhausts

[216] For instance, Ahmed and Aldasoro (2025) claim that a $3.5 billion inflow into stablecoins could lower three-month Treasury yields by 2 to 2.5 basis points within 10 days. *See https://www.bis.org/publ/work1270.pdf.* Azzim *https://www.bis.org/publ/work1270.pdf.* Azzimonti and Quadrini (2024) estimate that widespread use of stablecoins, backed by U.S. securities, could put as much as 40 basis points downward pressure on interest rates. *See https://www.aeaweb.org/articles?id=10.1257/pandp.20241069.*

additional market demand for short-term debt.[217]

The OCC expects that an offsetting increase in the demand for short-term Treasury debt to fund stablecoin reserves would neutralize the effect of short-term Treasury debt issuance on the market cost of short-term debt financing as described by Greenwood, Hanson, and Stein (2010). This is because an increase in the demand for short-term Treasury debt from stablecoin reserves would consume some fraction of the additional supply of Treasury debt.

Therefore, the OCC expects that, if the rule's reserve requirements increase the demand for short-term Treasury debt, this could increase the overall market demand for short-term debt and lower the cost of short-term debt for other borrowers, such as short-term corporate debt issuers.

V. Administrative Law Matters

Paperwork Reduction Act

This final rule has been reviewed for compliance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 *et seq.*). In accordance with the PRA, the OCC may not conduct or sponsor, and an organization is not required to respond to an information collection unless the information collection displays a currently valid Office of Management and Budget (OMB) control number. The OCC has reviewed the final rule and determined that it introduces new information collection requirements pursuant to the PRA. The OCC is seeking a new control number for these information collection requirements and has submitted them to OMB for review and approval.

Title: Reporting, Recordkeeping, and Disclosure Requirements Associated with 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.

OMB Control No.: 1557–NEW.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Description: Twelve CFR part 15 sets forth the OCC's Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.

The information collection requirements in the rule are as follows:

Reporting Requirements

Section 15.10(c) sets forth prohibitions that apply to permitted payment stablecoin issuers, including a prohibition on paying interest or yield to payment stablecoin holders solely in connection with the holding, use, or retention of a payment stablecoin and a general prohibition against pledging, rehypothecating, or reusing reserve assets. Section 15.10(c)(5)(iii)(B) permits creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a maturity of 93 days or less may be sold as purchased securities in repurchase agreements, after receiving the prior approval from the OCC, notwithstanding a general prohibition against pledging, rehypothecating, or reusing reserve assets.

Section 15.11(a)(2) requires permitted payment stablecoin issuers to demonstrate the operational capability to access and monetize the identifiable reserve assets to meet redemptions, in both normal and adverse economic, liquidity, market, and interest rate conditions, commensurate with the permitted payment stablecoin issuer's risk profile and business model, taking into account, among other relevant factors, market access, financing channels, haircut assumptions, and operational readiness.

Section 15.11(e) sets forth specific instructions for composition reports, including their preparation requirements. Under § 15.11(e)(2) the composition report is required to use a format like the template provided in Table 1 of § 15.11(e) and contain the total number of outstanding payment stablecoins issued by the issuer and the amount and composition of the reserves described in § 15.11(a), including the average tenor and geographic location of custody of each category of reserve instruments.

Section 15.11(g)(1) requires a permitted payment stablecoin issuer to notify the OCC, through its OCC supervisory office, on any day in which its reserve asset amount has fallen below the minimum reserve asset amount required by § 15.11(a). Under § 15.11(g)(4)(i), if the OCC determines that a permitted payment stablecoin issuer has not demonstrated that it meets the requirements of § 15.11(a), (b), (c), or (d), the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer will attain compliance and the timeline for the plan.

Section 15.12(d)(1) requires a permitted payment stablecoin issuer to provide notice to the OCC within 24 hours if it receives redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period. Under § 15.12(d)(2) a permitted payment stablecoin issuer that experiences redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period may request that the OCC extend the timeframe for timely redemption.

Section 15.13(a)(3)(i) requires a permitted payment stablecoin issuer to manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities. Section 15.13(a)(3)(ii) requires a permitted payment stablecoin issuer to provide for periodic reporting to management and the board of directors regarding interest rate risk with information sufficient for management and the board of directors to assess, to an extent commensurate with their duties, the level of risk.

Section 15.13(a)(9) provides monetization and stress testing requirements. Under section 15.13(a)(9)(i) a permitted payment stablecoin issuer is required to conduct analyses that consider a range of redemption scenarios to ensure that the reserve asset portfolio, taken as a whole, is capable of supporting timely redemption under both normal and stressed conditions. Section 15.13(a)(9)(ii) further requires a permitted payment stablecoin issuer maintain and demonstrate to the OCC the ability to reliably access and monetize reserve assets necessary to meet redemption requests in normal and stressed conditions, taking into account: market access; financing channels; haircut assumptions; and operational readiness. Finally, § 15.13(a)(9)(iii) requires permitted payment stablecoin issuers to engage in regular stress testing of the reserve asset portfolio in order to determine whether the portfolio of reserve assets will continue to equal or exceed outstanding issuance value in stressed conditions, including in significant positive interest rate scenarios.

Section 15.13(a)(10) covers foreign exchange risk. Section 15.13(a)(10)(iii) requires, before engaging in foreign exchange risk management, that the permitted payment stablecoin issuer

[217] The reference to this study is Greenwood, Hanson, and Stein, *A Gap-Filling Theory of Corporate Debt Maturity Choice, Journal of Finance,* 2010.

provide prior notice to the permitted payment stablecoin issuer's supervisory office and receive the OCC's approval.

Section 15.13(b)(7) sets forth notification of unauthorized access requirements that apply to permitted payment stablecoin issuers. Section 15.13(b)(7)(i)(A) requires, when a permitted payment stablecoin issuer becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, the permitted payment stablecoin issuer must conduct a reasonable investigation. Under § 15.13(b)(7)(i)(B) if the permitted payment stablecoin issuer determines that misuse of its information about a customer has occurred or is reasonably possible to occur, notification to the affected or possibly affected customer and the OCC is required as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and the law enforcement agency provides the permitted payment stablecoin issuer with a written request for the delay. Section 15.13(b)(7)(i)(C) requires the permitted payment stablecoin issuer to notify its customers of the misuse or possible misuse of customer information as soon as the law enforcement agency notifies the permitted payment stablecoin issuer that notification will no longer interfere with the investigation. Under § 15.13(b)(7)(ii), if a permitted payment stablecoin issuer determines that the files of a group of customers have been accessed improperly but is unable to identify which specific customers' information has been accessed and if the circumstances of the unauthorized access lead the permitted payment stablecoin issuer to determine that misuse of the information is reasonably possible, it must notify all customers in the group.

Section 15.14(h) requires all permitted payment stablecoin issuers to submit to the OCC, on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form available at *www.occ.gov*.

Section 15.14(i) covers the quarterly reports of financial condition and its required contents. Under § 15.14(i)(1), all permitted payment stablecoin issuers subject to OCC supervision are required to submit to the OCC a quarterly report on the financial condition of the permitted payment stablecoin issuer, including, but not limited to, income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC and within 30 days of the end of the prior quarter. The forms and instructions are available at *www.occ.gov*. Under § 15.14(i)(2), each report of financial condition is required to contain a declaration by the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. Under § 15.14(i)(3), the correctness of the report of financial condition is required to be attested to by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer, or the individual performing an equivalent function, making such declaration, with the attestation stating that the report has been examined by them and, to the best of their knowledge and belief, is true and correct.

Section 15.14(j) covers the submission of other reports requested by the OCC. Upon request, all permitted payment stablecoin issuers are required to submit to the OCC a report on the financial condition of the permitted payment stablecoin issuer; the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operational risks; compliance of the permitted payment stablecoin issuer and any subsidiary thereof with the GENIUS Act, and 12 CFR part 15; and in the case of a Federal qualified nonbank payment stablecoin issuer, compliance of the permitted payment stablecoin issuer with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

Section 15.14(k) sets forth ongoing compliance reporting. Section 15.14(k)(1) provides that no later than 180 days after the approval of an application, as set forth in § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer subject to OCC supervision is required to submit to the OCC a certification that the permitted payment stablecoin issuer has implemented anti-money laundering and economic sanctions compliance programs. The programs are required to be reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, specifically, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act. Section 15.14(k)(2) additionally requires that the initial certification be provided by the permitted payment stablecoin issuer's board of directors. Subsequent certifications may be provided by the permitted payment stablecoin issuer's Bank Secrecy Act officer, the board of directors, or an appropriate committee of the board of directors.

Section 15.14(l) sets forth audit requirements and requires a permitted payment stablecoin issuer with more than $50 billion in total consolidated outstanding issuance value, that is not subject to certain reporting requirements under the Securities Exchange Act of 1934, prepare, in accordance with GAAP, an annual financial statement. Section 15.14(l)(2) sets forth the requirements for preparing and submitting the audited annual financial statements. Section 15.14(l)(2)(ii) requires a permitted payment stablecoin issuer to submit the audited financial statements annually, within 120 days after the end of the permitted payment stablecoin issuer's fiscal year, to the OCC.

Section 15.14(l)(2)(iii) provides that if a permitted payment stablecoin issuer is unable to timely file all or any portion of the audited annual financial statement required under § 15.14(l)(2)(ii), it must submit a written notice of late filing to the OCC. The notice is required to disclose the permitted payment stablecoin issuer's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail; include the date by which the financial statement will be filed; and be filed on or before the deadline for filing the financial statement.

Section 15.14(m) sets forth notice requirements for changes in control of the permitted payment stablecoin issuer. Under this section, a person seeking to acquire control of a permitted payment stablecoin issuer is required to follow the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank.

Section 15.15(b)(2) sets forth initial notice requirements for State qualified payment stablecoin issuers that are nonbank entities with a total consolidated outstanding issuance value of more than $10 billion. Under the section, a State qualified payment stablecoin issuer with a total consolidated outstanding issuance value of more than $10 billion is required to provide written notification to the OCC within five calendar days after reaching such threshold. The written notification

is required to include: the State or States that currently regulate the State qualified payment stablecoin issuer; the State qualified payment stablecoin issuer's outstanding issuance value as of the date of the notice; the date that the State qualified payment stablecoin issuer first reached the $10 billion total consolidated outstanding issuance value threshold; and an indication of whether and when the State qualified payment stablecoin issuer ceased issuing, on a net basis, new payment stablecoins and whether the State qualified payment stablecoin issuer intends to seek a waiver pursuant to § 15.15(d).

Section 15.15(b)(3) sets forth the capital analysis requirements for State qualified payment stablecoin issuers. Under the section, within 270 days of reaching the $10 billion total consolidated outstanding issuance value threshold, a State qualified payment stablecoin issuer is required to submit a capital analysis to the OCC. The analysis is required to include an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile. A State qualified payment stablecoin issuer is not required to submit a capital analysis if the issuer has received a waiver pursuant to § 15.15(d) or is not required to transition to the Federal regulatory framework pursuant to § 15.15(b)(1)(ii).

Section 15.15(b)(4) sets forth compliance notice requirements for a State qualified payment stablecoin issuer. Under § 15.15(b)(4)(i), for purposes of complying with § 15.15(b)(1)(i), a State qualified payment stablecoin issuer is required to provide written notification to the OCC that it complies with the Federal regulatory framework under 12 CFR part 15 or, if the State qualified payment stablecoin issuer is not in compliance with the Federal regulatory framework under 12 CFR part 15, to provide written notice identifying the provisions with which the issuer does not comply, providing the issuer's plan for remediating its noncompliance, and explaining why the issuer did not comply with the Federal regulatory framework within the 360-day transition period. Under § 15.15(b)(4)(ii) a State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins in accordance with § 15.15(b)(1)(ii) is required to transition to the regulatory framework under 12 CFR part 15 on the earlier of 360 days after reaching the $10 billion total consolidated outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i) of this section.

Section 15.15(d)(1)(i) requires a State qualified payment stablecoin issuer seeking to remain solely supervised by a State payment stablecoin regulator to submit to the OCC a written waiver request containing information necessary to evaluate such request under §§ 15.15(d)(2) and (3). In addition, § 15.15(d)(1)(ii) provides that a State qualified payment stablecoin issuer seeking to remain solely supervised by a State payment stablecoin regulator is required to submit a waiver request within 240 days of reaching the $10 billion total consolidated outstanding issuance value threshold.

Section 15.30(a)(1) sets forth application requirements for insured national banks, Federal savings associations, and insured Federal branches. This section provides that any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary is required to file an application under this section and receive prior approval from the OCC before the subsidiary may issue payment stablecoins.

Section 15.30(a)(2) sets forth application requirements for nonbank entities, uninsured national banks, and uninsured Federal branches. This section provides that any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer is required to file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

Section 15.30(b) sets forth the application process for insured national banks, Federal savings associations, insured Federal branches and nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins. The process would require an applicant to submit all the information required by the form for an application under this section. The forms and instructions are available on the OCC's website. Each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, of the subsidiary of the applicant) is required to submit the information prescribed in the Interagency Biographical and Financial Report and Corporate Background and Financial Report,[218] available at the OCC's website. An applicant is required to certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. An applicant is also required to certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) applies to the applicant. The process provides that an applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. The OCC will consider an application substantially complete if it contains sufficient information for the OCC to render a decision on whether the applicant satisfies the factors set forth in § 15.30(d). The OCC will notify applicants not later than 30 days after receipt of an application whether the application is substantially complete. If the application is not substantially complete, the OCC will notify the applicant of the information required in order for the application to be substantially complete.

Section 15.30(f) sets forth the OCC's appeal process following the agency's denial of a substantially complete application. Section 15.30(f)(1) provides that an applicant may request a hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a hearing is required to be in writing. The applicant may request the hearing be on the written record, oral testimony and oral argument, or both. Section 15.30(f)(3) further provides that if filing a written appeal, the applicant must submit in writing all documents and arguments that the applicant wishes to be considered.

Section 15.30(g)(1) provides that an insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application for a subsidiary to become a permitted payment stablecoin issuer may request that the OCC waive the requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*) or part 15 with respect to that subsidiary. The requests are required to be in writing.

Section 15.30(g)(2) provides that a nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application to become a Federal qualified payment stablecoin issuer may request that the OCC waive the

[218] The reporting burden associated with the Interagency Biographical and Financial Report and Corporate Background and Financial Report are covered under OMB control number 1557–0014.

requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*) or part 15 with respect to that entity. The requests are required to be in writing.

Section 15.31(a) provides that a foreign payment stablecoin issuer is not subject to the prohibitions of section 3 of the GENIUS Act (12 U.S.C. 5902) if it meets all the requirements provided in the paragraph. Section 15.31(a)(3)(ii)(D)(*1*) provides, as a condition of one of several methods of complying with § 15.31(a)(3)(i), a requirement for a foreign payment stablecoin issuer to submit for the OCC's prior approval a detailed proposal to meet the requirements of § 15.31(a)(3)(i).

Section 15.31(b)(2) sets forth reporting requirements for foreign payment stablecoin issuers registered with the OCC. Section 15.31(b)(2)(i) provides that a foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 is required to produce the reports required of a permitted payment stablecoin issuer under § 15.14 as well as any other reports the OCC may require. Section 15.31(b)(2)(ii) further provides that a foreign payment stablecoin issuer may request, in writing, an exemption from any reporting requirement that would otherwise apply under § 15.14. The OCC may grant an exemption in its sole discretion.

Section 15.32(a) sets forth application requirements for a foreign payment stablecoin issuer. This section provides that a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) is required to file an application under this section.

Section 15.32(b) sets forth the application process for a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)). The process requires an applicant to provide all the information required by the form for an application under this section; evidence that the Secretary of the Treasury has determined that the applicant is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916); a certification that the applicant will make available to the OCC all information that the OCC deems necessary to determine and enforce compliance with the GENIUS Act and 12 CFR part 15; the applicant's consent to United States jurisdiction relating to enforcement of the GENIUS Act and 12 CFR part 15; certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions; and certification as to the applicability of section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)). The process provides that an applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. The forms and instructions will be available on the OCC's website.

Section 15.32(e) sets forth the conditions of approval for foreign payment stablecoin issuers seeking to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)). Section 15.32(e)(3)(i) requires a foreign payment stablecoin issuer to provide evidence that it complies with § 15.31(a) by providing to the OCC, by noon on the last day of each month, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments. Additionally, § 15.32(e)(3)(ii) requires the report to use a format like the template provided in Table 1 to § 15.32(e)(3)(ii). Section 15.32(e)(3)(iii) requires the foreign payment stablecoin issuer to promptly notify the OCC through its supervisory office on any day in which the issuer fails to meet the reserve asset requirements of § 15.32(e)(3).

Section 15.32(g) sets forth the OCC's appeal of rejection processes for foreign payment stablecoin issuers. A foreign payment stablecoin issuer may request a hearing to appeal the OCC's rejection of an application for registration within 30 days of receipt of the OCC's notice of rejection. Section 15.32(g)(2) requires the request for a written or oral hearing to be in writing. Under § 15.32(g)(3), the foreign payment stablecoin issuer may request the hearing be on the written record, oral testimony and oral argument, or both. Section 15.32(g)(5) further provides that if filing a written appeal, the foreign payment stablecoin issuer must submit in writing all documents and arguments that the applicant wishes to be considered.

Section 15.40(c) describes operational backstop debt which may consist of debt instruments in an amount that in total does not exceed 50 percent of the operational backstop requirement in § 15.41(b) and where each debt instrument meets specific criteria. Under § 15.40(c)(5), a debt instrument may be callable by its terms only after a minimum of five years after issuance and only with prior approval of the OCC. In addition, the permitted payment stablecoin issuer is required to either replace the instrument to be called with an equivalent amount of a new instrument meeting the criteria for operational backstop debt or demonstrate to the OCC that the permitted payment stablecoin issuer has sufficient capital to meet its minimum capital requirement in § 15.41.

Section 15.41 sets forth minimum capital and backstop requirements for permitted payment stablecoin issuers. Section 15.41(b)(1)(iii) provides that a permitted payment stablecoin issuer may exclude one-time expenses that are wholly unrelated to the continuing operation of the permitted payment stablecoin issuer from the calculation under §§ 15.41(b)(1)(i) or (ii) with prior written approval of the OCC.

Section 15.41(c)(1)(i) requires a permitted payment stablecoin issuer to notify the OCC within 24 hours if it fails to meet either the minimum capital or backstop requirement during a quarter. Section 15.41(c)(1)(ii) further instructs a permitted payment stablecoin issuer to publicly report whether it has complied with the minimum capital and backstop requirements during the quarter on the report required under § 15.14.[219]

Section 15.41(d) sets forth uninsured national trust banks' minimum capital requirements. Under § 15.41(d)(1), an uninsured national trust bank, whether or not it is a permitted payment stablecoin issuer, may elect to comply with all of the requirements in §§ 15.40 through 15.42 in lieu of complying with the requirements in 12 CFR part 3 upon receipt of the OCC's prior approval. Section 15.41(d)(2) instructs that, to make the election described in § 15.41(d)(1), an uninsured national trust bank must submit a written request for prior approval to the appropriate OCC supervisory office, along with documentation sufficient to support the bank's minimum capital and operational backstop amounts. Section 15.41(d)(4) further provides that an uninsured national trust bank may rescind an approved election under § 15.41(d) by submitting a notice to the appropriate OCC supervisory office.

Section 15.42 sets forth individual additional capital or operational backstop requirements for permitted payment stablecoin issuers. Section 15.42(c)(2)(i) provides that a permitted payment stablecoin issuer may respond to any or all of the items in the notice sent by the OCC notifying the permitted payment stablecoin issuer in writing of the proposed additional capital or

[219] Reporting burden is covered under section 15.14(i).

backstop requirement and the date by which it should be reached (if applicable). The response is required to be in writing and delivered to the OCC within 30 days after the date on which the permitted payment stablecoin issuer received the notice or such other time period as the OCC determines appropriate based on the condition of the permitted payment stablecoin issuer.

Section 15.42(c)(3) sets forth the OCC's decision process in determining whether the individual additional capital or backstop requirement should be established for a permitted payment stablecoin issuer and, if so, the requirement and the date the requirement will become effective. Section 15.42(c)(4) provides that the OCC's decision may require the permitted payment stablecoin issuer to develop and submit to the OCC, within a time period specified, an acceptable plan to reach the additional capital or backstop requirement established for the permitted payment stablecoin issuer by the date required.

Recordkeeping Requirements

Section 15.11(a)(1) requires a permitted payment stablecoin issuer to maintain reserve assets that are identifiable, are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer, at all times have a reserve asset value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer, and are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution.

Section 15.11(f)(1) requires a permitted payment stablecoin issuer to, each month, have the information disclosed in the previous month-end report required under § 15.11(e) examined by a registered public accounting firm. Section 15.11(f)(2) requires that each month, the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a permitted payment stablecoin issuer submit to the OCC a certification that the monthly report required under § 15.11(e) is accurate.

Section 15.12(c) requires a permitted payment stablecoin issuer's redemption policy to provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins. Timely redemption may not exceed two business days following the date of the requested redemption and any discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, Board, or the State payment stablecoin regulator, as applicable.

Section 15.13(a)(1) covers internal controls and information systems. A permitted payment stablecoin issuer is required to have internal controls and information systems to support effective risk management that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities. The internal controls are required to provide for: an organizational structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies, including appropriate segregation of duties and dual controls; effective risk assessment; timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under 12 CFR part 15; adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and compliance with applicable laws and regulations.

Section 15.13(a)(2) covers internal audit systems. A permitted payment stablecoin issuer is required to have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities. The internal audit system is required to provide for adequate monitoring of the system of internal controls through an internal audit function or if the size, complexity, or scope of operations of the permitted payment stablecoin issuer does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls. Additionally, the internal audit system is required to provide: independence and objectivity; qualified persons responsible for the audit function; and adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings. The internal audit system must also provide for adequate documentation of tests and findings and any corrective actions; verification and review of management actions to address deficiencies; and review by the permitted payment stablecoin issuer's audit committee or board of directors of the effectiveness of the internal audit systems.

Section 15.13(a)(5) requires a permitted payment stablecoin issuer to establish and maintain a system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by subpart E of 12 CFR part 15.

Section 15.13(a)(6)(i)(D) requires that a permitted payment stablecoin issuer ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates alone, or in the aggregate, are appropriately documented and reviewed by the board of directors.

Section 15.13(a)(10)(ii)(D) requires a permitted payment stablecoin issuer to have in place policies and procedures that appropriately manage its foreign exchange risk and any attendant risks, including risks related to the posting or collection of margin, foreign exchange counterparties, and basis risk. The policies and procedures must include adherence to §§ 15.13(a)(10)(iii) and (iv).

Section 15.13(b) covers information technology and security programs. Section 15.13(b)(1) requires a permitted payment stablecoin issuer to implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks. Section 15.13(b)(2) requires the board of directors or an appropriate board committee to approve the information technology and security program and oversee the development, implementation, and maintenance of the program, including the appointment of a qualified individual responsible for the program. Such oversight includes assigning specific responsibility for program implementation and review of program-related reports. Section 15.13(b)(3) requires a permitted payment stablecoin issuer's information technology and security program include: an inventory and classification of assets, processes, and sensitivity of data; controls supporting and safeguarding sensitive information and processes; evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended; periodic independent testing; and a comprehensive and effective incident identification and assessment process and incident response program. Section 15.13(b)(4) requires that a permitted payment stablecoin issuer's information technology and security program includes administrative, technical, and physical safeguards designed to ensure the security and confidentiality of records containing nonpublic personal

information about a customer or sensitive customer information. The program must also protect against any anticipated threats or hazards to the security or integrity of such records, protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer, and to ensure the proper disposal of such records. Section 15.13(b)(6)(i) provides that a permitted payment stablecoin issuer must monitor any relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, third-party arrangements, and changes to applicable information systems. Under § 15.13(b)(6)(ii), a permitted payment stablecoin issuer is required to evaluate and adjust its information technology and security program, as appropriate, based on the monitoring required by § 15.13(b)(6)(i). Finally, § 15.13(b)(8) requires a permitted payment stablecoin issuer's information technology and security program include measures to ensure continuity of operations and recovery of critical functions, including by conducting business impact analyses, testing for vulnerabilities, and testing with critical service providers.

Section 15.13(b)(5) requires a permitted payment stablecoin issuer to develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery incorporating: (i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and (ii) material developments specifically related to supported digital assets and their underlying ledgers.[220]

Section 15.14(f) requires all permitted payment stablecoin issuers to maintain a complete set of books and records in English.

Section 15.14(g) requires all permitted payment stablecoin issuers to develop and implement a records retention policy that ensures the permitted payment stablecoin issuer can demonstrate compliance with the GENIUS Act, 12 CFR part 15, and all applicable laws and regulations.

Section 15.14(l)(1) requires a registered public accounting firm to perform an audit of the financial statements described in § 15.14(l) and sets forth the auditing requirements.

Section 15.15(b) covers the requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903). Sections 15.15(b)(1)(i) and (ii) require a State qualified payment stablecoin issuer with a total consolidated outstanding issuance value of more than $10 billion to no later than 360 days after reaching such threshold, transition to the Federal regulatory framework under 12 CFR part 15 and comply with the provisions of this part applicable to Federal qualified payment stablecoin issuers or cease issuing, on a net basis, new payment stablecoins until the issuer is under the $10 billion total consolidated outstanding issuance value threshold. Additionally, § 15.15(b)(4)(ii) provides that a State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins in accordance with § 15.15(b)(1)(ii) would be required to transition to the regulatory framework under this part on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under § 15.15(b)(4)(i).

Section 15.21 sets forth covered asset custodial property requirements. Section 15.21(b)(1) provides that a covered custodian is required to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, through adopting, implementing, and maintaining written custody agreements and policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial services or safekeeping services. Section 15.21(b)(2)(i) further provides that a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of the sub-custodian's compliance with the requirements of 12 CFR part 15, subpart C.

Section 15.22 sets forth the use of omnibus accounts. Under § 15.22(c), a sub-custodian may, for convenience, commingle the covered custodian's assets with the covered assets of its covered customers in one or more omnibus accounts of the sub-custodian; provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to ensure that the sub-custodian segregates all covered assets of the covered custodian's covered customers from, and does not commingle such covered assets with, the assets of the sub-custodian.

Section 15.41(a)(2)(ii) requires a permitted payment stablecoin issuer to have a process for assessing its overall capital adequacy in relation to its business model and risk profile and a comprehensive strategy for sustaining an appropriate level of capital to maintain ongoing operations.

Section 15.41(c)(5) provides that among other criteria, the OCC may permit a permitted payment stablecoin issuer to continue operations while its operational backstop is below the required amount, if the permitted payment stablecoin issuer provides a plan within seven days to regain compliance with the operational backstop requirement within 90 days, and the OCC deems the plan viable.

Disclosure Requirements

Section 15.11(e) sets forth the specific disclosure requirements for composition reports. Section 15.11(e)(1) requires a permitted payment stablecoin issuer by noon on the last day of each month, to publish on the website of the issuer the monthly composition of the issuer's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month.

Section 15.12(b) requires a permitted payment stablecoin issuer to publicly disclose its redemption policy and include: the timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins under § 15.12(c)(1)(i); a statement explaining the limitation in § 15.12(c)(1)(ii); a statement explaining the scenarios under which the redemption period may be extended as described in § 15.12(d); a statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the

[220] If a permitted payment stablecoin issuer holds digital assets on a customer's behalf, the permitted payment stablecoin issuer's risk management practices must reflect this activity. Consistent with the July 14, 2025 *Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping*, permitted payment stablecoin issuers holding digital assets on a customer's behalf would be required to maintain risk management practices, and information security practices in particular, that reflect a permitted payment stablecoin issuer's capacity to understand a complex and evolving asset class, ability to ensure a strong control environment, and appropriate contingency plans to address unanticipated challenges in effectively providing services to customers.

website(s) where a payment stablecoin holder can redeem the payment stablecoin; and the minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

Section 15.12(e) sets forth purchase and redemption disclosures and fee requirements. Section 15.12(e)(1) requires a permitted payment stablecoin issuer to publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to payment stablecoin holders, and segregated from other information: the name of the permitted payment stablecoin issuer that issues the payment stablecoin; that the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; the website that contains a link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves required under § 15.11(e); all fees associated with purchasing or redeeming payment stablecoins; that the payment stablecoin is not legal tender, issued by the United States, or guaranteed or approved by the United States; and that payment stablecoins are not deposits, not backed by the full faith and credit of the United States, not subject to deposit insurance by the FDIC, and not subject to share insurance by the National Credit Union Administration. Additionally, § 15.12(e)(2) requires the permitted payment stablecoin issuer to update the disclosures in § 15.12(e)(1)(iv) if there are any changes in fees associated with purchasing or redeeming payment stablecoins and provide payment stablecoin holders at least seven calendar days' prior notice of the change, including by delivering the notice to customers with whom the permitted payment stablecoin issuer has a current relationship. Section 15.12(e)(3) also requires a permitted payment stablecoin issuer to publish the disclosures in § 15.12(e)(1) and any updates made in accordance with § 15.12(e)(2) on the permitted payment stablecoin issuer's website. Section 15.12(e)(4) also requires the permitted payment stablecoin issuer to include the disclosures in § 15.12(e)(1) and any updates made in accordance with § 15.12(e)(2) in any customer agreements.

Section 15.14(l) requires that the described annual financial statement includes the disclosure of any related party transactions, as defined by GAAP.

Section 15.14(l)(2)(i) requires a permitted payment stablecoin issuer to make the audited financial statements under § 15.15(14)(l), publicly available on the permitted payment stablecoin issuer's website.

Section 15.22(b) provides that a covered custodian may, for convenience, commingle the covered assets of multiple covered customers in one or more omnibus accounts to the extent that the steps it has taken pursuant to § 15.21(b) are adequate to maintain safe and sound practices for the use and terms of any omnibus account, and to the extent that the use of omnibus accounts is consistent with applicable law, and is fully disclosed in the applicable custody agreement.

Section 15.32(e) sets forth the conditions of approval for foreign payment stablecoin issuers seeking to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)). Sections 15.32(e)(1) and (2) provide that upon request by the OCC, foreign payment stablecoin issuers are required to grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States. The foreign payment stablecoin issuer is also required to make all information available to the OCC in English.

Estimated Burden

Frequency: Weekly, monthly, quarterly, annually, event-generated, and on occasion.

Respondents: National banks, Federal savings associations, Federal qualified payment stablecoin issuers, State qualified payment stablecoin issuers, foreign issuers.

SUMMARY OF TOTAL ESTIMATED ANNUAL BURDEN

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Initial Set-up				
Reporting Burden				
Section 15.10(c)(5)(iii)(B)	39	1	4	156
Section 15.11(a)(2)	39	1	4	156
Section 15.11(e)(2)	39	1	1	39
Section 15.11(e) Table	39	1	1	39
Section 15.11(g)(1)	39	1	1	39
Section 15.11(g)(4)(i)	39	1	4	156
Section 15.12(d)(1)	1	1	0.5	0.5
Section 15.12(d)(2)	1	1	0.5	0.5
Section 15.13(a)(3)	39	1	160	6,240
Section 15.13(a)(9)(i)	39	1	160	6,240
Section 15.13(a)(9)(ii)	39	1	160	6,240
Section 15.13(a)(9)(iii)	39	1	160	6,240
Section 15.13(a)(10)(iii)	1	1	1	1
Section 15.13(b)(7)(i)	39	1	4	156
Section 15.13(b)(7)(ii)	39	1	4	156
Section 15.14(h)	39	1	16	624
Section 15.14(i)	39	1	80	3,120
Section 15.14(j)	39	1	16	624
Section 15.14(k)	39	1	80	3,120
Section 15.14(l)(1)	1	1	40	40
Section 15.14(l)(2)(ii)	1	1	480	480
Section 15.14(l)(2)(iii)	1	1	8	8

SUMMARY OF TOTAL ESTIMATED ANNUAL BURDEN—Continued

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Section 15.14(m)	39	1	2	78
Section 15.15(b)(2)	1	1	4	4
Section 15.15(b)(3)	1	1	40	40
Section 15.15(b)(4)	1	1	8	8
Section 15.15(d)(1)	1	1	8	8
Section 15.30(a)(1)	25	1	1	25
Section 15.30(a)(2)	14	1	1	14
Section 15.30(b) [221]	25	1	40	1,000
Section 15.30(f)(1)	14	1	1	14
Section 15.30(f)(3)	1	1	40	40
Section 15.30(g)(1)	25	1	8	200
Section 15.30(g)(2)	14	1	8	112
Section 15.31(a)(3)(ii)(D)(*1*)	1	1	40	40
Section 15.31(b)(2)(i)	1	1	80	80
Section 15.31(b)(2)(ii)	1	1	1	1
Section 15.32(a)	1	1	1	1
Section 15.32(b)	1	1	80	80
Section 15.32(e)(3)(i)	1	1	1	1
Section 15.32(e)(3)(ii)	1	1	1	1
Section 15.32(e)(3)(ii) Table	1	1	10	10
Section 15.32(e)(3)(iii)	1	1	1	1
Section 15.32(g)(2)	1	1	1	1
Section 15.32(g)(5)	1	1	1	1
Section 15.40(c)(5)	39	1	1	39
Section 15.41(b)(1)(iii)	39	1	1	39
Section 15.41(c)(1)(i)	39	1	1	39
Section 15.41(c)(1)(ii)	39	1	1	39
Section 15.41(d)(1)	1	1	1	1
Section 15.41(d)(2)	1	1	2	2
Section 15.41(d)(4)	1	1	1	1
Section 15.42(c)(2)(i)	39	1	40	1,560
Section 15.42(c)(4)	39	1	40	1,560
Total Reporting Burden				38,915
Recordkeeping Burden				
Section 15.11(a)(1)	39	1	40	1,560
Section 15.11(f)(1)	39	1	8	312
Section 15.11(f)(2)	39	1	8	312
Section 15.12(c)	39	1	8	312
Section 15.13(a)(1)	39	1	80	3,120
Section 15.13(a)(2)	39	1	80	3,120
Section 15.13(a)(5)	39	1	80	3,120
Section 15.13(a)(6)(i)(D)	39	1	8	312
Section 15.13(a)(10)(ii)(D)	1	1	40	40
Section 15.13(b)(1), (2), (3), (4), (6), and (8)	39	1	160	6,240
Section 15.13(b)(5)	39	1	80	3,120
Section 15.14(f)	39	1	40	1,560
Section 15.14(g)	39	1	40	1,560
Section 15.14(l)(1)	1	1	1	1
Section 15.15(b)(1)(i) and (ii)	1	1	160	160
Section 15.15(b)(4)(ii)	1	1	1	1
Section 15.21(b)(1)	21	1	8	168
Section 15.21(b)(2)(i)	1	1	1	1
Section 15.22(c)	1	1	1	1
Section 15.41(a)(2)(ii)	39	1	40	1,560
Section 15.41(c)(5)	39	1	40	1,560
Total Recordkeeping Burden				28,140
Disclosure Burden				
Section 15.11(e)(1)	39	1	40	1,560
Section 15.12(b)	39	1	0.5	19.5
Section 15.12(e)	39	1	16	624
Section 15.14(l)	1	1	4	4
Section 15.14(l)(2)(i)	1	1	16	16
Section 15.22(b)	1	1	1	1
Section 15.32(e)(1) and (2)	1	1	8	8
Total Disclosure Burden				2,233 (rounded)
Total Initial Set-up				69,288

SUMMARY OF TOTAL ESTIMATED ANNUAL BURDEN—Continued

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Ongoing Compliance				
Reporting Burden				
Section 15.10(c)(5)(iii)(B)	39	1	1	39
Section 15.11(a)(2)	39	1	16	624
Section 15.11(e)(2)	39	12	2	936
Section 15.11(e) Table	39	12	2	936
Section 15.11(g)(1)	39	1	1	39
Section 15.11(g)(4)(i)	39	1	8	312
Section 15.12(d)(1)	1	1	1	1
Section 15.12(d)(2)	1	1	1	1
Section 15.13(a)(3)	39	1	1	39
Section 15.13(a)(9)(i)	39	1	1	39
Section 15.13(a)(9)(ii)	39	1	1	39
Section 15.13(a)(9)(iii)	39	1	1	39
Section 15.13(a)(10)(iii)	1	1	1	1
Section 15.13(b)(7)(i)	39	1	1	39
Section 15.13(b)(7)(ii)	39	1	1	39
Section 15.14(h)	39	52	2	4,056
Section 15.14(i)	39	4	16	2,496
Section 15.14(j)	39	1	40	1,560
Section 15.14(k)	39	1	8	312
Section 15.14(l)(1)	1	1	4	4
Section 15.14(l)(2)(ii)	1	1	40	40
Section 15.14(l)(2)(iii)	1	1	16	16
Section 15.14(m)	39	1	2	78
Section 15.15(b)(2)	1	1	1	1
Section 15.15(b)(3)	1	1	1	1
Section 15.15(b)(4)	1	1	1	1
Section 15.15(d)(1)	1	1	1	1
Section 15.30(a)(1)	25	1	1	25
Section 15.30(a)(2)	14	1	1	14
Section 15.30(b) [222]	25	1	1	25
Section 15.30(f)(1)	14	1	1	14
Section 15.30(f)(3)	1	1	1	1
Section 15.30(g)(1)	25	1	1	25
Section 15.30(g)(2)	14	1	1	14
Section 15.31(a)(3)(ii)(D)(*1*)	1	1	1	1
Section 15.31(b)(2)(i)	1	1	80	80
Section 15.31(b)(2)(ii)	1	1	1	1
Section 15.32(a)	1	1	1	1
Section 15.32(b)	1	1	1	1
Section 15.32(e)(3)(i)	1	12	1	12
Section 15.32(e)(3)(ii)	1	12	1	12
Section 15.32(e)(3)(ii) Table	1	12	2	24
Section 15.32(e)(3)(iii)	1	1	1	1
Section 15.32(g)(2)	1	1	1	1
Section 15.32(g)(5)	1	1	1	1
Section 15.40(c)(5)	39	1	1	39
Section 15.41(b)(1)(iii)	39	1	1	39
Section 15.41(c)(1)(i)	39	4	0.5	78
Section 15.41(c)(1)(ii)	39	4	0.5	78
Section 15.41(d)(1)	1	1	1	1
Section 15.41(d)(2)	1	1	1	1
Section 15.41(d)(4)	1	1	1	1
Section 15.42(c)(2)(i)	39	1	1	39
Section 15.42(c)(4)	39	1	1	39
Total Reporting Burden	.....	.....	.....	12,257
Recordkeeping Burden				
Section 15.11(a)(1)	39	12	4	1,872
Section 15.11(f)(1)	39	12	2	936
Section 15.11(f)(2)	39	12	0.25	117
Section 15.12(c)	39	1	4	156
Section 15.13(a)(1)	39	1	1	39
Section 15.13(a)(2)	39	1	1	39
Section 15.13(a)(5)	39	1	1	39
Section 15.13(a)(6)(i)(D)	39	1	1	39
Section 15.13(a)(10)(ii)(D)	1	1	1	1
Section 15.13(b)(1), (2), (3), (4), (6), and (8)	39	1	1	39

SUMMARY OF TOTAL ESTIMATED ANNUAL BURDEN—Continued

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Section 15.13(b)(5)	39	1	1	39
Section 15.14(f)	39	1	8	312
Section 15.14(g)	39	1	1	39
Section 15.14(l)(1)	1	1	1	1
Section 15.15(b)(1)(i) and (ii)	1	1	1	1
Section 15.15(b)(4)(ii)	1	1	1	1
Section 15.21(b)(1)	21	1	1	21
Section 15.21(b)(2)(i)	1	1	1	1
Section 15.22(c)	1	1	1	1
Section 15.41(a)(2)(ii)	39	1	1	39
Section 15.41(c)(5)	39	1	1	39
Total Recordkeeping Burden				3,771
Disclosure Burden				
Section 15.11(e)(1)	39	12	8	3,744
Section 15.12(b)	39	1	0.5	19.5
Section 15.12(e)	39	1	1	39
Section 15.14(l)	1	1	8	8
Section 15.14(2)(i)	1	1	8	8
Section 15.22(b)	1	1	1	1
Section 15.32(e)(1) and (2)	1	1	1	1
Total Disclosure Burden				3,821 (rounded)
Total Ongoing Compliance				19,849
Grand Total				89,137

Total estimated annual burden hours: 89,137 (69,288 hours for initial setup and 19,849 hours for ongoing compliance).

Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be sent within 30 days of publication of this document to *www.reginfo.gov/public/do/PRAMain*. Find this information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or using the search function.

Regulatory Flexibility Act

In general, the Regulatory Flexibility Act (RFA) [223] requires an agency, in connection with a final rule, to prepare a final regulatory flexibility analysis describing the impact of the rules on small entities (defined by the United States Small Business Administration (SBA) for purposes of the RFA to include commercial banks and savings institutions with total assets of $850 million or less and trust companies with total assets of $47 million or less). However, under section 605(b) of the RFA, this analysis is not required if an agency certifies that the rule would not have a substantial economic impact on a substantial number of small entities and publishes its certification and a short explanatory statement in the **Federal Register** along with its rule.

The OCC currently supervises 986 institutions (national banks, Federal savings associations, and branches or agencies of foreign banks),[224] of which approximately 602 are small entities under the RFA.[225]

In general, the OCC classifies the economic impact on an individual small entity as significant if the total estimated impact in one year is greater than 5 percent of the small entity's total annual salaries and benefits or greater than 2.5 percent of the small entity's total non-interest expense. Furthermore, the OCC considers 5 percent or more of OCC-supervised small entities to be a substantial number, and at present, 30 OCC-supervised small entities would constitute a substantial number.

Given that all current OCC banks and nonbank issuers that issue stablecoins generally have issuance of over $1 billion and are not considered small entities, it is unlikely that there will be a significant number of small entities affected by the final rule. Even if the final rule may impact some OCC-supervised small entities, it would likely not be a substantial number of small entities. The OCC notes that, to the extent there is any impact, the impact would likely result in some cost savings for those institutions. For these reasons, the OCC certifies that this final rule will not have a substantial impact on a substantial number of small entities supervised by the OCC. Accordingly, a final regulatory flexibility analysis is not required.

Unfunded Mandates Reform Act

The OCC has analyzed the final rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA).[226] Under this analysis, the OCC considered whether the final rule includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million

[221] The reporting burden associated with the Interagency Biographical and Financial Report and Corporate Background and Financial Report referenced in § 15.30(b)(1)(ii) is covered under OMB control number 1557–0014.

[222] The reporting burden associated with the Interagency Biographical and Financial Report and Corporate Background and Financial Report referenced in § 15.30(b)(1)(ii) is covered under OMB control number 1557–0014.

[223] 5 U.S.C. 601 *et seq.*

[224] Based on data accessed using the OCC's Financial Institutions Data Retrieval System on July 30, 2026.

[225] The OCC bases its estimate of the number of small entities on the SBA's size thresholds for commercial banks and savings institutions, and trust companies, which are $850 million and $47 million, respectively. Consistent with the General Principles of Affiliation, 13 CFR 121.103(a), the OCC counted the assets of affiliated financial institutions when determining if it should classify an OCC-supervised institution as a small entity. The OCC used December 31, 2025, to determine size because a ''financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.'' *See* footnote 8 of the SBA's *Table of Size Standards.*

[226] 2 U.S.C. 1531 *et seq.*

or more in any one year ($193 million as adjusted annually for inflation). Pursuant to section 202 of UMRA,[227] if a final rule meets this UMRA threshold, the OCC prepares a written statement that includes, among other things, a cost-benefit analysis of the final rule.

The OCC has determined that the final rule will not result in an expenditure of $193 million or more by any State, local, and tribal governments, in the aggregate, or by the private sector. Although the final rule does impose new mandates, there will likely be a decrease in expenditures due to cost savings given the decrease in capital and assessments costs. The OCC has prepared an impact analysis which is discussed below related to the analysis conducted pursuant to Executive Order 12866 (as amended).

Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA),[228] in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, the agencies will consider, consistent with principles of safety and soundness and the public interest: (1) any administrative burdens that the final rule would place on depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of the final rule. This rulemaking will impose reporting, disclosure, or other requirements on insured depository institutions through their permitted payment stablecoin issuer subsidiaries. In addition, section 302(b) of RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form, with certain exceptions, including for good cause.[229] As discussed above related to the effective date of this rule, the OCC has determined that the effective date of this rule must be January 18, 2027. The GENIUS Act will be effective on January 18, 2027, and it is important for the implementing regulations to be effective as of the same date. Although the effective date will not be the first day of the next calendar quarter that begins at least 60 days after the final rule is published in the **Federal Register**, the effective date will be in the next calendar quarter that begins at least 60 days after the final rule is published in the **Federal Register**. The final rule cannot be effective until the underlying Act that it is implementing is effective, so it cannot be effective the first day of the calendar quarter. Congress provided in the GENIUS Act that the Act would take effect the earlier of the date that is 18 months after enactment, which would be January 18, 2027, or the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue any final regulations. Because this final rule is the first final rule issued by a primary Federal payment stablecoin regulator implementing the Act and 120 days following it would be later than January 18, 2027, January 18, 2027, will be the effective date of the Act and of this final rule.

Congressional Review Act

For purposes of the Congressional Review Act, OMB makes a determination as to whether a final rule constitutes a ''major rule.'' [230] If a rule is deemed a ''major rule'' by OMB, the Congressional Review Act generally provides that the rule may not take effect until at least 60 days following its publication.[231]

The Congressional Review Act defines a ''major rule'' as any rule that the Administrator of OIRA, OMB finds has resulted in or is likely to result in (1) an annual effect on the economy of $100,000,000 or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets.[232]

OIRA has determined that this final rule is a major rule because it is likely to result in an annual effect on the economy of $100,000,000 or more. As required by the Congressional Review Act, the OCC will submit the final rule and other appropriate reports to Congress and the Government Accountability Office for review.

Executive Order 12866 (as amended)

Executive Order 12866, titled ''Regulatory Planning and Review,'' as amended, requires the OIRA, OMB to determine whether a final rule is a ''significant regulatory action'' prior to the disclosure of the final rule to the public. If OIRA finds the final rule to be a ''significant regulatory action,'' Executive Order 12866 requires the OCC to conduct a cost-benefit analysis of the final rule and for OIRA to conduct a review of the final rule prior to publication in the **Federal Register**. Executive Order 12866 defines ''significant regulatory action'' to mean a regulatory action that is likely to result in a rule that may (1) have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866.

OIRA has determined that this final rule is an economically significant regulatory action under Section 3(f)(1) of Executive Order 12866 and, therefore, is subject to review under Executive Order 12866.

The OCC's analysis conducted in connection with Executive Order 12866 is set forth below.

Baselines

Prior to passage of the GENIUS Act and drafting of the final rule, there was no comprehensive Federal framework governing payment stablecoin issuance. Rather, payment stablecoin issuance was subject to State stablecoin laws, State crypto-asset regulations, and/or State money transmission laws.

For non-OCC-regulated financial companies that will become permitted payment stablecoin issuers, the OCC used the requirements contained in New York stablecoin laws and the Money Transmission Modernization Act (MTMA) as the baseline based on the assumption that non-OCC-regulated financial companies that issue stablecoins would have complied with New York State laws and regulations given that at least a portion of the issuers' stablecoin activity would occur

[227] 2 U.S.C. 1532.

[228] 12 U.S.C. 4802(a).

[229] 12 U.S.C. 4802.

[230] 5 U.S.C. 801 *et seq.*

[231] 5 U.S.C. 801(a)(3).

[232] 5 U.S.C. 804(2).

in New York or be covered by state money transmission laws similar to the MTMA standard.[233] To the extent that an issuer does not need to be in compliance with New York State, but instead to a different state, MTMA would better reflect the baseline.

For OCC-regulated national banks and Federal savings association-affiliated subsidiaries that would be permitted payment stablecoin issuers, in the absence of the final rule, these entities would be subject to existing laws and regulations that do not specifically contemplate stablecoins. The OCC confirmed in interpretive letters that its regulated institutions can issue stablecoins and are allowed to hold deposits that serve as reserves for their stablecoin issuer customers.[234] While the interpretive letters recognized that OCC-regulated institutions may provide stablecoin services, the interpretive letters did not provide a formal Federal regulatory structure governing OCC-regulated banks' stablecoin issuance. Therefore, the baseline would be treatment under existing applicable Federal law and regulations that did not specifically contemplate stablecoins. Issued stablecoins and stablecoin reserve assets would generally have been treated as standard balance sheet liabilities and assets, and so the OCC estimated costs for OCC-regulated bank-affiliated permitted payment stablecoin issuers relative to a baseline where the stablecoins and stablecoin reserve assets would be subject to applicable laws and regulations governing national bank and Federal savings association assets and liabilities.

For the baseline described above, the OCC assumes the most likely regulatory outcome in the absence of the GENIUS Act and its implementing regulations. Specifically, the OCC assumes that OCC-regulated banks would have been allowed to legally issue payment stablecoins and would not have been subject to State stablecoin laws. This baseline assumes some OCC-regulated banks would eventually begin issuing or would increase their issuance of payment stablecoins to compete with nonbank issuers' payment stablecoin activities.

Under this baseline, the OCC concludes that stablecoin issuance by OCC entities would increase, but by an amount that is significantly less than the increase likely to occur after the implementation of the rules required by the GENIUS Act. The OCC expects that OCC-regulated entities would issue relatively fewer payment stablecoins under this baseline because payment stablecoin issuance would be more costly in absence of the final rule's provisions. In addition, the OCC believes that stablecoin issuance would be more limited under the baseline as there would be costs due to a lack of uniform Federal rules. Nevertheless, the OCC believes that the most likely scenario is that OCC entities would still have issued some amount of payment stablecoins under the baseline to meet consumer demand, and this would occur despite the greater costs of issuance than would have occurred without the GENIUS Act and its implementing regulations under the baseline.

Any market practices that an issuer would likely have voluntarily abided by in the absence of the final rule and the GENIUS Act or any other stablecoin regulations would also be included in the baseline. For example, when the OCC refers to these components of the baseline, the OCC means the types of standards with which current unregulated stablecoin issuers would already voluntarily abide by as a result of market conventions market competitive pressures. For instance, the OCC expects that, in the absence of stablecoin-specific regulations, stablecoin issuers would voluntarily disclose details of their redemption policies and comply with any mandates, requirements, or practices that would increase demand for their stablecoins.

This baseline is also relevant for OCC-bank-affiliated permitted payment stablecoin issuers operating in States where laws already have mandates similar to the mandates set forth in the rule, and where current bank regulations would not independently enforce similar requirements under the rules. In certain cases, the OCC could use mandates similar to the non-OCC bank-affiliated permitted payment stablecoin issuer baseline for the OCC-bank-affiliated baseline based on the argument that OCC bank-affiliated-permitted payment stablecoin issuers would likely have voluntarily complied with various mandates similar to those under the nonbank baseline to compete with the broader permitted payment stablecoin issuer market outside the regulated bank industry.

With regard to capital requirements, the OCC assumes stablecoins issued by OCC entities would have been treated as standard balance sheet assets under the baseline, and hence, all stablecoin reserve assets would have been subject to the minimum tier 1 leverage ratio. The OCC assumes that all stablecoin reserve assets would have counted toward the leverage requirement for all OCC-regulated bank permitted payment stablecoin issuers or permitted payment stablecoin issuers that are subsidiaries of OCC-regulated banks (collectively, OCC-regulated bank-affiliated permitted payment stablecoin issuers).

For non-OCC-regulated bank-affiliated permitted payment stablecoin issuers, the OCC assumes that such institutions would have complied with the lowest capital requirements across all States in order for stablecoins to transact seamlessly across state lines. The Money Transmission Modernization Act (MTMA) is a set of nationwide standards developed by the Conference of State Bank Supervisors to unify and streamline the licensing and regulation of money service businesses and fintech companies across the United States. The OCC uses New York State stablecoin laws and the MTMA as the baselines. Hence, for non-OCC-regulated bank-affiliated permitted payment stablecoin issuers, the OCC uses the MTMA's tangible net worth requirement to estimate tier 1 leverage under the baseline.

Overall, to the extent that any requirements under applicable baselines are substantially the same as the requirements in the final rule, the OCC's analysis considered the effect of these requirements to generally be de minimis. To the extent that there were differences between the mandates in the final rule and the assumed baselines, the OCC's analysis measures costs and benefits by comparing the costs and benefits of the mandates in the final rule and the mandates in the applicable baselines.

Affected Parties

The OCC estimates that the final rule would affect a total of 39 entities that will become OCC-supervised permitted payment stablecoin issuers.[235] The OCC

[233] Money Transmission Modernization Act (MTMA) is a set of nationwide standards developed by the Conference of State Bank Supervisors to unify and streamline the licensing and regulation of money service businesses and fintech companies across the United States. Currently, 31 states have enacted the MTMA in full or in part, including Texas and California. Because firms licensed in any adopting state must comply with MTMA standards at the enterprise level, these adoptions govern nearly 99 percent of all reported U.S. money transmission activity.

[234] *OCC Interpretive Letter 1174; OCC Interpretive Letter 1172.*

[235] There may be an influx of applications associated with waiver requests submitted to the OCC but it is unclear whether those applicants would necessarily become or remain OCC-supervised permitted payment stablecoin issuers (*i.e.,* they may apply for a waiver with the intent to become a state qualified permitted payment stablecoin issuer if a waiver is granted) so the

Continued

anticipates that 25 OCC-regulated national banks and Federal savings associations will either issue directly or have permitted payment stablecoin issuer subsidiaries, as applicable, and be affected by the final rule. The OCC anticipates that at least 12 currently non-OCC-regulated institutions would become permitted payment stablecoin issuers or have permitted payment stablecoin issuer affiliates. This number includes potential nonbank financial companies, non-financial companies, and already existing nonbank-financial-company payment stablecoin issuers that could apply to become payment stablecoin issuers. The OCC also expects non-OCC-regulated institutions could opt to issue payment stablecoins through partners (*e.g.,* white-label) or as part of consortia of issuers. The OCC estimates that there will be two white-label or consortia issuers that will become permitted payment stablecoin issuers. Depending on the composition of the consortium, the baseline could be either New York State regulation or the OCC-regulated bank-affiliated permitted payment stablecoin issuer baseline.

Economic Analysis of Requirements and Expected Costs and Cost Savings

For calculations that require an estimate of the total value of expected payment stablecoin issuance, the OCC used forecasts of aggregate stablecoin issuances from private sector forecasts reported in the media. The forecast data indicate upper bounds for payment stablecoin issuance of $378.8 billion in 2027 and $765 billion in 2028.[236] The private sector forecast is reduced by Tether's public announcement that its USDT coin will not be for domestic use, and instead the firm will launch its USAT coin, which is intended to comply with the GENIUS Act.[237]

For purposes of calculating the costs of mandates in the rule, the OCC only accounts for issuers that would have existed in the absence of the rule, under the pre-existing regulatory baseline. The OCC assumes that initially in 2027, the market size of outstanding stablecoins in the absence of the Act would be $272.3 billion. Of this $272.3 billion in issuance, the OCC attributes $222.3 billion to non-OCC-bank-affiliated issuers and $50 billion to OCC-regulated issuers.

The OCC reviewed costs and benefits associated with the final rule according to the following categories: a) reserve requirements; b) redemption requirements; c) capital requirements; d) custody requirements; and e) miscellaneous administrative and compliance requirements. The OCC aggregated the cost estimates to generate a total against the baseline.

Reserve Requirements

The final rule implements section 4(a) of the GENIUS Act and includes requirements governing the management, composition, and reporting of reserves that back payment stablecoin issuance. Under the final rule, a permitted payment stablecoin issuer must maintain and demonstrate the operational capacity to monetize reserve assets, commensurate with the permitted payment stablecoin issuer's risk profile and business model. Because liquidity measurement and management are already integral components of a bank's ongoing operations, the OCC expects many permitted payment stablecoin issuers to already have the internal practices in place to meet this requirement or to be able to demonstrate monetization through the usual course of business. For example, institutions that monetize United States Treasury securities on a regular basis through the ordinary course of business may be able to rely on evidence of sales to meet the monetization requirement. Permitted payment stablecoin issuers may also be able to demonstrate liquidity by establishing that they maintain appropriate repo arrangements through which they can quickly pledge and receive liquid funds. Additionally, large institutions under OCC supervision are already subject to extensive monetization testing and analysis to demonstrate liquidity. In these cases, the OCC does not expect additional compliance costs due to the monetization requirement. To the extent that demonstrating liquidity does not already reflect an institution's current business practices, the requirement to demonstrate monetization could increase operational expenses; however, based on the institutions expected to become permitted payment stablecoin issuers, the OCC expects affected institutions (*i.e.,* both non-OCC-regulated bank-affiliated institutions and OCC-regulated bank-affiliated institutions) would already have internal liquidity practices in place and be able to meet the requirement without additional burden.

The final rule states that for some permitted payment stablecoin issuers—depending on the issuer's size, business model, and operations—it may be necessary to periodically conduct monetization transactions to demonstrate liquidity, which could introduce new costs for some permitted payment stablecoin issuers. For example, institutions that do not monetize certain assets already on a frequent basis may need to conduct specific transactions that go beyond ordinary business activities. In another context, trade associations have pointed out that this could potentially lead to institutions having to recognize a loss for a sale solely for demonstration purposes.[238] However, based on the experience of OCC banks that currently engage in monetization testing, the OCC expects these instances to be rare.

The final rule also includes requirements on the composition and reporting of reserves. Identifiable reserves must comprise specified highly liquid instrument types, such as cash, demand deposits, and short-term United States Treasury bills, notes, and bonds. Relative to the pre-existing regulatory baseline, the OCC estimates that non-OCC-regulated-bank affiliated issuers would have already managed reserves in a manner consistent with the final rule. New York's Department of Financial Services (NYDFS) imposes restrictions on how reserves can be held by stablecoin issuers and are similar to those in the final rule.[239] Therefore, the OCC estimates that non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers would incur no new costs to acquire and report reserve assets in the instrument types required by the GENIUS Act and the final rule as these institutions would already satisfy these requirements under the baseline.[240]

estimates include only those entities that would be likely to become and remain OCC-supervised permitted payment stablecoin issuers.

[236] *See* market forecasts at *https://www.bloomberg.com/news/articles/2025-04-15/stablecoin-sector-may-reach-2-trillion-standard-chartered-says.* The OCC applied a compound growth rate to $250 billion at the time of enactment of the GENIUS Act to estimate a market cap of $500 billion in 2026, $1 trillion in 2027, and $2 trillion in 2028 for the proposed rule. In the final rule, the OCC estimates delay the growth of the market to $2 trillion by 2029 as the market's growth has paused in 2026.

[237] *See* Tether Announces the Launch of USA, the Federally Regulated, Dollar-Backed Stablecoin, Made in America—Tether.io, *https://tether.io/news/tether-announces-the-launch-of-usat-the-federally-regulated-dollar-backed-stablecoin-made-in-america/.*

[238] *See* SIFMA, et al., ''Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitors'' (January 31, 2014), *available at https://www.sifma.org/wp-content/uploads/2017/05/sifma-and-other-associations-submit-comments-to-multiple-regulators-on-liquidity-coverage-ratio.pdf.*

[239] *See* New York Department of Financial Services, ''Guidance on the Issuance of U.S. Dollar-Backed Stablecoins,'' (June 8, 2022), *https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608*_issuance_stablecoins (describing New York State's reserve requirements for dollar-backed stablecoins).

[240] For example, Circle, the second largest stablecoin issuer, holds 99.5% of its total reserves in cash, short-term United States Treasury bills and notes, and repurchase agreements secured by such

For OCC-regulated bank-affiliated issuers, there could be opportunity costs associated with holding reserves in the specified high-quality liquid assets compared to potentially higher-yielding alternatives, given that any prior payment stablecoin issuance may not have been subject to NYDFS regulations. While the OCC does not attempt to quantify this cost, which would fluctuate with current market rates at any given point in time, the OCC anticipates that many permitted payment stablecoin issuers would likely have managed reserves in a manner consistent with the reserve requirements either to conform with market practices and remain competitive with non-OCC-regulated bank-affiliated issuers or to comply with requirements that would be applicable to payment stablecoins if held on banks' balance sheets.

Finally, the final rule mandates publication of a monthly reserve composition report, examination of this report by a registered public accounting firm, and monthly submission of certification of the CEO and CFO (or the persons performing the equivalent functions) to the OCC. These efforts will require various reporting, training, and auditing expenses. The OCC estimates the average burden of the monthly composition report to be two hours per response, or $3,816 (24 hours *$159) per issuer on an annual basis and applies to all permitted payment stablecoin issuers.[241]

Due to an overlap with existing State laws, the OCC does not expect that the examination of these reports by a registered public accounting firm will impose additional burden on non-OCC-regulated institutions relative to the baseline; NYDFS requires reserves to be subject to examination at least once per month by an independent Certified Public Accountant. In contrast, the OCC anticipates that OCC-regulated bank-affiliated institutions would face higher auditing costs from a monthly auditing requirement. OCC-regulated institutions are generally audited quarterly. Moving to monthly audits performed by an independent Certified Public Accountant would result in a threefold increase in auditing frequency. The OCC estimates the incremental cost in moving from quarterly to monthly certification of these reports by a public accounting firm to range from $56,000 to $166,667 per issuer on an annual basis, depending on the size and complexity of the permitted payment stablecoin issuer.[242]

Overall, the OCC attributes aggregate reporting costs of $83,952 ($3,816 * 22 issuers) and auditing costs of $560,000 to $1,666,667 ($56,000–$166,667 on average*10 issuers) to the statute in 2027, relative to the existing regulatory baseline.[243] The total estimated costs associated with the reserve requirements are therefore $1,197,285 ($1,197,285=$83,952 + $1,113,333).

Redemption Requirements

The final rule would impose several mandates governing payment stablecoin redemption. These include requirements for the issuer to develop and disclose its redemption policy. The OCC expects that non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers would have already complied with such mandates under the baseline. Additionally, for OCC-regulated bank-affiliated banks, the OCC expects that such banks would have voluntarily abided by these conditions and therefore generally incur no new costs relative to the baseline.

With respect to the disclosure, including the fee change, mandates required by the final rule, the OCC does not expect that the final rule will cause non-OCC-regulated bank-affiliated permitted payment stablecoin issuers to incur significant new costs because current stablecoin regulations and money-transmission laws that govern New York State stablecoin issuance already impose similar mandates. For OCC-regulated bank-affiliated issuers, the OCC expects that such institutions would voluntarily provide such information to compete for customers. Additionally, because OCC-regulated banks already comply with several reporting and disclosure requirements in other business lines, the OCC does not expect that there would be significant fixed costs in complying with the redemption disclosure requirements. Therefore, OCC-regulated banks that would be permitted payment stablecoin issuers would also not incur significant new costs related to these disclosure requirements.

The final rule defines ''timely'' to mean that the permitted payment stablecoin issuer would generally have to redeem a payment stablecoin no later than two business days from the date of the requested redemption. Redemption is deemed to occur when the permitted payment stablecoin issuer has fully processed and initiated the outgoing transfer of monetary value to the customer or customer's financial institution, or, if requested by the customer, credited monetary value to the customer's account with the permitted payment stablecoin issuer. This is substantially the same as New York State's guideline of two business days and comparable to existing stablecoin procedures. Therefore, non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers would incur no new costs relative to the baseline. Additionally, the OCC expects that OCC-regulated bank-affiliated banks would have abided by the two-business-day timeframe in the absence of this timeliness requirement due to market conventions and competitive pressures. Since current technology allows for nearly instantaneous transfers of account funds within financial institutions, the OCC believes that the costs associated with complying with the two-business-day requirement would be de minimis.

A permitted payment stablecoin issuer must provide notice to the OCC through its supervisory office within 24 hours if it receives redemption requests in excess of 10 percent of its outstanding issuance value in a single 24-hour period. A permitted payment stablecoin issuer that experiences redemption requests in excess of 10 percent of its outstanding issuance value in a single 24-hour period may request an extension to the timeframe for timely redemption. The OCC may, in its discretion, grant or deny an extension request under § 15.12(d)(2) or impose discretionary limitations upon timely redemption in accordance with section 4(a)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)(i)). Since all issuers would only benefit from the extended redemption period, the OCC does not believe there would be costs

obligations or cash. *See* BlackRock, ''Circle Reserve Fund'' (last visited December 22, 2025), *https://www.blackrock.com/cash/en-us/products/329365/*.

[241] This estimate is based on public reporting burden for comparable Federal Reserve Board reporting forms of similar burden. *See* Board of Governors of the Federal Reserve System, ''Reporting Forms'' (last visited December 22, 2025), *https://www.federalreserve.gov/apps/reportingforms*. The hourly wage rate is based on data from the United States Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the final rule, the OCC uses $158.73 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (3.4 percent as of Q1 2026) plus an additional 35.3 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2025 for NAICS 522: credit intermediation and related activities).

[242] These estimates are based on a minimum attestation cost of approximately $7,000 per month, with the actual cost varying by issuer complexity and size. These estimates have increased from our initial impact analysis based on comment letters received and new industry estimates considered.

[243] The OCC estimates estimate there could have been approximately 10 OCC-affiliated stablecoin issuers and 12 non-OCC-regulated-bank affiliated issuers in the baseline. As a result of the final rule and enactment, the OCC expects an increase in market capitalization and adoption of payment stablecoins.

associated with this provision for permitted payment stablecoin issuers.

Furthermore, this provision would be beneficial to broader society as the extension strengthens the stablecoin system by establishing a clear, rule-based response to stress and reducing incentives for panic-driven runs. This provision would benefit issuers and society by preventing panic-driven runs on permitted payment stablecoin issuers' stablecoins. The seven-day extension is modest and less disruptive than emergency redemption suspensions. Absent this provision, issuers must rely on broad contractual discretion, which increases legal uncertainty and litigation risk. By codifying a redemption extension tied to objective conditions, the rule sets expectations in advance and reduces the risk of arbitrary or uneven treatment. Clear regulatory authority reduces litigation risk and the need for ad hoc supervisory intervention. In addition, the 24-hour OCC notification requirement ensures timely supervisory awareness and enables prompt regulatory engagement during emerging stress events. Because the communication of stress events to the OCC would occur through direct contact with issuers' existing supervisory contacts, the OCC expects the cost of implementing this mandate to be de minimis.

Capital Requirements

In order to estimate the monetary cost of the capital requirements in the final rule, the OCC assumed an average cost for each payment stablecoin issuer and made assumptions regarding the inputs to the cost calculations. To calculate the cost of equity capital requirements, the OCC assumed that under the final rule, all payment stablecoin issuers will initially be required to maintain the minimum amount of capital which includes the $5 million requirement for de novo banks and the ongoing 12-month-operating-expense backstop. The OCC assumes that the amount of capital a permitted payment stablecoin issuer must maintain, commensurate with the level and nature of all risks, including those arising from off-balance-sheet activities, would be unchanged relative to the baseline under the GENIUS Act. The OCC also assumes that, for any portion of the capital requirement left to a permitted payment stablecoin issuer's discretion, a permitted payment stablecoin issuer would not hold more capital than it would elect to hold absent the rule. In estimating the benefits and costs of the GENIUS Act's capital requirement, the OCC assesses only the effect on the cost of capital for issuance under the baseline rules and does not include any incremental capital costs arising from new issuance induced by the GENIUS Act. The OCC assumes that these incremental capital costs are offset by the consumer and producer surplus generated by that new issuance.

For the cost-of-equity-capital calculation the OCC assumed:

- Under the baseline of no GENIUS Act, there would have been 10 OCC-regulated bank-affiliated permitted payment stablecoin issuers and 12 non-OCC-regulated bank-affiliated permitted payment stablecoin issuers.
- The OCC assumes that initially in 2027, the market size entering OCC supervision, measured by the value of outstanding stablecoins, will be $272.3 billion. Of this $272.3 billion in issuance, $222.3 billion of this forecast is attributed to non-OCC-regulated bank-affiliated permitted payment stablecoin issuers and $50 billion to OCC-regulated bank-affiliated permitted payment stablecoin issuers.
- The cost of equity capital is the ongoing yearly required return on equity capital that the OCC expects issuers to pay to obtain equity to satisfy capital requirements. The current estimate of the cost of capital in the banking industry is 7.34 percent. Permitted payment stablecoin issuers incur the cost of equity capital upfront by receiving a discounted payment from investors for equity shares in the permitted payment stablecoin issuers. The rule allows 50 percent of the backstop to be held in subordinate debt which the OCC estimates to be 4.73 percent.
- The initial operational backstop amount would be based on reasonable expense projections and adjusted each quarter based on actual amounts for that quarter. The OCC recognizes that operational backstop will not be linear and will vary based on the permitted payment stablecoin issuer's business model and amount of issuance. The OCC has no precise ability to forecast the ongoing operational expense each issuer will incur and therefore the OCC assumes a flat rate for all issuers for the purpose of this analysis. The OCC assumes that the 12-month operating expense amount for each issuer is 0.48 percent of outstanding stablecoins which the OCC believes is a conservative estimate of ongoing operating expense based on money market fund performance and Circle's financial statements.[244]

The OCC calculated the ultimate impact of capital mandates separately for OCC-regulated bank-affiliated permitted payment stablecoin issuers and for non-OCC-regulated bank-affiliated permitted payment stablecoin issuers due to differences in baselines. The OCC calculated the effect of capital mandates for OCC-regulated bank-affiliated permitted payment stablecoin issuers under the bank and bank-affiliated baseline and the OCC calculated the effect of the mandates relative to the MTMA for non-OCC-regulated bank affiliated permitted payment stablecoin issuers.

The OCC calculated the total minimum required capital under the final rule for all expected permitted payment stablecoin issuers. The first calculation is for the final rule's fixed capital requirement of $5 million for de novo issuers. The final rule allows for the backstop to be partially funded with up to 50 percent in subordinated debt. Assuming issuers fund 50 percent of their backstop with subordinated debt, the cost of capital will be 6.04 percent (6.04 percent = 7.34 percent * .5 + 4.73 percent * .5). The overall cost of capital could be slightly lower to the extent that permitted payment stablecoin issuers are able to obtain lower cost subordinated debt financing to partially meet capital requirements.

Permitted payment stablecoin issuers would also accrue benefits from tax-deductible interest on any subordinated debt used to fund the capital backstop. However, under the OCC's economic analyses for rulemakings, these tax benefits only count toward any impact estimates as transfers, and not as explicit regulatory cost savings for the purposes of Executive Order 14192. The second part of the cost of capital estimate includes the final rule's operational backstop which is a requirement equal to 12 months of operating costs. The OCC estimated the 12-month-operating-expenses to be 0.48% times the expected $272.3 billion in outstanding stablecoin issuance which amounts to $1.3 billion ($272.3 billion * .48%). The cost of this $1.3

[244] According to Fidelity Investments the operating costs of a money market mutual fund is 0.07% and 0.12%. *https://investor.vanguard.com/investment-products/money-markets.* The OCC assumes that the transaction velocity of stablecoins will be higher than money markets and occur higher ongoing operating expense than money market funds. According to Circle's first quarter 2026 results, adjusted operating expenses were $136 million. *https://s206.q4cdn.com/265218871/files/doc_financials/2026/q1/FINAL_9_42-p-m-Q1-2026-EPR_May-2026-docx-2.pdf.* After adjusting for increase in expenses due to investments into product, distribution, and infrastructure the OCC estimates a 0.48% ongoing operational expense ratio for Circle. The 0.48 percent backstop assumption is likely conservative as other stablecoin issuers will not have as a complex business model as Circle.

billion of required capital is the amount of capital times the cost of equity capital, which the OCC measures as 6.04% which totals $78.9 million.[245] Because there is no comparable backstop estimate in the regulatory baseline, the OCC includes the full $78.9 million toward the cost of capital calculation. The total cost of minimum capital requirements under the final rule is $87 million which is the sum of the $8.1 million cost of the de novo permitted payment stablecoin issuer requirement plus the $78.9 million cost of the operational backstop requirement.

For non-OCC-regulated bank-affiliated permitted payment stablecoin issuers, to calculate total capital requirements, the OCC subtracted the corresponding expected capital requirement for these permitted payment stablecoin issuers under the MTMA. Under the MTMA, the tangible net worth requirement is 3.0 percent for the first $100 million in assets, 2 percent on assets from $100 million to $1 billion, and 0.5 percent of assets over $1 billion. For the calculation, the OCC assumes that the $222.3 billion of issuance is equal among the 12 nonbank issuers. Therefore, for the 12 non-OCC-regulated bank affiliated permitted payment stablecoin issuers, the OCC calculates a minimum capital requirement of $1.3 billion (.03 * 100M * 12 + .02 * $900M * 12 + .005 * ($222.3B–$12B)).

For OCC-regulated bank-affiliated permitted payment stablecoin issuers, the OCC assumed that payment stablecoins issued by OCC-regulated banks would have been treated as standard balance-sheet assets and hence, all stablecoin reserve assets would have been subject to the tier 1 leverage ratio, which is set at 4 percent. The OCC projected that OCC-regulated bank-affiliated issuers would be responsible for $50 billion in stablecoin issuance in 2027 and would therefore have needed to hold $2 billion in tier 1 capital ($2 billion = .04 × $50 billion).

Taken together, under the two assumed baselines for the 22 expected permitted payment stablecoin issuers, the OCC calculated that these permitted payment stablecoin issuers would have been required to hold $3.3 billion ($3.3 billion = $2 billion + $1.3 billion) under the assumed baselines. The OCC calculated the cost of equity capital under the baseline to be approximately $242.5 million ($242.5 million = $3.3 billion × 7.34 percent). Therefore, after accounting for the regulatory baseline, the OCC estimated the capital requirements under the final rule to result in a net savings of $155.5 million ($155.5 million = 87 million − $242.5 million) relative to the regulatory baselines.

The last component of the minimum capital requirement is a self-imposed amount of capital to be determined by each permitted payment stablecoin issuer. The OCC estimated the cost of this additional requirement to be zero.

Custody Requirements

The final rule imposes mandates governing certain custodial activities of OCC-supervised institutions (including OCC-supervised permitted payment stablecoin issuers).[246] For the final rule, the OCC expects that covered custodians for covered assets would likely already be specialized custodial institutions for several asset classes or already provide custodial services for crypto-assets, including stablecoins. The OCC concluded that since New York State has already imposed substantially similar compliance mandates on covered custodians for providing custodial services for covered assets, the final rule will not result in new costs for covered custodial activities for non-OCC supervised entities.

With respect to OCC-supervised bank-affiliated permitted payment stablecoin issuers, OCC-regulated banks were previously allowed to provide custody services for crypto-assets, as confirmed in Interpretive Letters 1170, 1183, and 1184. The OCC does not expect that OCC banks would incur new costs as a result of the custody services mandates in the final rule because OCC banks providing custody services for crypto-assets generally followed industry best practices and guidance governing non-fiduciary custody activities. Therefore, the OCC concluded that OCC-regulated bank-affiliated permitted payment stablecoin issuers would not incur new compliance costs under the final rule.

Miscellaneous Administrative and Compliance Requirements

The final rule includes other administrative and compliance mandates which include risk management mandates in § 15.13 and compliance mandates in § 15.14. The OCC estimated the cost of all mandates in these sections.[247]

The OCC assessed that for non-OCC-regulated bank-affiliated permitted payment stablecoin issuers that miscellaneous administrative and compliance mandates in the final rule effectively overlap with New York State requirements except for the higher frequency confidential weekly reporting requirement and the regular 12- or 18- to 24-month examination requirement in the final rule.

The OCC assessed that for OCC-regulated bank-affiliated permitted payment stablecoin issuers, miscellaneous administrative and compliance mandates from the final rule overlap with the requirements under the assumed regulatory baseline and that there would be no material new costs to these issuers under the final rule.

The OCC estimated the weekly reporting requirement will require two hours per week with a cost of $159 per hour. The total weekly reporting cost for 12 non-OCC-regulated bank permitted payment stablecoin issuers annually is therefore $198,432 ($198,432 = 52 * 159 * 12 * 2).

To comply with ongoing OCC exam requirements, the OCC estimated that each of the 12 non-OCC-regulated bank-affiliated permitted payment stablecoin issuers will employ 1000 employee hours annually on supervisory exams for a total of $159,000 ($159,000 = 159 * 1,000). Therefore, the OCC expected that these 12 permitted payment

[245] The final rule allows for the backstop to be partially funded with up to 50 percent with subordinated debt. Assuming issuers fund 50% of their backstop with subordinate debt, the cost of capital for the backstop will be 6.04% (6.04% = 7.34% * .5 + 4.73% * .5).

[246] Specifically, the final rule imposes requirements relating to the custody of ''covered assets'' which include payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

[247] The OCC notes that PCAOB audit requirements for issuers with $50 billion in total issuance is not covered by any legal baseline for the 39 expected issuers in the economic analysis. However, financial institutions generally have an audit under AICPA rules if they are not required to have a PCAOB audit, the OCC expects that, in the absence of the GENIUS Act and the final rule, all permitted payment stablecoin issuers would have been audited under AICPA rules. Therefore, under the regulatory baseline the OCC used the cost of an AICPA rule audit as the baseline audit cost to compare to the cost of PCAOB audits required by the rule.

If the OCC expected that any of the estimated 39 permitted payment stablecoin issuers would be required to obtain a PCAOB audit because of the final rule, the OCC would have estimated the cost of the audit mandate for a given permitted payment stablecoin isuser as the expected difference in the cost of a PCAOB audit and a baseline AICPA audit. The OCC expects that the additional cost of a PCAOB audit over a baseline AICPA audit would be at least 30 percent greater than the cost of an AICPA audit.

Because the OCC does not expect that any of the estimated 39 issuers will be required to have a PCAOB audit because of the final rule, the OCC estimates the total cost of the audit mandate as $0. However, if there are permitted payment stablecoin issuers that would be required to become audited because of the final rule, the total cost of the mandate would be the additional cost of the audit mandate per permitted payment stablecoin issuer multiplied by the number of permitted payment stablecoin issuers affected by the mandate.

stablecoin issuers' total expenditures on examinations to total $1,908,000 ($1,908,000 = 159,000 * 12).

In summary, the OCC estimated the ongoing miscellaneous administrative and compliance mandate costs to total $2,106,432 per year ($2,106,432 = $1,908,000 + 198,432).

Assessments

The OCC estimated that in total, the assessment schedule under the final rule will save permitted payment stablecoin issuers a total of $13.6 million in assessment fee costs in 2027. The OCC estimated that the 25 OCC-bank-affiliated permitted payment stablecoin issuers would save $1.9 million in assessment fees relative to their baseline. The 12 non-OCC bank affiliated permitted payment stablecoin issuers would pay approximately $8.4 million in assessments in 2027 but save approximately $12.5 million relative to the New York State baseline. The increase in savings is primarily attributed to a 35 percent discount on the OCC's general assessment.

The OCC estimated that the assessment mandates in the final rule will cost permitted payment stablecoin issuers and increase the OCC's assessment revenue by $7.2 million in 2027 if the final rule were implemented at the start of 2027. The OCC's projections are based on the January 2026 assessment fee structure for existing OCC-supervised banks applied to the stablecoin market and includes a 35 percent discount for stablecoin issuers. The final rule suggests discounts can be increased to as high as 55 percent if approved by the OCC, based on agency needs.[248] The projections do not consider future changes in assessment fee structure or changes to fee schedules. The estimates also assume permitted payment stablecoin issuers will not be subject to the cost-plus method that is typically applied to new firms entering OCC supervision. The estimates make the following assumptions:

- All payment stablecoins will be issued by OCC-regulated permitted payment stablecoin issuers.[249]
- All payment stablecoins equal minimum reserve assets, even though operationally firms can hold assets in excess of outstanding stablecoins to manage market risks.
- The market will be occupied by 12 non-OCC-regulated bank-affiliated permitted payment stablecoin issuers and 25 OCC-regulated bank-affiliated permitted payment stablecoin issuers and two consortia permitted payment stablecoin issuers by 2027.

While assessment revenue will increase for the OCC, the assessment fees under the final rule for existing issuers that would have otherwise been paid to NYDFS by non-OCC-regulated bank permitted payment stablecoin issuers under the baseline would be considered a cost savings to these permitted payment stablecoin issuers. NYDFS budgets $16.3 million in assessment revenue for State fiscal year (SFY) 2026–2027, which ends March 31, 2027. For SFY 2027–2028, the OCC projects NYDFS would collect $20.9 million in fees if the GENIUS Act were not effective.[250] It is anticipated that large stablecoin issuers under NYDFS oversight, who pay the bulk of NYDFS assessments, will migrate to OCC. Given the discounts in the final rule, and difference in the fee structure, a migration to OCC from NYDFS oversight will be a cost savings to permitted payment stablecoin issuers as NYDFS's assessment fee incorporates transaction volumes and broader custodial volume supervision. The OCC does not currently anticipate transaction volumes to factor into OCC assessment calculations, and the OCC will not supervise custodians outside the Federal banking system other than OCC-regulated permitted payment stablecoin issuers.

For OCC-regulated bank-affiliated permitted payment stablecoin issuers, the impact on assessments may be a cost savings relative to the baseline as stablecoin reserve assets would move from bank balance sheets to the balance sheets of the subsidiary permitted payment stablecoin issuer. The cost savings are due to a 35 percent discount on assessments from the standard assessment fee schedule in the final rule. However, the enactment of the final rule would expand the market beyond the baseline, resulting in a net increase in assessment revenue. Under the final rule, the OCC estimated that permitted payment stablecoin issuers affiliated with OCC-regulated-banks would save $1.0 million in 2027 relative to their regulatory baseline. Consortia PPSIs would also see assets shift from the main bank to a joint venture which would benefit from an assessment discount, resulting in savings of $0.1 million in 2027.

Total Impact of Costs and Cost Savings

The OCC estimated that as a result of the final rule, permitted payment stablecoin issuers would save $165.8 million on a net basis in 2027 relative to the baselines assumed, due largely to relief in capital costs and assessments. While the OCC estimated additional costs of $3,303,717 ($3,303,717 = $1,197,285 + $2,106,432) discussed above, from reserve, reporting, and administrative compliance associated with the final rule, the OCC estimated $169.1 million in cost savings ($169.1 million = $13.6 million + $155.5 million). The OCC also expected that ongoing annual savings relative to the regulatory baselines would increase over time as both stablecoin issuance and the number of permitted payment stablecoin issuers increase in the coming years.

Analysis of Regulatory Alternatives

Executive Order 12866 requires the analysis of alternatives to the final regulations. The order says that the OCC should provide: ''An assessment, including the underlying analysis, of costs and benefits of potentially effective and reasonably feasible alternatives to the planned regulation, identified by the agencies or the public (including improving the current regulation and reasonably viable nonregulatory actions), and an explanation why the planned regulatory action is preferable to the identified potential alternatives.''

An assessment of two alternatives follows:

Scenario 1

Under the first scenario, the OCC considered replacing the fixed capital requirement of $5 million for de novo issuers with a requirement that issuers instead hold 2 percent of the par value of stablecoins issued. Under the final rule, the OCC estimates that the fixed capital requirement of $5 million would require issuers to hold $110 million in equity capital in 2027 in aggregate. An alternative requirement to hold 2 percent of issuance, would require issuers to hold $5.5 billion in aggregate equity capital (0.02 * $273 billion issuance in 2027), in which case

[248] The OCC discounts permitted payment stablecoin issuer assessment rates from the general assessment schedule because permitted payment stablecoin issuer supervision will impose lower resource costs on the OCC than the resource costs covered by the general assessment schedule. Following Circular A–4, the OCC does not account for assessment fees as transfers because the OCC intends assessment fees to cover supervisory resource costs.

[249] As discussed above, USDT is not included in the payment stablecoins anticipated to be issued by OCC-regulated permitted payment stablecoin issuers.

[250] New York State Department of Finance, SFY 2026–27 Budgeted Virtual Currency collection, *https://www.dfs.ny.gov/system/files/documents/2026/04/ilfyvc26q1.pdf*. NYSDFS assessment of virtual currencies has three components: regulatory costs, transaction volume and custody volume. Transaction and custody volume are assessed using an hourly rate, similar to OCC's cost-plus method.

permitted payment stablecoin issuers' total minimum required equity capital would increase by about $5.4 billion. Given the cost of equity capital of 7.34 percent, the total cost of equity capital issuances would be $395.6 million higher under this scenario.

However, the OCC notes that while additional capital that scales with issuance may benefit permitted payment stablecoin issuers and society by potentially reducing failure risk of permitted payment stablecoin issuers, this level of capital would be unnecessary relative to the more appropriate level included in the final rule. Because the other requirements in the final rule related to payment stablecoins (*e.g.,* reserve asset and diversification requirements, risk management standards) are designed to manage risk, a fixed minimum de novo requirement is more appropriate than the 2 percent requirement discussed in this scenario.

Scenario 2

Under the second scenario, the OCC considered reducing the requirement to hold funds against operating expenses. The current final rule requires permitted payment stablecoin issuers to hold an operational backstop which is equal to 12 months of operating costs. In this scenario, the OCC decreased this requirement to 6 months of operating expenses.

To estimate the effect of reducing the operational backstop requirement to cover only 6 months of operating expenses, the OCC assumed that the backstop requirement would be 50 percent of the requirement we include in the main analysis.

In the main analysis, the OCC estimated that permitted payment stablecoin issuers would be required to hold $1.3 billion as a backstop and therefore, in this scenario, the OCC estimated that permitted payment stablecoin issuers would only be required to hold $650 million as a backstop. The total cost of this requirement would be $39.3 million ($39.3 million = $650 million * .0604). Because there is no comparable backstop estimate in either of our regulatory baselines, the OCC would include the full $39.3 million toward the cost of capital calculation. Therefore, in this scenario, in total, the 22 permitted payment stablecoin issuers would save $39.3 million in capital costs under this alternative.

This scenario would lower capital costs for permitted payment stablecoin issuers overall. Although a lower operational backstop requirement would decrease capital costs for permitted payment stablecoin issuers, given the calibration of the other final capital and other requirements, the OCC opted to take a more conservative approach related to the operational backstop in the proposal to ensure adequate coverage. Like other components of capital, after considering comments and issuing a final rule, the OCC will revisit these requirements in the future to ensure appropriate calibration.

Executive Order 14192

Executive Order 14192, titled ''Unleashing Prosperity Through Deregulation,'' requires that an agency, unless prohibited by law, identify at least ten existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation with total costs greater than zero. Executive Order 14192 further requires that new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations. This final rule is a deregulatory action under Executive Order 14192 because it would result in potential cost savings related to capital costs and assessment fees for permitted payment stablecoin issuers and OCC-supervised banks.

List of Subjects

12 CFR Part 3

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Federal savings associations, Investments, National banks, Reporting and recordkeeping requirements.

12 CFR Part 6

Federal Reserve System, National banks, Penalties.

12 CFR Part 8

Banks, Banking, Fees, Foreign banking, Federal savings associations, National banks, Reporting and recordkeeping requirements.

12 CFR Part 15

Federal savings associations, Federal qualified payment stablecoin issuers, Foreign payment stablecoin issuers, National bank, Nonbank entities, Permitted payment stablecoin issuers, State qualified payment stablecoin issuers.

12 CFR Part 19

Administrative practice and procedure, Crime, Equal access to justice, Federal savings associations, Investigations, National banks, Penalties, Securities.

For the reasons set forth in the preamble, the OCC amends 12 CFR chapter I as follows:

PART 3—CAPITAL ADEQUACY STANDARDS

■ 1. The authority citation for part 3 is revised to read as follows:

Authority: 12 U.S.C. 93a, 161, 1462, 1462a, 1463, 1464, 1818, 1828(n), 1828 note, 1831n note, 1835, 3907, 3909, 5371, 5371 note, 5412(b)(2)(B), 5901 *et seq.,* and Pub. L. 116–136, 134 Stat. 281.

■ 2. Amend § 3.22 by adding paragraph (i) to read as follows:

§ 3.22 Regulatory capital adjustments and deductions.

* * * * *

(i) *Permitted Payment Stablecoin Issuers.* Notwithstanding any other provision in this section, an insured national bank or Federal savings association that is consolidated with a permitted payment stablecoin issuer as defined in § 15.2 of this chapter must make the following adjustments when calculating its capital ratios under § 3.10:

(1) Deconsolidate any permitted payment stablecoin issuer from the insured national bank's or Federal savings association's balance sheet;

(2) Deduct from common equity tier 1 capital any amount of positive retained earnings that originated from the permitted payment stablecoin issuer to the extent not paid out as dividends to the insured national bank or Federal savings association;

(3) Add back to common equity tier 1 capital the bank's share of any losses incurred by the permitted payment stablecoin issuer; and

(4) Exclude any investment in (to the extent not deducted under paragraph (i)(2) of this section) and receivable from the permitted payment stablecoin issuer when calculating standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, and total leverage exposure, as applicable.

PART 6—PROMPT CORRECTIVE ACTION

■ 3. The authority citation for part 6 continues to read as follows:

Authority: 12 U.S.C. 93a, 1831o, 5412(b)(2)(B).

§ 6.2 [Amended]

■ 4. Amend § 6.2 by, in the definition of ''Total assets'' in the first sentence, removing ''as provided in § 3.22(a), (c), and (d) of this chapter'' and adding ''as provided in § 3.22(a), (c), (d), and (i) of this chapter'' in its place.

PART 8—ASSESSMENT OF FEES

■ 5. The authority citation for part 8 is revised to read as follows:

Authority: 12 U.S.C. 16, 93a, 481, 482, 1467, 1831c, 1867, 3102, 3108, and 5901 *et seq.;* and 15 U.S.C. 78c and 78*l.*

■ 6. Add a heading for newly designated subpart A to read as follows:

Subpart A—Assessment of National Banks, Federal Savings Associations, Federal Branches, and Federal Agencies

§§ 8.1 through 8.8 [Designated as Subpart A]

■ 7. Designate §§ 8.1 through 8.8 as subpart A.

■ 8. Revise § 8.1 to read as follows:

§ 8.1 Scope and application.

The assessments contained in this subpart are made pursuant to the authority contained in 12 U.S.C. 16, 93a, 481, 482, 1467, 1831c, 1867, 3102, 3108, and 5901 *et seq.;* and 15 U.S.C. 78c and 78*l.*

■ 9. Amend § 8.2 by:

■ a. Revising paragraphs (a)(5), (b)(2), and (c)(1);

■ b. Redesignating paragraphs (c)(2) through (4) as paragraphs (c)(3) through (5);

■ c. Adding a new paragraph (c)(2);

■ d. Revising newly redesignated paragraph (c)(5); and

■ e. Adding paragraph (e).

The revisions and additions read as follows:

§ 8.2 Semiannual assessment.

(a) * * *

(5) The specific marginal rates and complete assessment schedule will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' provided for at § 8.8. Except as otherwise provided in paragraph (e) of this section, each semiannual assessment is based upon the total assets shown in the national bank's or Federal savings association's most recent ''Consolidated Reports of Condition and Income'' (Call Report) preceding the payment date. Each national bank or Federal savings association subject to the jurisdiction of the OCC on the date of the second or fourth quarterly Call Report, as appropriate, required by the OCC under 12 U.S.C. 161 and 12 U.S.C. 1464(v), is subject to the full assessment for the next six-month period. National banks and Federal savings associations that are no longer subject to the jurisdiction of the OCC as of the date of the first or third quarterly Call Report, as appropriate, will receive a refund of assessments for the second three months of the semiannual assessment period.

* * * * *

(b) * * *

(2) The amount of the semiannual assessment paid by each Federal branch and Federal agency shall be computed at the same rate as provided in table 1 to paragraph (a) of this section; however, except with respect to assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.,* only the total domestic assets of the Federal branch or agency shall be subject to assessment.

* * * * *

(c) * * *

(1) *General rule.* Except as provided in paragraph (c)(2) of this section, in addition to the assessment calculated according to paragraph (a) of this section, each independent credit card national bank and independent credit card Federal savings association will pay an assessment based on receivables attributable to credit card accounts owned by the national bank or Federal savings association. This assessment will be computed by adding to its asset-based assessment an additional amount determined by its level of receivables attributable. The dollar amount of the additional assessment will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' described at § 8.8.

(2) *Exception.* The additional assessment under paragraph (c)(1) of this section shall not apply to an independent credit card national bank or an independent credit card Federal savings association if the ratio of the institution's total gross receivables attributable to its balance sheet assets does not exceed 50 percent, after taking into account the institution's balance sheet assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.*

* * * * *

(5) *Reports of receivables attributable.* Independent credit card national banks and independent credit card Federal savings associations will report receivables attributable data and assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.* data to the OCC semiannually at a time specified by the OCC.

* * * * *

(e) *Special rules governing the treatment of assets attributable to stablecoin reserves.*

To the extent the assets reported by the national bank or Federal savings association on its Call Report reflect the stablecoin reserve assets that a permitted payment stablecoin issuer holds under 12 U.S.C. 5903, the semiannual general assessment fee for such institution shall be calculated as follows:

(1) For assets other than those reflecting stablecoin reserve assets that a permitted payment stablecoin issuer holds under 12 U.S.C. 5903, using the formula set forth under paragraph (a) of this section to determine the assessed amount.

(2) For assets reflecting the stablecoin reserve assets that a permitted payment stablecoin issuer holds under 12 U.S.C. 5903, using the formula set forth under paragraph (a) of this section, except that the OCC will calculate the assessed amount by reducing the resulting figure by 35 percent, or such greater percentage (up to 55 percent) as the OCC may deem appropriate for stablecoin reserves held by national banks and Federal savings associations based on its experience supervising permitted payment stablecoin issuers. The OCC will publish the percentage reduction applied to assets reflecting stablecoin reserve assets on an annual basis in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.'' To calculate the reserve asset assessment discount, the OCC will use the reserve assets shown on Schedule B of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date.

■ 10. Amend § 8.6 by:

■ a. Revising paragraph (c)(1) introductory text and paragraph (c)(3);

■ b. Adding paragraphs (c)(4) and (5);

The revisions and additions to read as follows:

§ 8.6 Fees for special examinations and investigations.

* * * * *

(c) * * *

(1) *Independent trust national banks and independent trust Federal savings associations.* Except as provided in paragraph (c)(3) of this section, the assessment of independent trust national banks and independent trust Federal savings associations will include a fiduciary and related asset component, in addition to the assessment calculated according to § 8.2, as follows:

* * * * *

(3) *Effect of income from balance sheet assets attributable to activities permitted under the GENIUS Act.* The additional assessment under paragraph (c)(1) of this section shall not apply to an independent trust national bank or an independent trust Federal savings association if the institution generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust

activities, after taking into account the institution's balance sheet assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.*

(4) *Definitions.* For purposes of this paragraph (c), the following definitions apply:

(i) *Affiliate,* with respect to a national bank, has the same meaning as this term has in 12 U.S.C. 221a(b);

(ii) *Affiliate,* with respect to Federal savings associations, has the same meaning as in 12 U.S.C. 1462(7);

(iii) *Full-service national bank* is a national bank that generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities and is authorized according to its charter to engage in all types of permissible banking activities;

(iv) *Full-service Federal savings association* is a Federal savings association that generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities and is authorized according to its charter to engage in all types of activities permissible for Federal savings associations;

(v) *Independent trust national bank* is a national bank that has trust powers, does not primarily offer full-service banking, and is not affiliated with a full-service national bank;

(vi) *Independent trust Federal savings association* is a Federal savings association that has trust powers, does not primarily offer full-service banking, and is not affiliated with a full-service Federal savings association; and

(vii) *Fiduciary and related assets* are those assets reported on Schedule RC–T of FFIEC Forms 031 and 041, Line 10 (columns A and B) and Line 11 (column B), any successor form issued by the FFIEC, and any other fiduciary and related assets defined in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(5) *Additional reporting.* Independent trust national banks and independent trust Federal savings associations will report the percentage of their interest and non-interest income from activities other than credit card operations or trust activities, including from activities permitted under 12 U.S.C. 5901 *et seq.,* to the OCC semiannually at a time specified by the OCC.

■ 11. Amend § 8.7 by adding paragraph (d) to read as follows:

§ 8.7 Payment of interest on delinquent assessments and examination and investigation fees.

* * * * *

(d) *Special rules governing the assessment of permitted payment stablecoin issuers.* If a national bank's or Federal savings association's total assets reported on that institution's Call Report do not reflect any assets that a permitted payment stablecoin issuer reports on Schedules B or C of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date, the OCC may increase the assessment set forth in subpart A for such institution to fully reflect the amounts shown on the quarterly reports.

■ 12. Add subpart B to read as follows:

Subpart B—Assessment of Certain Other Institutions

Sec.

8.9 Scope and application.
8.10 Semiannual assessment for certain institutions.
8.11 Fees for certain institutions engaged in custodial and safekeeping activities.
8.12 Fees for special examinations and investigations.
8.13 Payment of interest on delinquent assessments and examination and investigation fees.

Subpart B—Assessment of Certain Other Institutions

§ 8.9 Scope and application.

The assessments contained in this subpart are made pursuant to the authority contained in 12 U.S.C. 93a, 481, 482, and 5901 *et seq.*

§ 8.10 Semiannual assessment for certain institutions.

(a) *Semiannual assessment.* This section applies to nonbank Federal qualified payment stablecoin issuers and State qualified payment stablecoin issuers subject to 12 U.S.C. 5903(d), except to the extent any such institution remains solely supervised by a State payment stablecoin regulator. Each institution subject to this section shall pay to the OCC a semiannual assessment fee, due by March 31 and September 30 of each year, for the six-month period beginning on January 1 and July 1 before each payment date. Except as provided under paragraph (a)(6) of this section, the OCC will calculate the amount due under this section and provide a notice of assessments to each institution no later than 7 business days prior to collection on March 31 and September 30 of each year. In setting assessments, the semiannual assessment will be calculated as follows:

TABLE 1 TO PARAGRAPH (a)—SEMIANNUAL ASSESSMENT FOR NONBANK FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS AND CERTAIN STATE QUALIFIED PAYMENT STABLECOIN ISSUERS

If the institution's total assets (consolidated domestic and foreign subsidiaries) are:		The semiannual assessment is:		
Over—	But not over—	This amount—base amount	Plus marginal rates	Of excess over—
Column A million (dollars)	Column B million (dollars)	Column C million (dollars)	Column D million (dollars)	Column E million (dollars)
0	2	X1	0	
2	20	X2	Y1	2
20	100	X3	Y2	20
100	200	X4	Y3	100
200	1,000	X5	Y4	200
1,000	2,000	X6	Y5	1,000
2,000	6,000	X7	Y6	2,000
6,000	20,000	X8	Y7	6,000
20,000	40,000	X9	Y8	20,000
40,000	250,000	X10	Y9	40,000
250,000		X11	Y10	250,000

(1) Every institution falls into one of the asset-size brackets denoted by Columns A and B. An institution's assessment is composed of two parts. The first part is the calculation of a base amount of the assessment, which is computed on the assets of the institution, up to the lower endpoint (Column A) of the bracket in which it falls. This base amount of the assessment is calculated by the OCC in Column C.

(2) The second part is the calculation of assessments due on the institution's remaining assets in excess of Column E. The excess is assessed at the marginal rate shown in Column D.

(3) The total semiannual assessment is the amount in Column C, plus the amount of the institution's assets in excess of Column E, times the marginal rate in Column D: Assessments = C + [(Assets − E) × D].

(4) Each year, the OCC may index the marginal rates in Column D to adjust for the percentage in the level of prices, as measured by changes in the Gross Domestic Product Implicit Price Deflator (GDPIPD) for each June-to-June period. The OCC may, at its discretion, adjust marginal rates by amounts other than the percentage change in the GDPIPD. The OCC will also adjust the amounts in Column C to reflect any change made to the marginal rate.

(5) The specific marginal rates and complete assessment schedule will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' provided for at § 8.8. Except as otherwise provided in paragraph (a)(6) of this section, each semiannual assessment is based upon the assets shown on Schedule B of the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date. Each institution subject to the jurisdiction of the OCC beginning on the second and fourth calendar quarters is subject to full assessment for the next period. Institutions that are no longer subject to the jurisdiction of the OCC at the end of the first and third calendar quarters, as appropriate, will receive a refund of assessments for the second three months of the semiannual assessment period.

(6) The semiannual assessment for such institution shall be calculated as follows:

(i) For assets other than those reflecting the stablecoin reserve assets that a permitted payment stablecoin issuer holds under 12 U.S.C. 5903, using the formula set forth under this paragraph (a) to determine the assessed amount.

(ii) For assets reflecting the stablecoin reserve assets that a permitted payment stablecoin issuer holds under 12 U.S.C. 5903, using the formula set forth under this paragraph (a), except that the OCC will calculate the assessed amount by reducing the resulting figure by 35 percent, or such greater percentage (up to 55 percent) as the OCC may deem appropriate for stablecoin reserves held by institutions subject to this section based on its experience supervising permitted payment stablecoin issuers. The OCC will publish the percentage reduction applied to assets reflecting stablecoin reserve assets on an annual basis in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(b) *Surcharge based on the condition of the permitted payment stablecoin issuer.* Subject to any limit that the OCC prescribes in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' the OCC shall apply a surcharge to the semiannual assessments computed in accordance with paragraph (a) of this section. This surcharge will be determined by multiplying the semiannual assessment computed in accordance with paragraph (a) of this section by—

(1) 1.5, in the case of any institution subject to this section that was found at its most recent examination prior to December 31 or June 30, as appropriate, to be in less than satisfactory condition; and

(2) 2.0, in the case of any institution subject to this section that was found at its most recent examination prior to December 31 or June 30, as appropriate, to be in deficient or critically deficient condition.

(c) *Additional assessments.* Notwithstanding paragraph (a) of this section, all State qualified payment stablecoin issuers subject to the OCC's jurisdiction may be subject to the assessments described in § 8.12 in connection with carrying out the responsibilities of the Office of the Comptroller, including in connection with 12 U.S.C. 5903(d)(3) and 5906(e)(2).

§ 8.11 Fees for certain institutions engaged in custodial and safekeeping activities.

(a) This section applies to institutions subject to § 8.10 for which 50 percent or more of their interest and non-interest income is derived from custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.,* as reflected on the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date. The assessment for those institutions engaged in the custodial and safekeeping activities described in 12 U.S.C. 5901 *et seq.* shall include a component for assets attributable to such activities, in addition to the assessment calculated according to § 8.10, as follows:

(1) *Minimum fee.* Institutions subject to this paragraph (a) will pay a minimum fee, to be provided in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(2) *Additional amount for certain assets in excess of $1 billion.* Institutions subject to this paragraph (a) engaged in custodial and safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* with assets attributable to such activities in excess of $1 billion, as reflected on Schedule C of the most recent report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date, will pay an amount that exceeds the minimum fee. The amount to be paid will be calculated by multiplying the amount of assets attributable to the safekeeping and custodial activities permitted under 12 U.S.C. 5901 *et seq.* by a rate or rates provided by the OCC in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(b) *Surcharge based on the condition of the permitted payment stablecoin issuer.* Subject to any limit that the OCC prescribes in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' the OCC shall apply a surcharge to the semiannual assessments computed in accordance with paragraph (a) of this section. This surcharge will be determined by multiplying the semiannual assessment computed in accordance with paragraph (a) of this section by—

(1) 1.5, in the case of any institution subject to this section that was found at its most recent examination prior to December 31 or June 30, as appropriate, to be in less than satisfactory condition; and

(2) 2.0, in the case of any institution subject to this section that was found at its most recent examination prior to December 31 or June 30, as appropriate, to be in deficient or critically deficient condition.

§ 8.12 Fees for special examinations and investigations.

(a) *Fees.* With respect to any institution subject to the jurisdiction of the OCC under the GENIUS Act, including foreign payment stablecoin issuers subject to the OCC's jurisdiction, the OCC may assess a fee for:

(1) Conducting special examinations or investigations, including any supervision- and enforcement-related

activities described in 12 U.S.C. 5905 or 12 U.S.C. 5906(e)(2);

(2) Conducting special examinations and investigations of affiliates of institutions subject to this subpart;

(3) Reviewing requests for waivers as referenced in 12 U.S.C. 5903(d)(3); and

(4) Conducting special examinations and investigations made pursuant to 12 CFR part 5.

(b) *Notice of Office of Comptroller of the Currency Fees and Assessments.* The OCC publishes the fee schedule for special examinations and investigations under this subpart in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments'' described in § 8.8.

§ 8.13 Payment of interest on delinquent assessments and examination and investigation fees.

(a) Any institution subject to this subpart shall pay to the OCC interest on its delinquent payments of semiannual assessments. In addition, each institution subject to a special examination or investigation fee shall pay to the OCC interest on its delinquent payments of special examination and investigation fees. Semiannual assessment payments will be considered delinquent if they are received after the time for payment specified in § 8.10. Special examination and investigation fees will be considered delinquent if not received by the OCC within 30 calendar days of the invoice date.

(b) In the event that an institution believes that the notice of assessments or special examination and investigation fees contains an error or miscalculation, the institution may provide the OCC with a written request for a revised notice and a refund of any overpayments. Any such request for a revised notice and refund must be made after timely payment of the semiannual assessment under the dates specified in § 8.10 or timely payment of the special examination and investigation fee within 30 calendar days of the invoice date.

(1) Within 30 calendar days of receipt of such request, the OCC shall either—

(i) Refund the amount of the overpayment; or

(ii) Provide notice of its unwillingness to accept the request for a revised notice of assessments. In the latter instance, the OCC and the entity claiming the overpayment shall thereafter attempt to reach agreement on the amount, if any, to be refunded; the OCC shall refund this amount within 30 calendar days of such agreement.

(2) The OCC shall be considered delinquent if it fails to return an overpayment in accordance with the time limitations specified in this paragraph (b). The OCC shall pay interest on any such delinquent payments.

(c) Interest on delinquent payments, as described in paragraphs (a) and (b) of this section, will be assessed beginning the first calendar day on which payment is considered delinquent, and on each calendar day thereafter up to and including the day payment is received. Interest will be simple interest, calculated for each day payment is delinquent by multiplying the daily equivalent of the applicable interest rate by the amount delinquent. The rate of interest will be the United States Treasury Department's current value of funds rate (the ''TFRM rate''); that rate is issued under the Treasury Fiscal Requirements Manual and is published quarterly in the **Federal Register**. The interest rates applicable to a delinquent payment will be determined as follows:

(1) For delinquent days occurring from January 1 to March 31, the rate will be the TFRM rate that is published the preceding December for the first quarter of the ensuing year.

(2) For delinquent days occurring from April 1 to June 30, the rate will be the TFRM rate that is published the preceding March for the second quarter of that year.

(3) For delinquent days occurring from July 1 to September 30, the rate will be the TFRM rate that is published the preceding June for the third quarter of that year.

(4) For delinquent days occurring from October 1 to December 31, the rate will be the TFRM rate that is published the preceding September for the fourth quarter of that year.

(d) If the assets reported by an institution on its most recent quarterly report filed by the institution pursuant to 12 CFR 15.14(i) preceding the payment date do not reflect the assets that institution holds under 12 U.S.C. 5903 or assets otherwise attributable to the institution's custodial and safekeeping activities as described in 12 U.S.C. 5901 *et seq.,* the OCC may increase the assessment set forth in this subpart for such institution to fully reflect the appropriate amount of attributable assets.

■ 13. Add subpart C, consisting of § 8.14, to read as follows:

Subpart C—General Provisions

§ 8.14 Reservation of authority.

The OCC may waive or modify the requirements of this part or adopt different procedures implementing this part, as necessary, to administer and carry out its authorities to collect assessments, fees, and other charges to meet the agency's expenses in carrying out authorized activities.

■ 15. Add part 15 to read as follows:

PART 15—PAYMENT STABLECOINS

Sec.

Subpart A—Purpose, Scope, Definitions, Severability, and Reservation of Authority

15.1 Purpose and scope.
15.2 Definitions.
15.3 Severability.
15.4 Reservation of Authority.

Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

15.10 Activities.
15.11 Reserve assets.
15.12 Redemption.
15.13 Risk management.
15.14 Audits, reports, and supervision.
15.15 State qualified payment stablecoin issuers.
15.16 Unusual and exigent circumstances.

Subpart C—Custody

15.20 Definitions.
15.21 Covered asset custodial property requirements.
15.22 Use of omnibus accounts.
15.23 Self-custody hardware and software exclusion.

Subpart D—Applications and Registrations

15.30 Approval of permitted payment stablecoin issuers.
15.31 Foreign payment stablecoin issuers.
15.32 Registration of foreign payment stablecoin issuers.
15.33 Revocation or rescission of approval.

Subpart E—Capital and Operational Backstop

15.40 Capital.
15.41 Minimum capital and operational backstop.
15.42 Individual additional capital or backstop requirement.

Authority: 12 U.S.C. 1, 24, 27, 92a, 93a, 161, 1461, 1462a, 1463, 1464, 1467a, 1818, 3101 through 3109, 5412, 5901 through 5916.

PART 15—PAYMENT STABLECOINS

Subpart A—Purpose, Scope, Definitions, Severability, and Reservation of Authority

§ 15.1 Purpose and scope.

(a) *Purpose.* This part implements the Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act) with respect to entities for which the OCC is authorized to issue regulations or exercise its enforcement authority under the Act.

(b) *Scope.* This part applies to the following entities' activities related to payment stablecoins and certain custody activities—

(1) National banks and their subsidiaries;

(2) Federal savings associations and their subsidiaries;

(3) Federal branches and their subsidiaries;

(4) Foreign payment stablecoin issuers;

(5) Nonbank entities that seek to be or are approved as Federal qualified payment stablecoin issuers; and

(6) State qualified payment stablecoin issuers for which the OCC has regulatory or enforcement authority pursuant to § 15.15 or § 15.16.

§ 15.2 Definitions.

For purposes of this part, the following definitions apply:

Affiliate means a person that controls, is controlled by, or is under common control with another person.

Bank Secrecy Act means:

(1) Section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(2) Chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and

(3) Subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*).

Board of directors means a permitted payment stablecoin issuer's or applicant's board of directors or the group of individuals that serves the nearest equivalent function of acting as the governing body of the permitted payment stablecoin issuer or applicant.

Business day means any day other than a Saturday, Sunday, or Federal holiday.

Control. A person controls another person if:

(1) The person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person;

(2) The person controls in any manner the election of a majority of the directors or trustees of the other person; or

(3) The OCC determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person.

Customer means a person that purchases (through any consideration) the products or services of a permitted payment stablecoin issuer or foreign payment stablecoin issuer directly from the issuer or that makes a request directly to the issuer that the issuer convert, redeem, or repurchase a payment stablecoin.

Deposit means ''deposit'' as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)).

Depository institution means:

(1) A depository institution as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)); or

(2) An insured credit union as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Digital asset means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

Director means an individual who serves on the board of directors of a permitted payment stablecoin issuer or applicant, except an advisory director who does not have the authority to vote on matters before the board of directors or any committee of the board of directors and provides solely general policy advice to the board of directors or any committee.

Distributed ledger means technology in which:

(1) Data is shared across a network that creates a public digital ledger of verified transactions or information among network participants; and

(2) Cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

Eligible financial institution means:

(1) A person that:

(i) Is eligible to hold reserve assets in custody under section 10(a) of the GENIUS Act (12 U.S.C. 5909(a));

(ii) Complies with the applicable requirements in section 10(b), (c), and (d) of the GENIUS Act (12 U.S.C. 5909(b), (c), and (d)), including with applicable implementing regulations issued by a relevant primary Federal payment stablecoin regulator as defined in 12 U.S.C. 5901(25), primary financial regulatory agency described in 12 U.S.C. 5301(12)(B) or (C), State bank supervisor, or State credit union supervisor; and

(iii) If applicable, enters into a custody agreement with a permitted payment stablecoin issuer documenting the person's compliance with paragraph (1)(ii) of this definition and has in place policies and procedures designed to ensure compliance; or

(2) A Federal Reserve Bank.

Executive officer means the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term includes any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation.

Fair value means fair value as determined under GAAP.

FDIC means the Federal Deposit Insurance Corporation.

Federal branch has the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)(2)).

Federal qualified payment stablecoin issuer means the following entities that are approved by the OCC, pursuant to § 15.30, to issue payment stablecoins—

(1) A nonbank entity, other than a State qualified payment stablecoin issuer;

(2) An uninsured national bank that is chartered by the OCC, pursuant to title LXII of the Revised Statutes; or

(3) A Federal branch.

Federal Reserve means the Board of Governors of the Federal Reserve System.

Foreign payment stablecoin issuer means an issuer of a payment stablecoin that is—

(1) Organized under the laws of, or domiciled in, a foreign country or a territory of the United States; and

(2) Not a permitted payment stablecoin issuer as defined in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)).

GAAP means generally accepted accounting principles as used in the United States.

Immediate family means the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home.

Insider means a principal shareholder, an executive officer, a director, or a related interest of, or the immediate family of, any of these persons.

Insured credit union has the meaning given to that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Insured depository institution means:

(1) An insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)); and

(2) An insured credit union.

Monetary value means a national currency or deposit denominated in a national currency.

Money means:

(1) Monetary value; and

(2) Any other medium of exchange that the OCC has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

National currency means:

(1) A Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411));

(2) Money standing to the credit of an account with a Federal Reserve Bank;

(3) Money issued by a foreign central bank; or

(4) Money issued by an intergovernmental organization pursuant to an agreement by two or more governments.

Nonbank entity means a person that is not a depository institution or subsidiary of a depository institution.

Nonpublic personal information, as used in this part:

(1) Means information—

(i) Provided by a customer to a permitted payment stablecoin issuer to obtain a financial product or service;

(ii) About a customer resulting from any transaction involving a financial product or service between the permitted payment stablecoin issuer and a customer; or

(iii) Otherwise obtained by the permitted payment stablecoin issuer in connection with providing a financial product or service to a customer; and

(2) Does not include publicly available information, including information broadly accessible through a distributed ledger.

OCC means the Office of the Comptroller of the Currency.

Outstanding issuance value means the total par value of all the payment stablecoins issued by a permitted payment stablecoin issuer.

Payment stablecoin, as used in this part:

(1) Means a digital asset—

(i) That is, or is designed to be, used as a means of payment or settlement; and

(ii) The issuer of which—

(A) Is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and

(B) Represents that such issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and

(2) Does not include a digital asset that is a—

(i) National currency;

(ii) Deposit, including a deposit recorded using distributed ledger technology; or

(iii) Security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2).

Payment stablecoin holder means the beneficial owner of a payment stablecoin.

Permitted payment stablecoin issuer means a person formed in the United States that is a—

(1) Subsidiary of an insured national bank or Federal savings association that has been approved to issue payment stablecoins under § 15.30;

(2) Federal qualified payment stablecoin issuer; or

(3) State qualified payment stablecoin issuer subject to the OCC's regulatory or enforcement authority under section 4 of the GENIUS Act (12 U.S.C. 5903).

Person means an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

Principal shareholder means a person who, directly or indirectly, or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant.

Private key means the cryptographic material, whether held in whole, in shares, or reconstructed ephemerally, that confers the ability to authorize a transaction on a distributed ledger.

Publicly available information means any information that a person has a reasonable basis to believe is lawfully made available to the general public from:

(1) Federal, State, or local government records;

(2) Widely distributed media;

(3) Disclosures to the general public that are required to be made by Federal, State, or local law; or

(4) A distributed ledger.

Registered public accounting firm has the meaning set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(12)).

Related interest of a person means:

(1) A company that is controlled by that person; or

(2) A political or campaign committee that is controlled by that person or the funds or services of which will benefit that person.

Reserve asset means an asset maintained by a permitted payment stablecoin issuer of a type enumerated in § 15.11(b).

Reserve asset value of a payment stablecoin means the sum of:

(1) The total fair value of reserve assets, net of any associated liabilities, other than United States coins and currency; and

(2) The total face value of reserve assets comprising United States coins and currency.

Sensitive customer information means any combination of components of customer information that would reveal the identity of the customer or allow someone access to the customer's account, including a customer's public key in conjunction with the customer's private key.

Share account means an ''account'' as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752(5)).

Stablecoin Certification Review Committee has the meaning set forth in section 2 of the GENIUS Act (12 U.S.C. 5901(27)).

State means each of the several States of the United States, the District of Columbia, and each territory of the United States.

State payment stablecoin regulator means a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

State qualified payment stablecoin issuer means a person that is—

(1) Legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator; and

(2) Not an uninsured national bank chartered by the OCC pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such an uninsured national bank, Federal branch, or insured depository institution.

Subsidiary has the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)).

Tokenized form means, with respect to an asset, that:

(1) The authoritative record of the asset is maintained using distributed ledger technology, regardless of whether a corresponding non-tokenized instrument or account entry also exists; and

(2) The legal rights conferred by the asset are identical to those that would be conferred by a non-tokenized form of the asset under applicable law.

United States customer means a customer that, at the time of onboarding:

(1) Is an individual and resides in the United States;

(2) Is incorporated or organized under the laws of the United States or any State; or

(3) Has its principal place of business in the United States.

§ 15.3 Severability.

The provisions of this part are separate and severable from one another. If any provision is stayed or determined to be invalid, it is the OCC's intention that the remaining provisions shall continue in effect.

§ 15.4 Reservation of authority.

The OCC may waive or modify the requirements of this part or adopt

different procedures implementing this part, as necessary, to administer and carry out the requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*), including with respect to ensuring financial stability, ensuring timely redemption of payment stablecoins, and protecting the claims of payment stablecoin holders.

Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

§ 15.10 Activities.

(a) *Permitted activities.* A permitted payment stablecoin issuer may not engage in any activity other than the following:

(1) Issue payment stablecoins;

(2) Redeem payment stablecoins;

(3) Manage reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law;

(4) Provide custodial or safekeeping services for payment stablecoins, required reserves, or private keys of payment stablecoins, consistent with subpart C of this part;

(5) Assess fees associated with purchasing or redeeming payment stablecoins;

(6) Act as principal or agent with respect to any payment stablecoin;

(7) Pay fees to facilitate customer transactions;

(8) Hold as principal non-payment stablecoin digital assets as necessary to pay fees, including customer fees and network fees, or to conduct necessary testing on distributed ledger-based platforms, provided that such principal holdings shall not exceed quantities necessary for the reasonably foreseeable conduct of such activities;

(9) Establish a trust arrangement under applicable law for reserve assets, including the granting of a security interest in reserve assets, provided that:

(i) Any security interest in reserve assets granted to the trustee is for the sole benefit of payment stablecoin holders;

(ii) The arrangement with the trustee does not impair the permitted payment stablecoin issuer's ability to timely redeem payment stablecoins in the normal course of business prior to default;

(iii) The arrangement does not introduce claims that would compete with the claims of payment stablecoin holders of payment stablecoins issued by the permitted payment stablecoin issuer in the event of the insolvency of the permitted payment stablecoin issuer; and

(iv) The arrangement with the trustee does not impair the ability of a receiver of the permitted payment stablecoin issuer to direct the prompt transfer or liquidation of the reserve assets in order to pay claims to payment stablecoin holders;

(10) Manage foreign exchange risk, subject to the requirements of § 15.13(a)(10); and

(11) Undertake any other activities, including hiring third parties, that directly support any of the activities described in paragraphs (a)(1) through (4) of this section.

(b) *Rule of construction.* Nothing in paragraph (a) of this section may be construed to limit:

(1) The authority of a depository institution, national bank, or trust company to engage in activities permissible pursuant to applicable State and Federal law; or

(2) The authority of a permitted payment stablecoin issuer to engage in an activity authorized consistent with section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)).

(c) *Prohibitions.* A permitted payment stablecoin issuer must not:

(1) Use a deceptive name by using any combination of terms relating to the United States Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition does not apply to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD''.

(2) Market a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be:

(i) Legal tender as described in 31 U.S.C. 5103;

(ii) Issued by the United States; or

(iii) Guaranteed or approved by the Government of the United States.

(3) Directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

(4) Pay a payment stablecoin holder any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

(5) Pledge, rehypothecate, or reuse any reserve assets required under § 15.11 either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets) except for the purpose of:

(i) Satisfying margin obligations in connection with investments in permitted reserves under § 15.11(b)(4) or (5);

(ii) Satisfying obligations associated with the use, receipt, or provision of standard custodial services; or

(iii) Creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a maturity of 93 days or less may be sold as purchased securities in repurchase agreements, provided that either:

(A) The repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

(B) The permitted payment stablecoin issuer receives prior approval from the OCC by order or pursuant to paragraph (d) of this section.

(6) Engage in any activity that the OCC determines is an evasion of the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) or this part.

(d) *Prior approval.* Pursuant to section 4(a)(2)(C)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(2)(C)(ii)) and paragraph (c)(5)(iii)(B) of this section, the OCC approves, for all permitted payment stablecoin issuers, repurchase agreements wherein the Treasury bills that are sold as purchased securities have a maturity of 93 days or less.

§ 15.11 Reserve assets.

(a) *Reserve requirements.* A permitted payment stablecoin issuer must:

(1) Maintain reserve assets that:

(i) Are identifiable;

(ii) Are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer;

(iii) At all times have a reserve asset value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer; and

(iv) Are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution.

(2) Demonstrate the operational capability to access and monetize the identifiable reserve assets to meet redemptions, in both normal and adverse economic, liquidity, market, and interest rate conditions, commensurate with the permitted payment stablecoin issuer's risk profile and business model, taking into account, among other relevant factors, market access, financing channels, haircut assumptions, and operational readiness;

(3) Ensure that reserve asset value will continue to equal or exceed outstanding

issuance value at all times and that the reserve asset portfolio will be capable of supporting timely redemption under both normal conditions and adverse economic, liquidity, market, and interest rate conditions, including, to the extent necessary, maintaining a buffer of reserve assets in excess of outstanding issuance value; and

(4) Only withdraw reserve assets in excess of outstanding issuance value after appropriate due diligence and confirmation that the withdrawal would not cause the reserve asset value to fall below outstanding issuance value, calculated as of the time and date of withdrawal.

(b) *Composition.* The reserve assets required under paragraph (a) of this section must comprise exclusively:

(1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(2) Funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) or insured shares at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to any limitation established by the FDIC and the National Credit Union Administration, as applicable, pursuant to section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) to address safety and soundness risks of such insured depository institution;

(3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less;

(4) Money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;

(5) Reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, or Treasury bonds on a no longer than overnight basis, subject to overcollateralization in line with standard market terms, that are:

(i) Tri-party;

(ii) Centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or

(iii) Bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress;

(6) Securities that are:

(i) Issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund; and

(ii) Invested solely in underlying assets described in paragraphs (b)(1) through (5) of this section;

(7) Any other similarly liquid Federal Government-issued asset approved by the OCC, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer, and subject to such conditions as the OCC may impose consistent with the purposes of the GENIUS Act. In determining whether a potential reserve asset qualifies as ''any other similarly liquid Federal Government-issued asset,'' the OCC will consider, among other relevant factors, whether:

(i) The asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under this paragraph (b);

(ii) Permitted payment stablecoin issuers will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests;

(iii) The asset poses levels of risk comparable to those of the assets allowed under this paragraph (b), including interest rate risk and counterparty credit risk; and

(iv) The asset introduces additional risks that may be difficult for permitted payment stablecoin issuers to manage; or

(8) Any reserve described in paragraphs (b)(1) through (3), (b)(6), or (b)(7) of this section in tokenized form, provided that such reserves comply with all applicable laws and regulations.

(c) *Reserve asset diversification and concentration.*

(1) A permitted payment stablecoin issuer must:

(i) Maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks.

(ii) Measure and manage the risk that concentrating reserve assets at one eligible financial institution or a small number of eligible financial institutions may impair the ability of a permitted payment stablecoin issuer to satisfy redemption demands if individual eligible financial institutions are unable to return, or if there is a delay in returning, reserve assets placed by a permitted payment stablecoin issuer.

(iii) In order to comply with this paragraph (c)(1), depending on relevant factors, including a permitted payment stablecoin issuer's risk profile, business model, and portfolio of reserve assets, a permitted payment stablecoin issuer may need to maintain a portfolio of reserve assets that exceeds the requirements of paragraph (c)(2) of this section and the reserve asset value of which exceeds outstanding issuance value.

(2) A permitted payment stablecoin issuer must:

(i) Maintain at least 5 percent of its reserve assets as demand deposits (or other deposits that may be withdrawn upon request at any time), funds in share accounts that are payable on demand, or money standing to the credit of an account with a Federal Reserve Bank; and

(ii)(A) Limit its exposure to any one counterparty to no more than 40 percent of its reserve assets except as provided in paragraph (c)(2)(ii)(B) of this section.

(B) The following exposures are not subject to the limit in paragraph (c)(2)(ii)(A) of this section:

(*1*) Exposures to the United States Government;

(*2*) Exposures to an appropriate custodian, as described in paragraph (d) of this section, resulting from reserve assets being held in the custody of the custodian; and

(*3*) Exposures resulting from centrally cleared repurchase agreements and centrally cleared reverse repurchase agreements.

(d) *Appropriate custodians.* Reserve assets in the custody of one or more eligible financial institutions will not be subject to the 40 percent limit described in paragraph (c)(2)(ii)(A) of this section, provided that the permitted payment stablecoin issuer:

(1) Identifies itself to the custodian as a permitted payment stablecoin issuer;

(2) Ensures that the custodian commits to adhering to the requirements of section 10 of the GENIUS Act (12 U.S.C. 5909), including applicable implementing regulations; and

(3) Engages in appropriate due diligence and ongoing monitoring of its custodial arrangements to ensure compliance with applicable requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*), including applicable implementing regulations.

(e) *Composition report.* (1) By noon on the last day of each month, a permitted payment stablecoin issuer must publish on the website of the issuer the monthly composition of the issuer's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month.

(2) The report required under this paragraph (e) must use a format substantially similar to the template provided in table 1 to this paragraph (e) and contain:

(i) The total number of outstanding payment stablecoins issued by the issuer; and

(ii) The amount and composition of the reserves described in paragraph (a) of this section, including the average tenor and geographic location of custody of each category of reserve instruments.

TABLE 1 TO PARAGRAPH (e)—MONTHLY COMPOSITION TEMPLATE

	As of YYYYMMDD in thousands of U.S. dollars	Amount	Geographic location	Average tenor
	Number of Outstanding Payment Stablecoins			
[1] 1.				
2.				
3.				
4	TOTAL OUTSTANDING PAYMENT STABLECOINS.			
	Fair Value of Reserve Assets			
5	Deposits:			
6	Insured deposits.			
7	Uninsured deposits.			
8	Treasury bills, Treasury notes, or Treasury bonds.			
9	Other similarly liquid Federal Government-issued assets approved by the OCC.			
10	Money received under repurchase agreements.			
11	Reverse repurchase agreements.			
12	Securities issued by an investment company solely invested in qualifying reserve assets.			
13	Reserves in tokenized form.[2]			
14	Total face value of reserve assets comprising United States coins and currency.			
15	Total reserve assets.[3]			
16	Outstanding Repurchase Agreement Liabilities.			
17	Reserve asset value.			

[1] List different classes or brands of payment stablecoin separately, if applicable. To the extent that different classes or brands of payment stablecoins are secured by distinct pools of reserve assets, permitted payment stablecoin issuers should publish a composition table for each class or brand of payment stablecoin and describe the legal and operational mechanisms, as applicable, for how the assets are separately secured. If different classes or brands of payment stablecoins are issued by distinct issuers, such as SPV issuers, a separate report must be provided for each class or brand.

[2] Permitted payment stablecoin issuers must separately list any reserves in tokenized form by category of reserve asset, using multiple rows if appropriate.

[3] Do not double-count any reserve assets that may be listed in more than one row for purposes of computing the total.

(f) *Monthly certification; examination of reports by registered public accounting firm.* (1) By noon on the last day of each month, a permitted payment stablecoin issuer must have the information disclosed in the previous month-end report required under paragraph (e) of this section examined by a registered public accounting firm. The registered public accounting firm's examination report must be published on the website of the issuer at the same time as the month-end report required under paragraph (e) of this section.

(2) Each month, the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a permitted payment stablecoin issuer must submit to the OCC a certification that the monthly report required under paragraph (e) of this section is accurate.

(g) *Failure to meet minimum reserve assets requirement.* (1) A permitted payment stablecoin issuer must notify the OCC through its supervisory office on any day in which its reserve asset amount has fallen below the minimum reserve asset amount required by paragraph (a) of this section.

(2) A permitted payment stablecoin issuer that fails to satisfy the minimum reserve asset amount required by paragraph (a) of this section at any time:

(i) Is prohibited from issuing any new payment stablecoins immediately except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase and except as otherwise permitted by the OCC; and

(ii) May not resume issuance until the permitted payment stablecoin issuer satisfies the minimum reserve asset requirement.

(3) If a permitted payment stablecoin issuer fails to meet the minimum reserve asset amount required by paragraph (a) of this section for 15 consecutive business days (which may be extended in the OCC's sole discretion), it must:

(i) Begin liquidation of reserve assets and redemption of outstanding payment stablecoins, consistent with § 15.12; and

(ii) Not charge customers a fee to redeem their payment stablecoins at any time during the liquidation.

(4)(i) If at any point the OCC determines that a permitted payment stablecoin issuer has not demonstrated that it meets the requirements of paragraph (a), (b), (c), or (d) of this section, the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer will attain compliance and the timeline for the plan.

(ii) If the OCC determines, either before or after the submission of a plan, that a permitted payment stablecoin issuer faces a significant risk of being unable to attain compliance with the requirements of paragraph (a), (b), (c), or (d) of this section within a reasonable period, the OCC may order the issuer to initiate redemption of all outstanding payment stablecoins.

(iii) The OCC's authority to require a plan or order redemption does not limit the OCC's authority to pursue other measures, including enforcement actions.

§ 15.12 Redemption.

(a) *Redemption timeline.* For purposes of this section:

(1) A permitted payment stablecoin issuer's obligation to redeem begins once:

(i) The permitted payment stablecoin issuer has received a redemption order from a customer; and

(ii) If the permitted payment stablecoin issuer has onboarding procedures reasonably designed to not unduly delay the onboarding of retail or other customers, including in times of stress, the customer has been successfully onboarded, and all other legal conditions necessary to permit redemption that complies with this part have been met.

(2) Redemption is deemed to occur when the permitted payment stablecoin issuer has fully processed and initiated the outgoing transfer of monetary value to the customer or the customer's financial institution as directed by the customer, or, if requested by the customer, credited monetary value to the customer's account with the permitted payment stablecoin issuer.

(b) *Redemption policy.* A permitted payment stablecoin issuer must publicly disclose its redemption policy and include, at a minimum, the following information in the policy:

(1) The timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins under paragraph (c)(1) of this section;

(2) A statement explaining the limitation in paragraph (c)(2) of this section;

(3) A statement explaining the scenarios under which the redemption period may be extended as described in paragraph (d) of this section;

(4) A statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a payment stablecoin holder can redeem the payment stablecoin; and

(5) The minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

(c) *Redemption policy requirements.* A permitted payment stablecoin issuer's redemption policy must provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins that state:

(1) That timely redemption may not exceed two business days following the date of the requested redemption; and

(2) That any discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, the Federal Reserve, or the State payment stablecoin regulator, as applicable.

(d) *Timeliness extended in certain scenarios.* (1) A permitted payment stablecoin issuer must provide notice to the OCC through its supervisory office within 24 hours if it receives redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period.

(2) A permitted payment stablecoin issuer that experiences redemption requests in excess of 10 percent of the outstanding issuance value of any brand of payment stablecoin issued by the permitted payment stablecoin issuer in a single 24-hour period may request that the OCC extend the timeframe for timely redemption.

(3) The OCC may, in its discretion, grant or deny an extension request under paragraph (d)(2) of this section or impose discretionary limitations upon timely redemption in accordance with section 4(a)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)(i)).

(e) *Disclosures and fees associated with purchase and redemption.* A permitted payment stablecoin issuer must:

(1) Publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to payment stablecoin holders, readily understandable by payment stablecoin holders, and segregated from other information:

(i) The name of the permitted payment stablecoin issuer that issues the payment stablecoin;

(ii) That the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value;

(iii) The website that contains a link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves required under § 15.11(e);

(iv) All fees associated with purchasing or redeeming payment stablecoins;

(v) That the payment stablecoin is not legal tender, issued by the United States, or guaranteed or approved by the United States; and

(vi) That payment stablecoins are not deposits, not backed by the full faith and credit of the United States, not subject to deposit insurance by the FDIC, and not subject to share insurance by the National Credit Union Administration.

(2) Update the disclosures in paragraph (e)(1)(iv) of this section if there are any changes in fees associated with purchasing or redeeming payment stablecoins and provide payment stablecoin holders at least seven calendar days' prior notice of the change, including by delivering the notice to customers with whom the permitted payment stablecoin issuer has a current relationship;

(3) Publish the disclosures in paragraph (e)(1) of this section and any updates made in accordance with paragraph (e)(2) of this section on the permitted payment stablecoin issuer's website; and

(4) Include the disclosures in paragraph (e)(1) of this section and any updates made in accordance with paragraph (e)(2) of this section in any customer agreements.

(f) *Conflict with other applicable law.* The OCC will not require a permitted payment stablecoin issuer to redeem a payment stablecoin to the extent the permitted payment stablecoin issuer's actions to redeem the payment stablecoin would cause the issuer to violate other applicable law.

§ 15.13 Risk management.

(a) *General operational and managerial standards*—(1) *Internal controls and information systems.* A permitted payment stablecoin issuer must have internal controls and information systems to support effective risk management that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for:

(i) An organizational structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies, including appropriate segregation of duties and dual controls;

(ii) Effective risk assessment;

(iii) Timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this part;

(iv) Adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and

(v) Compliance with applicable laws and regulations.

(2) *Internal audit system.* A permitted payment stablecoin issuer must have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for:

(i) Adequate monitoring of the system of internal controls through an internal audit function, or, if the size, complexity, or scope of operations of

the permitted payment stablecoin issuer does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls;

(ii) Independence and objectivity;

(iii) Qualified persons responsible for the audit function;

(iv) Adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings;

(v) Adequate documentation of tests and findings and any corrective actions;

(vi) Verification and review of management actions to address deficiencies; and

(vii) Review by the permitted payment stablecoin issuer's audit committee or board of directors of the effectiveness of the internal audit systems.

(3) *Interest rate exposure.* A permitted payment stablecoin issuer must:

(i) Manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities; and

(ii) Provide for periodic reporting to management and the board of directors regarding interest rate risk with information sufficient for management and the board of directors to assess, to an extent commensurate with their duties, the level of risk.

(4) *Asset growth.* The growth of a permitted payment stablecoin issuer must be prudent and commensurate with a permitted payment stablecoin issuer's risk management capabilities, operational capacity, and staffing.

(5) *Earnings.* A permitted payment stablecoin issuer must establish and maintain a system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by subpart E of this part.

(6) *Insider and affiliate transactions.* (i) A permitted payment stablecoin issuer must ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates, alone or in the aggregate:

(A) Are not quantitatively detrimental to the permitted payment stablecoin issuer in light of the business model of the permitted payment stablecoin issuer;

(B) Do not pose significant risks of material financial loss;

(C)(*1*) Are conducted on terms that are the same or at least as favorable to the permitted payment stablecoin issuer as those prevailing at the time for comparable transactions with, or involving, non-insiders and non-affiliates; or

(*2*) In the absence of comparable transactions, are offered on terms and under circumstances that, in good faith, would be offered to, or would apply to, non-affiliates or non-insiders; and

(D) Are appropriately documented and reviewed by the board of directors.

(ii) A permitted payment stablecoin issuer must appropriately monitor and validate compliance with the requirements of paragraph (a)(6)(i) of this section.

(7) *Oversee service provider arrangements.* A permitted payment stablecoin issuer must:

(i) Exercise appropriate due diligence in selecting its service providers;

(ii) Require by contract its service providers to implement appropriate measures designed to meet the applicable requirements of this part and the GENIUS Act (12 U.S.C. 5901 *et seq.*); and

(iii) As appropriate, monitor its service providers to confirm they have satisfied their obligations under this section. As part of this monitoring, a permitted payment stablecoin issuer must review audits, summaries of test results, or other equivalent evaluations of its service providers.

(8) *Liquidity, diversification, and concentration.* A permitted payment stablecoin issuer must:

(i) Appropriately monitor and validate compliance with the requirements of § 15.11; and

(ii) Manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the permitted payment stablecoin issuer.

(9) *Monetization and stress testing.* A permitted payment stablecoin issuer must:

(i) Ensure that the reserve asset portfolio, taken as a whole, is capable of supporting timely redemption under both normal and stressed conditions, including by conducting analyses that consider a range of redemption scenarios;

(ii) Maintain and demonstrate to the OCC the ability to reliably access and monetize reserve assets necessary to meet redemption requests in normal and stressed conditions, taking into account:

(A) Market access;

(B) Financing channels;

(C) Haircut assumptions; and

(D) Operational readiness; and

(iii) Engage in regular stress testing of the reserve asset portfolio in order to confirm that the portfolio of reserve assets will continue to equal or exceed outstanding issuance value in stressed conditions, including in significant positive interest rate scenarios.

(10) *Foreign exchange risk.* (i) A permitted payment stablecoin issuer that issues a payment stablecoin denominated in monetary value other than the United States dollar must hedge any residual foreign exchange risk identified pursuant to the monetization and stress testing requirements of paragraph (a)(9) of this section in accordance with this paragraph (10).

(ii) A permitted payment stablecoin issuer:

(A) May not take anticipatory positions or maintain residual positions in the instruments used to hedge the permitted payment stablecoin issuer's foreign exchange risk, except as necessary for the orderly establishment or unwinding of a hedging position;

(B) Must hedge to retain no more than minimal foreign exchange risk;

(C) Must not use foreign exchange risk management as a means to speculate, including with respect to the appreciation or depreciation of any national currency; and

(D) Must have in place policies and procedures that appropriately manage its foreign exchange risk and any attendant risks, including risks related to the posting or collection of margin, foreign exchange counterparties, and basis risk. The policies and procedures must include adherence to paragraph (a)(10)(iii) and (iv) of this section.

(iii) Before engaging in foreign exchange risk management, the permitted payment stablecoin issuer must provide prior notice to the permitted payment stablecoin issuer's supervisory office and receive the OCC's approval.

(iv) The permitted payment stablecoin issuer must adhere to any limit or other condition to the OCC's approval in paragraph (a)(10)(iii) of this section.

(b) *Information technology and security*—(1) *Information technology and security program.* A permitted payment stablecoin issuer must implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks.

(2) *Board of directors approval.* The board of directors or an appropriate board committee must approve the information technology and security program described in paragraph (b)(1) of this section and oversee the development, implementation, and

maintenance of the program, including the appointment of a qualified individual responsible for the program. Such oversight includes assigning specific responsibility for program implementation and review of program-related reports.

(3) *Required elements of program.* A permitted payment stablecoin issuer's information technology and security program must include:

(i) An inventory and classification of assets, processes, and sensitivity of data;

(ii) Controls supporting and safeguarding sensitive information and processes;

(iii) Evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended;

(iv) Periodic independent testing; and

(v) A comprehensive and effective incident identification and assessment process and incident response program.

(4) *Security of customer information.* A permitted payment stablecoin issuer's information technology and security program must include administrative, technical, and physical safeguards designed to:

(i) Ensure the security and confidentiality of records containing nonpublic personal information about a customer or sensitive customer information;

(ii) Protect against any anticipated threats or hazards to the security or integrity of such records;

(iii) Protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and

(iv) Ensure the proper disposal of such records.

(5) *Safe handling of digital assets.* A permitted payment stablecoin issuer must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery, incorporating:

(i) Relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and

(ii) Material developments specifically related to supported digital assets and their underlying ledgers.

(6) *Monitor and adjust the program.* (i) A permitted payment stablecoin issuer must monitor relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements, such as mergers and acquisitions, alliances, joint ventures, third-party arrangements, and changes to applicable information systems.

(ii) A permitted payment stablecoin issuer must evaluate and adjust its information technology and security program, as appropriate, based on the monitoring required by paragraph (b)(6)(i) of this section.

(7) *Notification of unauthorized access*—(i) *Notification to customers.* (A) When a permitted payment stablecoin issuer becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, the permitted payment stablecoin issuer must conduct a reasonable investigation to promptly determine the likelihood that the information has been or will be misused.

(B) If the permitted payment stablecoin issuer determines that misuse of its information about a customer has occurred or is reasonably possible to occur, it must notify the affected or possibly affected customer and the OCC as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and the law enforcement agency provides the permitted payment stablecoin issuer with a written request for the delay.

(C) The permitted payment stablecoin issuer must notify its customers of the misuse or possible misuse of customer information as soon as the law enforcement agency notifies the permitted payment stablecoin issuer that notification will no longer interfere with the investigation.

(ii) *Notification to group of customers.* If a permitted payment stablecoin issuer determines that the files of a group of customers have been accessed improperly but is unable to identify which specific customers' information has been accessed and if the circumstances of the unauthorized access lead the permitted payment stablecoin issuer to determine that misuse of the information is reasonably possible, it must notify all customers in the group.

(8) *Information technology resilience.* A permitted payment stablecoin issuer's information technology and security program must include measures to ensure continuity of operations and recovery of critical functions, including by conducting business impact analyses, testing for vulnerabilities, and testing with critical service providers.

§ 15.14 Audits, reports, and supervision.

(a) *General.* The OCC will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in paragraph (d) of this section.

(b) *Access to books and records.* Upon request by the OCC, permitted payment stablecoin issuers must grant the OCC prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type.

(c) *Location of examinations.* The OCC may conduct examinations of every permitted payment stablecoin issuer subject to its supervision, as specified in paragraph (a) of this section, either on-site or remotely.

(d) *Extended examination cycle for certain issuers.* Notwithstanding paragraph (a) of this section, the OCC may conduct a full-scope examination of a permitted payment stablecoin issuer subject to its supervision at least once during each 18- to 24-month period, as determined by the OCC in its sole discretion, if the following conditions are satisfied:

(1) The permitted payment stablecoin issuer currently is not subject to a formal enforcement proceeding or order;

(2) No person acquired control, as specified in paragraph (m) of this section, of the permitted payment stablecoin issuer during the preceding 12-month period in which a full-scope examination would have been required but for this paragraph (d);

(3) The permitted payment stablecoin issuer has an outstanding issuance value, together with any affiliated permitted payment stablecoin issuers, of less than $1 billion; and

(4) The permitted payment stablecoin issuer is in compliance with all of the reserve requirements set forth in § 15.11 and the reporting requirements of this section.

(e) *Authority to conduct more frequent examinations.* This section does not limit the authority of the OCC to examine any permitted payment stablecoin issuer as frequently as the OCC deems necessary, including examinations of a limited scope.

(f) *Recordkeeping requirements.* All permitted payment stablecoin issuers must maintain a complete set of books and records in English.

(g) *Records retention policy.* All permitted payment stablecoin issuers must develop and implement a records retention policy that ensures the permitted payment stablecoin issuer can demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

(h) *Confidential weekly reporting.* All permitted payment stablecoin issuers must submit to the OCC, on a weekly

basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form available at *www.occ.gov.*

(i) *Reports of financial condition.* (1) All permitted payment stablecoin issuers must submit to the OCC a quarterly report on the financial condition of the permitted payment stablecoin issuer, including, but not limited to, income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC and within 30 days of the end of the prior quarter. Forms and instructions are available at *www.occ.gov.*

(2) Each report of financial condition under paragraph (i)(1) of this section must contain a declaration by the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief.

(3) The correctness of the report of financial condition under paragraph (i)(1) of this section must be attested to by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer, or the individual performing an equivalent function, making such declaration, with the attestation stating that the report has been examined by them and, to the best of their knowledge and belief, is true and correct.

(j) *Submission of other reports.* All permitted payment stablecoin issuers must, upon request, submit to the OCC a report on:

(1) The financial condition of the permitted payment stablecoin issuer;

(2) The systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operational risks;

(3) Compliance of the permitted payment stablecoin issuer and any subsidiary thereof with the GENIUS Act and this part; and

(4) In the case of a Federal qualified nonbank payment stablecoin issuer, compliance of the permitted payment stablecoin issuer with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

(k) *Ongoing compliance reporting.* (1) Not later than 180 days after the approval of an application, as set forth in § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer must submit to the OCC a certification that the permitted payment stablecoin issuer has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

(2) The initial certification must be provided by the permitted payment stablecoin issuer's board of directors. Subsequent certifications may be provided by the permitted payment stablecoin issuer's Bank Secrecy Act officer, the board of directors, or an appropriate committee of the board of directors.

(l) *Audits.* A permitted payment stablecoin issuer with more than $50 billion in total consolidated outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) must prepare in accordance with GAAP an annual financial statement and the statement must include the disclosure of any related party transactions, as defined by GAAP.

(1) A registered public accounting firm must perform an audit of the financial statements described in this paragraph (l). The audit must be conducted in accordance with all applicable rules and auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

(2) A permitted payment stablecoin issuer required to prepare an audited annual financial statement under this paragraph (l) must:

(i) Make the audited financial statements publicly available on the permitted payment stablecoin issuer's website; and

(ii) Submit the audited financial statements annually, within 120 days after the end of the permitted payment stablecoin issuer's fiscal year, to the OCC.

(3) If a permitted payment stablecoin issuer is unable to timely file all or any portion of the financial statement described in paragraph (l)(2)(ii) of this section, it must submit a written notice of late filing to the OCC. The notice must:

(i) Disclose the permitted payment stablecoin issuer's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail;

(ii) Include the date by which the financial statement will be filed; and

(iii) Be filed on or before the deadline for filing the financial statement.

(m) *Changes in control.* (1) A person seeking to acquire control, as the terms ''acquire'' and ''control'' are used in 12 CFR 5.50, of a permitted payment stablecoin issuer must follow the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank.

(2) Paragraph (m)(1) of this section does not apply to a transaction subject to the notice or application provisions under 12 CFR part 5 or § 15.30.

(n) *Use of existing reports.* In supervising and examining a permitted payment stablecoin issuer, the OCC will, to the fullest extent possible, use existing reports and other supervisory information.

(o) *Avoidance of duplication.* The OCC will, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information.

§ 15.15 State qualified payment stablecoin issuers.

(a) *Scope.* (1) This section addresses requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903).

(2) For purposes of this section, State qualified payment stablecoin issuer refers only to a State qualified payment stablecoin issuer that is a nonbank entity.

(b) *Transition to Federal regulatory framework*—(1) *Transition requirements.* A State qualified payment stablecoin issuer with a total consolidated outstanding issuance value of more than $10 billion must:

(i) Not later than 360 days after reaching such threshold, transition to the Federal regulatory framework under this part and comply with the provisions of this part applicable to Federal qualified payment stablecoin issuers; or

(ii) Beginning on the date the State qualified payment stablecoin issuer reaches such threshold, cease issuing, on a net basis, new payment stablecoins until the issuer is under the $10 billion total consolidated outstanding issuance value threshold.

(2) *Initial notice requirement.* (i) A State qualified payment stablecoin issuer with a total consolidated outstanding issuance value of more than $10 billion must provide written

notification to the OCC within five calendar days after reaching such threshold.

(ii) The written notification must include the following information:

(A) The State or States that currently regulate the State qualified payment stablecoin issuer;

(B) The State qualified payment stablecoin issuer's outstanding issuance value as of the date of the notice;

(C) The date that the State qualified payment stablecoin issuer first reached the $10 billion total consolidated outstanding issuance value threshold; and

(D) An indication of whether and when the State qualified payment stablecoin issuer ceased issuing, on a net basis, new payment stablecoins and whether the State qualified payment stablecoin issuer intends to seek a waiver pursuant to paragraph (d) of this section.

(3) *Capital.* (i) Within 270 days of reaching the $10 billion total consolidated outstanding issuance value threshold, a State qualified payment stablecoin issuer must submit an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile.

(ii) The OCC will review the submission required under paragraph (b)(3)(i) of this section and establish a minimum capital requirement pursuant to § 15.41(a)(1).

(iii) For purposes of complying with the transition requirements under paragraph (b)(1)(i) of this section, the issuer must hold minimum capital as specified under § 15.41(a)(1)(ii) prior to the issuer's transition date.

(iv) A State qualified payment stablecoin issuer is not required to submit a capital analysis under this paragraph (b)(3) if the issuer:

(A) Has received a waiver pursuant to paragraph (d) of this section; or

(B) Is not required to transition to the Federal regulatory framework pursuant to paragraph (b)(1)(i) of this section.

(4) *Compliance notice requirement and transition date.* (i) For purposes of complying with paragraph (b)(1)(i) of this section, a State qualified payment stablecoin issuer must provide written notification to the OCC that it is in compliance with the Federal regulatory framework under this part or, if the State qualified payment stablecoin issuer is not in compliance with the Federal regulatory framework under this part, must provide written notice identifying the provisions with which the issuer does not comply, providing the issuer's plan for remediating its noncompliance, and explaining why the issuer did not comply with the Federal regulatory framework within the 360-day transition period.

(ii) A State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins in accordance with paragraph (b)(1)(ii) of this section must transition to the regulatory framework under this part on the earlier of 360 days after reaching the $10 billion total consolidated outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i) of this section.

(c) *Initial examination.* A State qualified payment stablecoin issuer that transitions to the regulatory framework under this part must undergo an initial OCC examination at the OCC's request or no later than six months after the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i) of this section.

(d) *Waiver from Federal supervision*—(1) *Waiver request.* (i) A State qualified payment stablecoin issuer seeking to remain solely supervised by a State payment stablecoin regulator must submit to the OCC a written waiver request containing information necessary to evaluate such request under paragraphs (d)(2) and (3) of this section.

(ii) A State qualified payment stablecoin issuer seeking to remain solely supervised by a State payment stablecoin regulator must submit a waiver request within 240 days of reaching the $10 billion total consolidated outstanding issuance value threshold.

(2) *Waiver criteria.* The OCC will consider the following exclusive criteria when deciding whether to grant a waiver:

(i) The capital maintained by the State qualified payment stablecoin issuer;

(ii) The past operations and examination history of the State qualified payment stablecoin issuer;

(iii) The experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and

(iv) The supervisory framework, including regulations and guidance, of the State payment stablecoin regulator with respect to payment stablecoins and digital assets.

(3) *Waiver presumption.* (i) Except as provided in paragraph (d)(3)(ii) of this section, the OCC will approve a waiver request under this section if the relevant State payment stablecoin regulator has:

(A) Established a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins as of April 19, 2025, that has been certified pursuant to section 4(c) of the GENIUS Act (12 U.S.C. 5903(c)); and

(B) Approved one or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator.

(ii) Paragraph (d)(3)(i) of this section does not apply to a waiver request if the OCC finds by clear and convincing evidence that the criteria in paragraph (d)(2) of this section are not substantially met or that the State qualified payment stablecoin issuer poses significant safety and soundness risks to the financial system of the United States.

(e) *Return to State framework.* (1) A State qualified payment stablecoin issuer that has transitioned to the OCC's Federal regulatory framework pursuant to this section is not generally required to comply with this part and will cease to be supervised by the OCC upon the OCC's determination that the State qualified payment stablecoin issuer no longer exceeds $10 billion in total consolidated outstanding issuance value.

(2) The OCC may make the determination in paragraph (e)(1) of this section upon request by the State qualified payment stablecoin issuer, supplemented by any information reasonably required by the OCC or without such a request.

§ 15.16 Unusual and exigent circumstances.

(a) *Scope.* This section addresses the OCC's authority to impose restrictions on a State qualified payment stablecoin issuer that is a nonbank entity during unusual and exigent circumstances, pursuant to section 7 of the GENIUS Act (12 U.S.C. 5906).

(b) *Unusual and exigent circumstances.* If the OCC determines that unusual and exigent circumstances exist, based on information available to the OCC, and that there is reasonable cause to believe that the continuation of any activity, including failure to act, by a State qualified payment stablecoin issuer that is a nonbank entity constitutes a serious risk to the financial safety, soundness, or stability of the nonbank entity, the OCC will impose such restrictions as the OCC determines to be necessary to address such risk during unusual and exigent circumstances in the form of a directive with the effect of a cease-and-desist order that has become final. Such

restrictions may include, but are not limited to, limitations on:

(1) Redemptions of payment stablecoins;

(2) Transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(3) Any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(c) *OCC considerations for unusual and exigent circumstances.* When determining whether unusual and exigent circumstances exist under this section, the OCC will consider:

(1) Whether the State qualified payment stablecoin issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety, soundness, or stability of the issuer or the financial system of the United States;

(2) The actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States;

(3) Risks presented to payment stablecoin holders;

(4) Any request from the State qualified payment stablecoin issuer or State payment stablecoin regulator for the OCC to exercise its authority under section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2));

(5) Significant fluctuations in the secondary market price of payment stablecoins issued by the State qualified payment stablecoin issuer;

(6) Whether the State qualified payment stablecoin issuer has been, or will imminently be, unable to timely redeem payment stablecoins issued by the State qualified payment stablecoin issuer;

(7) Whether the State qualified payment stablecoin issuer has incurred significant unanticipated losses; and

(8) Any other factor the OCC deems appropriate in light of the particular circumstances and consistent with the purposes of the GENIUS Act.

(d) *Administrative review.* The administrative review procedures described in section 7(e)(2)(D) of the GENIUS Act (12 U.S.C. 5906(e)(2)(D)) are applicable to a State qualified payment stablecoin issuer or any institution-affiliated party, as defined in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)), subject to a directive issued under paragraph (b) of this section.

Subpart C—Custody

§ 15.20 Definitions.

For the purposes of this subpart, the following definitions apply:

Applicable law means the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order.

Covered assets means, with respect to payment stablecoins that are offered, sold, or otherwise made available to persons in the United States, payment stablecoin reserves, payment stablecoins used as collateral, where a covered custodian has actual knowledge that such payment stablecoins are being used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

Covered custodian means a national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer to the extent of such person's provision of custodial or safekeeping services for covered assets.

Covered customer means a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets.

Custody agreement means a legally binding contractual agreement between a covered customer, as the principal, and the covered custodian, as the agent, that establishes the covered custodian's duties and responsibilities in providing safekeeping and ancillary services to the covered customer.

Digital wallet means a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset.

Sub-custodian means a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which the person controls the associated private keys, with respect to covered assets of a covered customer for which the covered custodian otherwise serves as a custodian under this subpart.

§ 15.21 Covered asset custodial property requirements.

(a) *Separate accounting, treatment, and dealing.* A covered custodian must separately record and account for the covered assets of a covered customer and must treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian.

(b) *Protection, possession, and control.* (1) A covered custodian must take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written custody agreements and policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

(2)(i) A covered custodian must maintain possession or control of the covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys; however, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of the sub-custodian's compliance with the requirements of this subpart.

(ii) With regard to any payment stablecoin, payment stablecoin reserve in the form of a tokenized asset, or private key used to issue a payment stablecoin held in safekeeping under this subpart, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of this subpart if it can reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset without the consent of the custodian or sub-custodian, as applicable.

(c) *Withdrawals and application of covered assets.* Consistent with applicable law, a covered custodian may withdraw and apply such share of the covered assets of a covered customer necessary to transfer, adjust, or settle a transaction or transfer of assets applicable to the covered customer, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services to the covered customer by the covered custodian.

(d) *Holdings of cash.* Notwithstanding any other provision of this section, a covered custodian that provides custodial or safekeeping services, including as a sub-custodian, for

covered assets that are in the form of cash may hold such cash in the form of a deposit liability, provided such treatment is consistent with Federal law.

§ 15.22 Use of omnibus accounts.

(a) *Segregation of covered assets.* A covered custodian must segregate all covered assets of covered customers from, and not commingle them with, the assets of the covered custodian, except as permitted under §§ 15.21(d) and 15.22(c).

(b) *Commingling covered assets.* A covered custodian may, for convenience, commingle the covered assets of multiple covered customers in one or more omnibus accounts to the extent that the steps it has taken pursuant to § 15.21(b), including appropriate recordkeeping, are adequate to maintain safe and sound practices for the use and terms of any omnibus account, and to the extent that the use of omnibus accounts is consistent with applicable law, and is fully disclosed in the applicable custody agreement.

(c) *Use of sub-custodians.* Notwithstanding any other provision of this part to the contrary, this part does not prevent a covered custodian from custodying its own assets and the covered assets of a covered customer at a sub-custodian where the sub-custodian may, for convenience, commingle the covered custodian's assets with the covered assets of its covered customers in one or more omnibus accounts of the sub-custodian; provided that the covered custodian maintains adequate safeguards and internal controls reasonably designed to ensure that the sub-custodian segregates all covered assets of the covered custodian's covered customers from, and does not commingle such covered assets with, the assets of the sub-custodian.

§ 15.23 Self-custody hardware and software exclusion.

The requirements of this subpart do not apply to any national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's self-custody of their covered assets; provided that the national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer neither controls nor holds itself out as controlling the relevant private keys associated with covered assets and does not provide or hold itself out as providing safekeeping and custodial services for such covered assets.

Subpart D—Applications and Registrations

§ 15.30 Approval of permitted payment stablecoin issuers.

(a) *Application requirement*—(1) *Insured national banks, Federal savings associations, and insured Federal branches.* Any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary must file an application under this section and receive prior approval from the OCC before the subsidiary may issue payment stablecoins.

(2) *Nonbank entities, uninsured national banks, and uninsured Federal branches.* Any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer must file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

(b) *Application process*—(1) *Information required.*

(i) An applicant must submit all the information required by the form for an application under this section. Forms and instructions are available at *www.occ.gov.*

(ii) Each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, of the subsidiary of the applicant) must submit the information prescribed in the Interagency Biographical and Financial Report and Corporate Background and Financial Report, as applicable, available at *www.occ.gov.*

(iii) An applicant must certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions.

(iv) An applicant must certify whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) applies to the applicant.

(2) *Where to file.* An applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. Relevant addresses are listed on *www.occ.gov.*

(3) *Substantially complete application.*

(i) An application is substantially complete if it contains sufficient information for the OCC to render a decision on whether the applicant satisfies the factors set forth in paragraph (d) of this section.

(ii)(A) The OCC will notify applicants not later than 30 days after receipt of an application whether the application is substantially complete.

(B) If the application is not substantially complete, the OCC will notify the applicant of the information required in order for the application to be substantially complete.

(iii) The OCC will notify applicants not later than 30 days after receipt of additional information described in paragraph (b)(3)(ii)(B) of this section whether the application is substantially complete.

(iv) An application is considered substantially complete as of the date the OCC receives the information required for the application to be substantially complete.

(v) If the OCC determines that an application is substantially complete, the application remains substantially complete unless there is a material change in circumstances that causes the OCC to treat the application as a new application.

(vi) The OCC will return without decision an application that remains not substantially complete 60 days after the OCC provides the notice described in paragraph (b)(3)(ii)(B) of this section.

(4) *Investigation.* (i) The OCC may review and verify any information filed in connection with an application. Any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

(ii) The OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision.

(iii) The OCC may collect fingerprints of the individuals listed in paragraph (b)(1)(ii) of this section for submission to the Federal Bureau of Investigation for a national criminal history background check.

(5) *OCC review.* A substantially complete application under this section is deemed approved by the OCC as of the 120th day after the substantially complete application is received by the OCC, unless the OCC denies the substantially complete application under paragraph (e) of this section before the 120th day after the substantially complete application is received by the OCC.

(c) *General.* The OCC may approve, conditionally approve, or deny a substantially complete application under this section based on a review of

the factors specified under paragraph (d) of this section.

(d) *Review factors.* The OCC considers the following factors when evaluating a substantially complete application:

(1) The ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, the subsidiary of the applicant), based on financial condition and resources, to meet the requirements for issuing payment stablecoins under subpart B of this part;

(2) Whether any officer or director of the applicant has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud;

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent companies, including:

(i) The record of those officers, directors, and principal shareholders of compliance with laws and regulations; and

(ii) The ability of those officers, directors, and principal shareholders to fulfill any commitments or conditions imposed by the OCC in connection with the application filed under this section or any prior application; and

(4) Whether the applicant's redemption policy meets the standards under § 15.12; and

(5) The ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association, or insured Federal branch, the subsidiary of the applicant) to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

(e) *Denial.* (1) The OCC may deny a substantially complete application filed under this section if the OCC determines that the proposed activities would be unsafe or unsound based on the factors described in paragraph (d) of this section.

(2) Within 30 days after the OCC denies a substantially complete application, the OCC will provide the applicant with a written explanation of the denial, including all findings with respect to all identified material shortcomings and actionable recommendations to address the identified material shortcomings.

(3) The denial of a substantially complete application under this section does not prohibit the applicant from filing a subsequent application.

(f) *Appeal.* (1) An applicant may request a hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a hearing must be in writing. The applicant may request that the hearing be on the written record, oral testimony and oral argument, or both.

(2) If the applicant does not make a timely appeal for a hearing under this section, the OCC will notify the applicant, in writing and within 10 days of the last date the applicant would have been able to request a hearing, that the denial of the substantially complete application is the final determination of the OCC.

(3) Within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials, provide oral testimony and oral argument, or both. If filing a written appeal, the applicant must submit in writing all documents and arguments that the applicant wishes to be considered.

(4)(i) The Comptroller or authorized delegate considers all information submitted with the original substantially complete application, the material before the OCC official who made the initial denial decision, and any information submitted by the applicant at the time of appeal.

(ii) The Comptroller or authorized delegate considers all submitted documentation anew.

(iii) The Comptroller or authorized delegate may uphold or reverse the initial decision to deny the application.

(5)(i) Within 60 days of the hearing, the Comptroller or authorized delegate will notify the applicant in writing of a final determination.

(ii) The final determination will explain the findings on which the determination is based.

(iii) If the initial decision is upheld, the decision to deny the substantially complete application is effective as of the date of the original denial.

(6) The OCC will determine the procedures for a hearing under this paragraph (f), including, but not limited to, the duration of the hearing; the order and timing of presentations, if applicable; and the deadlines and requirements for submission of written material.

(g) *Safe harbor*—(1) *Insured national banks, Federal savings associations, and insured Federal branches.* An insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application under this section for a subsidiary to become a permitted payment stablecoin issuer on or before January 18, 2027, may request, in writing, that the OCC waive the requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*) or this part with respect to that subsidiary.

(2) *Nonbank entities, uninsured national banks, and uninsured Federal branches.* A nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application under this section to become a Federal qualified payment stablecoin issuer on or before January 18, 2027, may request, in writing, that the OCC waive the requirements of the GENIUS Act (12 U.S.C. 5901 *et seq.*) or this part with respect to that entity.

(3) *Grant of waiver.* The OCC may grant a waiver for a period not to exceed 12 months beginning on January 18, 2027. The OCC may grant the waiver if it finds that:

(i) The waiver would be in the public interest; or

(ii) Extraordinary circumstances justify the waiver.

(4) *Denial notwithstanding waiver.* Notwithstanding any waiver granted under paragraph (g)(3) of this section, the OCC may deny a substantially complete application under paragraph (e) of this section.

(h) *Nullifying a decision*—(1) *In general.* The OCC may nullify the approval of a substantially complete application under this section if:

(i) The OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials;

(ii) The decision is contrary to law or regulation; or

(iii) The decision was granted due to clerical or administrative error, or a material mistake of law or fact.

(2) *Procedure.* When the OCC intends to nullify the approval of a substantially complete application, the OCC, in its sole discretion, will:

(i) Provide the applicant with notice of the intended nullification and grant the applicant an opportunity to present a written submission opposing the intended nullification; or

(ii) Take any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

§ 15.31 Foreign payment stablecoin issuers.

(a) *In general.* A foreign payment stablecoin issuer is not subject to the prohibitions of section 3 of the GENIUS Act (12 U.S.C. 5902) if it meets all of the requirements in this paragraph (a):

(1) The foreign payment stablecoin issuer is subject to regulation and

supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, as determined by the Secretary of the Treasury under section 18(b) of the GENIUS Act (12 U.S.C. 5916(b));

(2) The foreign payment stablecoin issuer is registered with the OCC pursuant to § 15.32;

(3)(i) The foreign payment stablecoin issuer holds reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State that are sufficient to meet the liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)).

(ii) Reserves are sufficient to meet the liquidity demands of United States customers only if the foreign payment stablecoin issuer:

(A)(*1*) Attests that fewer than 50 percent of the foreign payment stablecoin issuer's outstanding issuance value is held by payment stablecoin holders located in the United States; and

(*2*) Holds reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State, the value of which equals or exceeds 50 percent of the foreign payment stablecoin issuer's outstanding issuance value;

(B)(*1*) Attests that it holds substantially all of its reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State; and

(*2*) Holds substantially all of its reserves in eligible financial institutions incorporated or organized under the laws of the United States or any State;

(C) Ensures, on an ongoing basis, that the value and composition of reserves held in eligible financial institutions incorporated or organized under the laws of the United States or any State will be capable of supporting timely redemption requests from United States customers under both normal conditions and adverse economic, liquidity, market, and interest rate conditions, including, to the extent necessary, maintaining a buffer of reserves; or

(D)(*1*) Submits for the OCC's prior approval a detailed proposal to meet the requirements of paragraph (a)(3)(i) of this section;

(*2*) Responds to all OCC requests for additional information regarding the proposal;

(*3*) Receives the OCC's written approval of the proposal; and

(*4*) Complies, on an ongoing basis, with the proposal approved by the OCC, including any conditions and limitations imposed on such approval by the OCC.

(iii) The foreign payment stablecoin issuer must only withdraw reserves in excess of the amount required by paragraph (a)(3)(i) of this section after appropriate due diligence and confirmation that the withdrawal would not cause the reserves held in eligible financial institutions incorporated or organized under the laws of the United States or any State to fall below the amount required under paragraph (a)(3)(i) of this section, calculated as of the time and date of withdrawal; and

(4) The foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern.

(b) *Reporting, supervision, and examination*—(1) *In general.* A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 is subject to reporting, supervision, and examination requirements as determined by the OCC.

(2) *Reporting.* (i) A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 must produce the reports required of a permitted payment stablecoin issuer under § 15.14 as well as any other reports the OCC may require.

(ii) A foreign payment stablecoin issuer may request, in writing, an exemption from any reporting requirement that would otherwise apply under § 15.14. The OCC may grant an exemption in its sole discretion.

(3) *Examinations.* (i) The OCC will conduct a full-scope examination of a foreign payment stablecoin issuer registered with the OCC under § 15.32 at the same frequency as the OCC would examine a permitted payment stablecoin issuer under § 15.14 unless the OCC determines, in its sole discretion, to examine at a different frequency.

(ii) The OCC may conduct examinations as specified in paragraph (b)(3)(i) of this section, either on-site or remotely.

(c) *Prohibition on interest.* A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 may not pay a payment stablecoin holder any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

(d) *Public availability.* The OCC makes publicly available on *www.occ.gov* a list of foreign payment stablecoin issuers whose registrations the OCC has approved.

§ 15.32 Registration of foreign payment stablecoin issuers.

(a) *Application required.* A foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) must file an application under this section.

(b) *Application process*—(1) *Information required.* As part of an application under this section, an applicant must provide the following information:

(i) All the information required by the form for an application under this section. Forms and instructions are available at *www.occ.gov;*

(ii) Evidence that the Secretary of the Treasury has determined that the applicant is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916);

(iii) A certification that the applicant will make available to the OCC all information that the OCC deems necessary to determine and enforce compliance with the GENIUS Act and this part;

(iv) The applicant's consent to United States jurisdiction relating to enforcement of the GENIUS Act and this part;

(v) A certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions; and

(vi) A certification as to whether section 4(a)(12) of the GENIUS Act (12 U.S.C. 5903(a)(12)) applies to the applicant.

(2) *Where to file.* An applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. Relevant addresses are listed on *www.occ.gov.*

(3) *Investigation.* (i) The OCC may review and verify any information filed in connection with an application. Any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

(ii) The OCC may examine or investigate and evaluate facts relating to

an application under this section to the extent necessary to reach an informed decision.

(4) *Registration approval.* An application for registration made by a foreign payment stablecoin issuer that satisfies the requirements in paragraph (b)(1) of this section is deemed approved by the OCC as of the 30th day after the OCC received the filing, unless the OCC notifies the filer in writing that the application for registration has been rejected.

(c) *General.* The OCC may approve, conditionally approve, or reject an application under this section based on a review of the factors specified under paragraph (d) of this section.

(d) *Review factors.* The OCC considers the following factors when evaluating an application under this section:

(1) The Secretary of the Treasury's determination that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins under section 18 of the GENIUS Act (12 U.S.C. 5916);

(2) The financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

(3) Whether the foreign payment stablecoin issuer will provide adequate information to the OCC to determine compliance with the GENIUS Act and this part;

(4) Whether the foreign payment stablecoin issuer presents a risk to the financial stability of the United States, including risks relating to ensuring timely redemption for United States customers;

(5) Whether the foreign payment stablecoin issuer presents illicit finance risks to the United States; and

(6) The ability of the applicant to conduct its proposed activities in a safe and sound manner, including whether the applicant's proposed structure adequately addresses run risks and adequately ensures the ability to redeem payment stablecoins.

(e) *Conditions of approval.* Any approval of registration under this section is subject to the following conditions:

(1) Upon request by the OCC, a foreign payment stablecoin issuer must grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States.

(2) The foreign payment stablecoin issuer will make all information described in paragraph (e)(1) of this section available to the OCC in English.

(3)(i) The foreign payment stablecoin issuer provides evidence that it complies with § 15.31(a) of this part, including by providing to the OCC, by noon on the last day of each month, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments.

(ii) The report required in paragraph (e)(3)(i) must use a format substantially similar to the template provided in table 1 to this paragraph (e)(3)(ii).

TABLE 1 TO PARAGRAPH (e)(3)(ii)—MONTHLY COMPOSITION TEMPLATE

	As of YYYYMMDD in thousands of U.S. dollars	Amount	Geographic location	Average tenor
	Number of Outstanding Payment Stablecoins Held by United States Customers			
[1] 1.				
2.				
3.				
4	TOTAL OUTSTANDING PAYMENT STABLECOINS HELD BY UNITED STATES CUSTOMERS.			
	Fair Value of Reserve Assets			
5	Deposits:			
6	Insured deposits.			
7	Uninsured deposits.			
8	Treasury bills, Treasury notes, or Treasury bonds.			
9	Other similarly liquid Federal Government-issued assets approved by the OCC.			
10	Money received under repurchase agreements.			
11	Reverse repurchase agreements.			
12	Securities issued by an investment company solely invested in qualifying reserve assets.			
13	Reserves in tokenized form.[2]			
14	Total face value of reserves comprising United States coins and currency.			
15	Total reserve assets.[3]			
16	Outstanding Repurchase Agreement Liabilities.			
17	Reserve asset value.			

[1] List different classes or brands of payment stablecoin separately, if applicable. To the extent that different classes or brands of payment stablecoins are secured by distinct pools of reserve assets, foreign payment stablecoin issuers should publish a composition table for each class or brand of payment stablecoin and describe the legal and operational mechanisms, as applicable, for how the assets are separately secured. If different classes or brands of payment stablecoins are issued by distinct issuers, such as SPV issuers, a separate report must be provided for each class or brand.

[2] Foreign payment stablecoin issuers must separately list any reserves in tokenized form by category of reserve asset, using multiple rows if appropriate.

[3] Do not double-count any reserve assets that may be listed in more than one row for purposes of computing the total.

(iii) The foreign payment stablecoin issuer must promptly notify the OCC through its supervisory office on any day in which the issuer fails to meet the reserve asset requirements of this paragraph (e)(3).

(iv) The foreign payment stablecoin issuer must promptly and fully address any deficiency in its compliance with this paragraph (e)(3) that the OCC explains, in writing, to the foreign payment stablecoin issuer, including by

depositing additional liquidity in eligible financial institutions incorporated or organized under the laws of the United States or any State, to the extent doing so would address the deficiency identified.

(4) The foreign payment stablecoin issuer consents to the jurisdiction of the Federal courts of the United States and of all United States Government agencies, departments, and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC, and any other United States Government agency, department, or division, in any matter arising under the GENIUS Act and other applicable Federal laws.

(5) The foreign payment stablecoin issuer will comply with all understandings, commitments, or conditions contained in any determination by the Secretary of the Treasury or any arrangements entered into by the United States and the foreign jurisdiction under section 18 of the GENIUS Act (12 U.S.C. 5916).

(f) *Rejection.* (1) The OCC may reject an application under this section if the OCC makes a negative finding with respect to any of the factors described in paragraph (d) of this section or if the OCC determines that the applicant would be unable to comply with the conditions in paragraph (e) of this section.

(2) The OCC will provide written notice to the applicant of any rejection under this paragraph (f).

(g) *Appeal of rejection.* (1) A foreign payment stablecoin issuer may request a hearing to appeal the OCC's rejection of an application for registration within 30 days of receipt of the OCC's notice of rejection.

(2) The request for a written or oral hearing must be in writing.

(3) The foreign payment stablecoin issuer may request the hearing be on the written record, oral testimony and oral argument, or both.

(4) If the foreign payment stablecoin issuer does not make a timely appeal for a hearing under this section, the OCC will notify the applicant, in writing and within 10 days of the last date the applicant would have been able to request a hearing, that the rejection of the application is the final determination of the OCC.

(5) Within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials, provide oral testimony and oral argument, or both. If filing a written appeal, the applicant must submit in writing all documents and arguments that the applicant wishes to be considered.

(6)(i) The Comptroller or authorized delegate considers all information submitted with the original application for registration, the material before the OCC official who made the initial decision, and any information submitted by the appellant at the time of appeal.

(ii) The Comptroller or authorized delegate considers all submitted documentation anew.

(iii) The Comptroller or authorized delegate may uphold or reverse the initial decision to reject the registration.

(7)(i) Within 60 days of the hearing, the Comptroller or authorized delegate will notify the foreign payment stablecoin issuer in writing of a final determination.

(ii) The final determination will explain the findings on which the determination is based.

(iii) If the initial decision is upheld, the decision to reject the application is effective as of the date of the original rejection.

(8) The rejection of an application under this section does not prohibit the applicant from filing a subsequent application.

(9) The OCC will determine the procedures for a hearing under this paragraph (g), including, but not limited to, the duration of the hearing; the order and timing of presentations, if applicable; and the deadlines and requirements for submission of written material.

(h) *Nullifying a decision*—(1) *In general.* The OCC may nullify the approval of a registration under this section if:

(i) The OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials;

(ii) The decision is contrary to law or regulation; or

(iii) The decision was granted due to clerical or administrative error, or a material mistake of law or fact.

(2) *Procedure.* When the OCC intends to nullify the approval of a registration, the OCC, in its sole discretion, will:

(i) Provide the applicant with notice of the intended nullification decision and grant the applicant an opportunity to present a written submission opposing the intended nullification; or

(ii) Take any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

§ 15.33 Revocation or rescission of approval.

(a) *Revocation of approval of a permitted payment stablecoin issuer*—(1) *In general.* The OCC may revoke approval of a permitted payment stablecoin issuer's application under § 15.30 if the permitted payment stablecoin issuer does not submit the certification required by § 15.14(k).

(2) *Procedures*—(i) *Notice and hearing.* Except as otherwise provided in this section, the OCC may issue an order to revoke the permitted payment stablecoin issuer's application approval under § 15.30 after providing notice to the permitted payment stablecoin issuer and after providing an opportunity for a hearing.

(ii) *Procedures for hearing.* The OCC will conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedure in 12 CFR part 19.

(iii) *Expedited procedure.* The OCC may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. When the OCC finds that it is necessary to act without providing an opportunity for a hearing, the OCC, in its sole discretion, may:

(A) Provide the permitted payment stablecoin issuer with notice of the intended revocation of application approval;

(B) Grant the permitted payment stablecoin issuer an opportunity to present a written submission opposing revocation of application approval; or

(C) Take any other action designed to provide the permitted payment stablecoin issuer with notice and an opportunity to present its views concerning the revocation of application approval.

(3) *Effect of revocation.* A decision to revoke an application approval is effective upon provision of notice to the permitted payment stablecoin issuer, unless otherwise specified by the OCC.

(b) *Rescission of foreign payment stablecoin issuer registration*—(1) *In general.* The OCC may, in consultation with the Secretary of the Treasury, rescind approval of a registration of a foreign payment stablecoin issuer under § 15.32 if the OCC determines that the foreign payment stablecoin issuer is not in compliance with the requirements of the GENIUS Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk.

(2) *Procedures*—(i) *Notice and hearing.* Except as otherwise provided in this section, the OCC may issue an order to rescind the foreign payment stablecoin issuer's registration approval under § 15.32 after providing notice to the foreign payment stablecoin issuer

and providing an opportunity for a hearing.

(ii) *Procedures for hearing.* The OCC will conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedure in 12 CFR part 19.

(iii) *Expedited procedure.* The OCC may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. When the OCC finds that it is necessary to act without providing an opportunity for a hearing, the OCC, in its sole discretion, may:

(A) Provide the foreign payment stablecoin issuer with notice of the intended rescission of approval registration;

(B) Grant the foreign payment stablecoin issuer an opportunity to present a written submission opposing rescission of approval registration; or

(C) Take any other action designed to provide the foreign payment stablecoin issuer with notice and an opportunity to present its views concerning the rescission of approval registration.

(3) *Effect of rescission.* A decision to rescind approval of a registration is effective upon publication in the **Federal Register**, unless otherwise specified by the OCC.

Subpart E—Capital and Operational Backstop

§ 15.40 Capital.

(a) *Capital.* The total of a permitted payment stablecoin issuer's equity accounts, as determined under U.S. GAAP, less deductions specified in paragraph (b) of this section, must meet or exceed the minimum capital requirement in § 15.41(a).

(b) *Capital deductions*—(1) *Intangible assets and deferred tax assets.*

(i) Goodwill;

(ii) Any other intangible asset as determined under U.S. GAAP; and

(iii) Deferred tax assets, net of valuation allowances.

(2) *Operational backstop assets funded by equity.* The total operational backstop assets required under § 15.41(b), less the amount of operational backstop debt as defined in paragraph (c) of this section.

(c) *Operational backstop debt.* Operational backstop debt consists of debt instruments in an amount that in total does not exceed 50 percent of the operational backstop requirement in § 15.41(b) and where each debt instrument:

(1) Is issued and paid in;

(2) Is subordinated to the claims of payment stablecoin holders and general creditors of the permitted payment stablecoin issuer;

(3) Is unsecured, including not being backed by the establishment of any fund for payment prior to maturity, covered by a guarantee, or subject to any other arrangement that legally or economically enhances the seniority of the instrument;

(4) Has a minimum maturity date of at least five years. At the beginning of each of the last five years of the life of the instrument, the maximum amount of the instrument that is eligible to be included as operational backstop debt decreases by 20 percent per year of the otherwise full qualifying amount, and the instrument is excluded from operational backstop debt completely when the remaining maturity is less than one year;

(5) May be callable by its terms only after a minimum of five years after issuance and only with the prior written approval of the OCC. In addition, the permitted payment stablecoin issuer must either replace the instrument to be called with an equivalent amount of a new instrument meeting the criteria for operational backstop debt or demonstrate in writing to the OCC that the permitted payment stablecoin issuer has sufficient capital to meet its minimum capital requirement in § 15.41;

(6) Allows for scheduled repayment of principal only at maturity and does not allow for the acceleration of any principal or interest payment, except in the event of the receivership, insolvency, liquidation, or similar proceeding, as applicable, of the permitted payment stablecoin issuer;

(7) Does not have a credit-sensitive feature, but may include a variable interest rate based on prevalent market interest rates;

(8) Does not prohibit the permitted payment stablecoin issuer from issuing other capital or debt instruments; and

(9) Is not funded, directly or indirectly, by any affiliate of the permitted payment stablecoin issuer.

§ 15.41 Minimum capital and operational backstop.

(a) *Minimum capital requirement.* A permitted payment stablecoin issuer must hold minimum capital as follows:

(1) *De novo capital requirement.* (i) A de novo permitted payment stablecoin issuer must hold minimum capital equal to the greater of:

(A) The amount specified as part of its OCC licensing or chartering conditions; or

(B) $5 million.

(ii) A de novo permitted payment stablecoin issuer means a permitted payment stablecoin issuer that has received OCC approval to issue a payment stablecoin under this part within the prior 3 years or a State qualified payment stablecoin issuer that has transitioned to the Federal regulatory framework under this part within the prior 3 years and has not received a waiver under § 15.15(d).

(iii) A de novo permitted payment stablecoin issuer must hold this minimum amount for 36 months, or for a shorter or longer period as specified as part of its chartering conditions or as subsequently determined by the OCC based on the experience of the permitted payment stablecoin issuer.

(2) *Ongoing capital requirement.* (i) A permitted payment stablecoin issuer must maintain capital commensurate with the level and nature of all risks to which the permitted payment stablecoin issuer is exposed, including risks for off-balance-sheet activities.

(ii) A permitted payment stablecoin issuer must have a process for assessing its overall capital adequacy in relation to its business model and risk profile and a comprehensive strategy for sustaining an appropriate level of capital to maintain ongoing operations.

(iii) A permitted payment stablecoin issuer must hold minimum capital of no less than $5 million.

(b) *Operational backstop requirement.* A permitted payment stablecoin issuer must maintain assets:

(1) Equal to 12 months of total expenses.

(i) In the case of a permitted payment stablecoin issuer that has provided quarterly reports under § 15.14 for one year or more, the permitted payment stablecoin issuer must calculate the amount required under this paragraph (b)(1) using the quarterly expenses reported in the current quarterly report and the three immediately preceding reports.

(ii) For each calendar quarter in the preceding 12 months for which the permitted payment stablecoin issuer has not filed a quarterly report required under § 15.14, the permitted payment stablecoin issuer must calculate its expenses using:

(A) Actual expenses, in the case of a permitted payment stablecoin issuer that was in operation during a calendar quarter in which it did not file a quarterly report under § 15.14; or

(B) Reasonably determined expenses, which may include annualizing expenses from other quarters, in the case of any other permitted payment stablecoin issuer.

(iii) A permitted payment stablecoin issuer may exclude one-time expenses that are wholly unrelated to the

continuing operation of the permitted payment stablecoin issuer from the calculation under paragraph (b)(1)(i) or (ii) of this section with prior written approval of the OCC.

(iv) If a permitted payment stablecoin issuer acquires another permitted payment stablecoin issuer, the historical expenses of the acquired permitted payment stablecoin issuer must be added to the historical expenses of the acquiring permitted payment stablecoin issuer.

(2) Consisting of:

(i) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(ii) Demand deposits or funds in share accounts that are payable on demand at a U.S. insured depository institution, the balances of which are fully insured by the FDIC or the National Credit Union Administration; and

(iii) U.S. Treasury bills, notes, or bonds with a remaining maturity of 93 days or less, or issued with a maturity of 93 days or less; and

(3) Separately identified from any reserve assets required under § 15.11 or other assets of the permitted payment stablecoin issuer on the reports filed under § 15.14.

(c) *Failure to meet minimum capital or backstop requirements.* (1) A permitted payment stablecoin issuer must comply with its minimum capital and backstop requirements at all times.

(i) A permitted payment stablecoin issuer must notify the OCC within 24 hours if it fails to meet either the minimum capital or backstop requirement during a quarter.

(ii) A permitted payment stablecoin issuer must publicly report whether it has complied with the minimum capital and backstop requirements during the quarter on the report required under § 15.14(i).

(2) A permitted payment stablecoin issuer that fails to satisfy its minimum capital or backstop requirement during a quarter and remains noncompliant at the end of the quarter is prohibited from issuing any new payment stablecoins starting on the first day of the following month and until such time as it satisfies its minimum capital and backstop requirements, except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase.

(3) If a permitted payment stablecoin issuer fails to meet its minimum capital or backstop requirements at the end of two consecutive quarters, it must:

(i) Begin liquidation of reserve assets and redemption of outstanding payment stablecoins, consistent with § 15.12;

(ii) Not charge customers a fee to redeem their payment stablecoins; and

(iii) Not issue any new payment stablecoins going forward.

(4) After notification to the OCC under paragraph (c)(1)(i) of this section, the OCC may impose the restrictions described in paragraph (c)(2) of this section prior to the end of the quarter if it does not appear that the permitted payment stablecoin issuer will regain compliance with the minimum capital or operational backstop requirements, or as otherwise may be necessary for the protection of payment stablecoin holders.

(5) Notwithstanding paragraphs (c)(2) and (c)(3) of this section, the OCC may permit a permitted payment stablecoin issuer to continue operations while its operational backstop is below the required amount if the backstop assets were liquidated to address a temporary disruption or other operational event, the permitted payment stablecoin issuer provides a plan within seven days to regain compliance with the operational backstop requirement within 90 days, and the OCC deems the plan viable.

(d) *Uninsured national trust bank minimum capital requirement.* (1) An uninsured national trust bank, whether or not it is a permitted payment stablecoin issuer, may elect to comply with all of the requirements in §§ 15.40 through 15.42 in lieu of complying with the requirements in 12 CFR part 3 upon receipt of the OCC's prior approval.

(2) To make the election described in paragraph (d)(1) of this section, an uninsured national trust bank must submit a written request for prior approval to the appropriate OCC supervisory office, along with documentation sufficient to support the bank's minimum capital and operational backstop amounts.

(3) The OCC will approve or deny the request within 60 days after OCC receipt of a complete request.

(4) An uninsured national trust bank may rescind an approved election under this paragraph (d) by submitting a notice to the appropriate OCC supervisory office. The rescission is effective upon receipt by the OCC.

(5) Notwithstanding paragraph (d)(1) of this section, an uninsured national trust bank must comply with any OCC enforcement action, order, directive, or document that specifies a different minimum capital requirement that applies to the national trust bank.

§ 15.42 Individual additional capital or operational backstop requirement.

(a) *Applicability.* The OCC may require an additional capital or backstop requirement for a permitted payment stablecoin issuer if appropriate under the particular facts and circumstances. For example, an additional capital or backstop requirement may be appropriate for:

(1) Failure of management to assess an appropriate capital requirement to support ongoing operations consistent with the permitted payment stablecoin issuer's business model and risk profile;

(2) A permitted payment stablecoin issuer that has, or is expected to have, losses resulting in capital inadequacy;

(3) A permitted payment stablecoin issuer with significant exposure due to management's overall inability to monitor and control financial and operating risks;

(4) A permitted payment stablecoin issuer that is experiencing significant volatility in payment stablecoin issuance or redemption;

(5) A permitted payment stablecoin issuer with significant exposure due to fiduciary or operational risk;

(6) A permitted payment stablecoin issuer's significant off-balance-sheet activities; or

(7) A permitted payment stablecoin issuer that may be adversely affected by the activities or condition of its affiliate(s), or other persons or institutions with which it has significant business relationships.

(b) *Standards for determination.* The factors to be considered in the determination will vary in each case and may include, for example:

(1) The conditions or circumstances leading to the OCC's determination that an additional capital or backstop requirement is appropriate or necessary for the permitted payment stablecoin issuer;

(2) The exigency of those circumstances or potential problems;

(3) The overall condition, management strength, and future prospects of the permitted payment stablecoin issuer and, if applicable, its affiliate(s);

(4) The permitted payment stablecoin issuer's liquidity, capital, and stablecoin reserve assets compared to its peer group; and

(5) The views of the permitted payment stablecoin issuer's owners and senior management in any response provided under paragraph (c)(2) of this section.

(c) *Procedures*—(1) *Notice.* When the OCC determines that an additional capital or backstop requirement above that set forth in § 15.41 is necessary or

appropriate for a particular permitted payment stablecoin issuer, the OCC will notify the permitted payment stablecoin issuer in writing of the proposed additional capital or backstop requirement and the date by which the requirement should be reached (if applicable) and will provide an explanation of why the requirement proposed is considered necessary or appropriate for the permitted payment stablecoin issuer.

(2) *Response.* (i)(A) The permitted payment stablecoin issuer may respond to the OCC in writing to the notice.

(B) The response should include any matters that the permitted payment stablecoin issuer requests that the OCC consider in deciding whether an individual additional capital or backstop requirement should be established for the permitted payment stablecoin issuer, what the capital or backstop requirement should be, and, if applicable, when it should be achieved.

(C) Any response must be delivered to the OCC within 30 days after the date on which the permitted payment stablecoin issuer received the notice or such other time period as the OCC determines appropriate based on the condition of the permitted payment stablecoin issuer.

(ii) Failure to respond within the time period specified by the OCC in the notice constitutes a waiver of any objections to the proposed individual additional capital or backstop requirement or the deadline for its achievement.

(3) *Decision.* (i) After the close of the permitted payment stablecoin issuer's response period, the OCC will decide, based on a review of the permitted payment stablecoin issuer's response and other information concerning the permitted payment stablecoin issuer, whether the individual additional capital or backstop requirement should be established for the permitted payment stablecoin issuer and, if so, the requirement and the date the requirement will become effective.

(ii) The permitted payment stablecoin issuer will be notified of the decision in writing.

(iii) The notice will include an explanation of the decision, except for a decision not to establish an individual additional capital or backstop requirement for the permitted payment stablecoin issuer.

(4) *Submission of plan.* The decision in paragraph (c)(3) of this section may require the permitted payment stablecoin issuer to develop and submit to the OCC, within a time period specified, an acceptable plan to reach the additional capital or backstop requirement established for the permitted payment stablecoin issuer by the date required.

(5) *Change in circumstances.* If, after the OCC's decision in paragraph (c)(3) of this section, there is a significant change in the circumstances that materially affects the permitted payment stablecoin issuer's capital adequacy or its ability to reach the required additional capital or backstop requirement by the specified date, the permitted payment stablecoin issuer may request a change in the additional capital or backstop requirement for the permitted payment stablecoin issuer, the date when the minimum must be achieved, or the permitted payment stablecoin issuer's plan (if applicable). Pending a decision on reconsideration, the OCC's original decision and any plan required under that decision continue in full force and effect.

PART 19—RULES OF PRACTICE AND PROCEDURE

■ 16. The authority citation for part 19 is revised to read as follows:

Authority: 5 U.S.C. 504, 554–557; 12 U.S.C. 93, 93a, 161, 164, 481, 504, 1462a, 1463(a), 1464, 1467(d), 1467a(r), 1817(j), 1818, 1820, 1831m, 1831o, 1832, 1884, 1972, 3102, 3108, 3110, 3349, 3909, 4717, 5412(b)(2)(B), 5905, and 5913; 15 U.S.C. 78l, 78o–4, 78o–5, 78q–1, 78s, 78u, 78u–2, 78u–3, 78w, and 1639e; 28 U.S.C. 2461; 31 U.S.C. 330 and 5321; and 42 U.S.C. 4012a.

■ 17. Amend § 19.1 by revising paragraph (h) and adding paragraph (i) to read as follows:

§ 19.1 Scope.

* * * * *

(h) Suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition proceedings, or civil money penalties under section 6 of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (''GENIUS Act'') (12 U.S.C. 5905); and

(i) This subpart also applies to all other adjudications required by statute to be determined on the record after opportunity for an agency hearing, unless otherwise specifically provided for in the Local Rules (see § 19.3(j)).

■ 18. Amend § 19.3 by revising paragraphs (h) and (i) to read as follows:

§ 19.3 Definitions.

* * * * *

(h) *Institution* includes any national bank, Federal savings association, Federal branch or agency of a foreign bank, or a permitted payment stablecoin issuer as that term is defined in 12 CFR 15.2.

(i) *Institution-affiliated party* means any institution-affiliated party as that term is defined in section 3(u) of the FDICA (12 U.S.C. 1813(u)). For actions pursuant to the GENIUS Act, institution-affiliated party means any institution-affiliated party as that term is defined in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)).

* * * * *

■ 19. Revise § 19.180 to read as follows:

§ 19.180 Scope.

This subpart and § 19.8 apply to formal investigations initiated by order of the Comptroller and pertain to the exercise of powers specified in section 5240 of the Revised Statutes of the United States (12 U.S.C. 481); section 5(d)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(d)(1)(B)); sections 7(j)(15), 8(n), and 10(c) of the FDIA (12 U.S.C. 1817(j)(15), 1818(n), and 1820(c)); sections 4(b) and 13(a) and (b) of the International Banking Act of 1978 (12 U.S.C. 3102(b) and 3108(a) and (b)); section 21 of the Exchange Act (15 U.S.C. 78u); and section 6 of the GENIUS Act (12 U.S.C. 5905). This subpart does not restrict or in any way affect the authority of the Comptroller to conduct examinations into the affairs or ownership of national banks; Federal savings associations; Federal branches and agencies; permitted payment stablecoin issuers, as defined in 12 CFR 15.2; and their affiliates.

Jonathan V. Gould,

Comptroller of the Currency.

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