

MEMO

TO: The Board of Directors

FROM: Alfred L. Seivold
Acting Senior Deputy Director, Division of Complex Institution Supervision and Resolution

DATE: December 11, 2025

RE: Notice of Proposed Rulemaking on Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions

RECOMMENDATION

Staff recommends that the FDIC's Board of Directors (Board) authorize publication of the attached Notice of Proposed Rulemaking (Notice, or proposed rule) in the *Federal Register* with a 60-day comment period. This proposed rule would establish procedures to be followed by an insured State nonmember bank or insured State savings association (each, an FDIC-supervised institution) that seeks to obtain FDIC approval to issue payment stablecoins through a subsidiary pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the GENIUS Act).¹

BACKGROUND

The GENIUS Act, enacted on July 18, 2025, directs the FDIC, and the other primary Federal payment stablecoin regulators,² to establish a process and federal framework for the licensing, regulation, examination, and supervision of permitted payment stablecoin issuers (PPSIs) that prioritizes the safety and soundness of such entities.³ As required by the GENIUS Act, this proposed rule would establish a process and implement the Federal statutory framework for the acceptance and processing of PPSI applications⁴ from an FDIC-supervised institution that is consistent with the requirements of the GENIUS Act.

¹ See Pub.L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901 – 5916).

² 12 U.S.C. 5901(25).

³ See 12 U.S.C. 5904(a)(1)(B).

⁴ See 12 U.S.C. 5904(a)(2).

Concur:

PROPOSED RULE

To implement the statutory requirements regarding the acceptance and processing of PPSI applications, the proposed rule would establish procedures under a new § 12 CFR 303.252 titled “Permitted payment stablecoin issuers” under subpart M of 12 CFR part 303, Other Filings. This new section would apply to an FDIC-supervised institution that seeks to issue payment stablecoins through a subsidiary. The proposed rule would establish a tailored application process that minimizes the regulatory burden on an applicant.⁵

Scope and filing location

In terms of scope, the proposed rule would set forth the application requirements and procedures for an FDIC-supervised institution to submit an application to the FDIC to issue payment stablecoins through a subsidiary that would become a PPSI upon approval by the FDIC. The filing location would be the “appropriate FDIC region,” as that term is defined in 12 CFR 303.2(g).

Definitions

The proposed rule would define relevant terms, including defining the term “applicant,” which would mean an FDIC-supervised institution that seeks to issue payment stablecoins through a subsidiary. The proposed rule would also define terms, including “digital asset service provider,” “payment stablecoin” and “permitted payment stablecoin issuer,” by referencing the meanings given in the GENIUS Act and the Federal Deposit Insurance Act. From the GENIUS Act, the proposed rule would define “substantially complete” with regard to an application as “an application that contains sufficient information for the FDIC to render a decision on whether the applicant satisfies the factors” described in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)).

Contents of filing

Under the proposed rule, the applicant would submit information to the FDIC in the form of a letter application that would contain the information listed in the regulation, to the extent applicable and not already in the FDIC’s possession as the primary Federal regulator of the applicant. Each of the proposed application requirements is tied to the factors to be considered under section 5(c) of the GENIUS Act. The proposed rule would require that applications contain the following (as applicable):

(1) A description of the proposed payment stablecoin and the proposed activities of the subsidiary of the applicant, including related activities of the applicant, how the subsidiary plans to maintain the proposed payment stablecoin’s stable value or the reasonable expectation thereof, and any proposed incidental activities to the payment stablecoin activities or digital asset service provider activities.

⁵ See Pub. L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901 – 5916).

(2) Relevant financial information for the subsidiary, including planned capital and liquidity structure; reserve assets and composition and associated asset management plan; and financial projections for the first three years of operations.

(3) A description of the subsidiary's ownership and control structure; organizing documents; and a list of the subsidiary's proposed directors, officers, and shareholders (if different from the applicant), including a statement as to whether any of the proposed directors and officers have been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud.

(4) Relevant policies and procedures and customer agreements, including for custody and safekeeping; segregating customer and reserve assets; recordkeeping; reconciliation and transaction processing; redemption policy pursuant to section 4(a)(1)(B) of the GENIUS Act; and Bank Secrecy Act (BSA)/anti-money laundering (AML)/countering the financing of terrorism (CFT) and economic sanctions requirements pursuant to section 4(a)(5) of the GENIUS Act.

(5) An engagement letter with a registered public accounting firm.

The proposed rule would specify when the FDIC may request additional information from an applicant. It would state that the FDIC may request additional information as it deems necessary solely for its consideration of the factors listed in section 5(c) of the GENIUS Act and to the extent it does not already have such information as the primary Federal regulator of the applicant rather than requiring duplicative information to be submitted as part of an application.

Processing

The proposed rule would follow the requirements and timelines established by the GENIUS Act. The FDIC would notify an applicant as to whether the application is considered substantially complete not later than 30 days after the FDIC receives an application or specify the additional information required for the FDIC to consider the application substantially complete. This proposed paragraph would also state, pursuant to the GENIUS Act, that following notification by the FDIC that the application is considered substantially complete, the applicant shall notify the FDIC if there is a material change in circumstances that would require the FDIC to treat the pending application as a new application. It would also state that if the FDIC fails to notify the applicant within 30 days after receiving an application, the application shall be deemed substantially complete as of the date it was received by the FDIC.

Decisions

The proposed rule would provide that the FDIC shall approve or deny an application not later than 120 days after receiving a substantially complete application. Under the proposed rule, the FDIC may impose conditions upon approving an application, including the standard conditions defined under 12 CFR 303.2(bb). For example, an approval with conditions might include that the applicant must furnish final, executed documents if drafts were provided initially. Conditions would not impose requirements in addition to the requirements of section 4 of the GENIUS Act. If the FDIC does not render a decision on a substantially complete application within 120 days, the application shall be deemed approved, in accordance with the GENIUS Act.

The proposed rule would provide, in accordance with the grounds for denial provided by section 5(d)(1) of the GENIUS Act, that the FDIC shall deny a substantially complete application if the activities of the applicant would be unsafe or unsound based on the factors to be considered. The FDIC would provide the applicant with written notice of the basis for denial not later than 30 days after the date of such denial with an explanation that shall include all findings made by the FDIC with respect to all identified material shortcomings in the application, including recommendations to address such shortcomings. The FDIC would provide the written denial within the required 120 days.

Appeals and Final Determination

Section 5(d)(2)(C) of the GENIUS Act provides for hearing and appeals processes following denial of an application, which would be implemented by the proposed rule. Under the proposed rule, for purposes of an appeal, the FDIC would treat a denial of a PPSI application as akin to a material supervisory determination, requiring a denied applicant to follow procedures similar to the process for appeals of material supervisory determinations but within the timelines provided under the GENIUS Act. The proposed rule would follow the statute's requirements for noticing a hearing within 30 days of a timely request for hearing. Finally, under the proposed rule, the FDIC would provide written notice to the applicant who does not make a timely request for a hearing that the denial of the application is the final determination not later than 10 days after the date by which the applicant could have requested the hearing.

CONCLUSION

Staff recommends that the Board approve the attached Notice for publication in the *Federal Register* with a comment period of 60 days.

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