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November 4, 2025

Office of the General Counsel
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

RE: Response to Department of Treasury's Advance Notice of Proposed Rulemaking on the Implementation of the GENIUS Act

The Crypto Council for Innovation (CCI) respectfully submits these comments in response to the U.S. Department of the Treasury's (Treasury) Advance Notice of Proposed Rulemaking (ANPRM) on the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. As Treasury begins this critical phase of rulemaking, CCI appreciates the opportunity to support the development of a durable, consistent, and innovation-forward regulatory framework for payment stablecoins.

By way of background, CCI is a global alliance of leaders from across the digital asset ecosystem who are committed to shaping a future in which digital assets promote economic growth, enhance financial inclusion, protect consumers, and bolster national security. CCI members represent a wide range of business models and technological solutions, but we are united by the belief that sound, evidence-based regulation is essential to realizing the full potential of digital financial technologies. Effective implementation of the GENIUS Act will help ensure that the United States remains a global leader in digital innovation while protecting the financial system and its participants.

The passage and signing of the GENIUS Act by the President was a watershed moment both for the digital asset industry and for the evolution of U.S. financial regulation. For the first time, Congress has provided a comprehensive and tailored statutory framework for fiat-backed payment stablecoins. This new legal foundation establishes clear parameters for reserve backing, governance, and oversight of permitted issuers, eliminating many of the regulatory ambiguities that have constrained innovation and undermined consumer confidence. CCI applauds the Administration and bipartisan congressional leadership for recognizing the critical role that stablecoins can play in modernizing payments, improving financial access, and strengthening U.S. competitiveness.

As Treasury implements this framework, it is vital that the resulting regulations reflect the intent of Congress and remain calibrated to support safe, responsible innovation. The GENIUS Act narrowly prohibits issuers from paying interest on stablecoin holdings; implementing rules should accordingly avoid overly broad interpretations that would inadvertently stifle consumer-facing platforms from offering rewards programs or incentives. Such programs, when operated transparently and within robust compliance frameworks, have been key drivers of competition and adoption in other segments of the financial system and should not be precluded for digital asset intermediaries. Indeed, we encourage policymakers and regulators to further explore how consumer participation in economic returns can promote a more fair and competitive landscape.

Treasury should also establish consistent oversight expectations across the diverse array of entities permitted to issue payment stablecoins under the GENIUS Act. While the law envisions multiple regulatory pathways, the regulatory standards applied to each should reflect equivalent risk and ensure a level playing field. Allowing substantially different compliance burdens based on charter type or regulator would invite regulatory arbitrage and undermine the credibility of the regime, especially with respect to foreign-based issuers.

We respectfully urge Treasury to clarify the scope of Bank Secrecy Act (BSA) and anti-money laundering (AML) obligations for stablecoin service providers, consistent with limiting principles included in FinCEN's 2019 guidance clarifying the application of the Bank Secrecy Act to certain business models involving convertible virtual currencies.[1] It is especially important to delineate clear compliance off-ramps. This predictability is vital for operational certainty, effective enforcement, and continued investment in responsible digital asset infrastructure.

Stablecoin regulation must also be anchored in strong and consistent risk management oversight. As new participants enter the market, regulatory expectations must ensure that all participants (regardless of size or legacy status) meet high standards of compliance, transparency, and financial soundness. Robust oversight from the Office of the Comptroller of the Currency (OCC) and other supervisory agencies will be essential to safeguarding consumers and maintaining trust in these new forms of payment.

Finally, CCI urges Treasury to support open and competitive access to consumer-permissioned financial data as a foundational element across the broader digital assets regulatory regime. Barriers to data portability, such as anti-competitive fees or restrictions on third-party access, can entrench incumbent institutions and inhibit the very innovation the GENIUS Act seeks to unlock. Ensuring that consumers retain control over their financial information is foundational to fair competition and the broader digital transformation of the financial sector.

[1] Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies (CVC), FIN-2019-G001, Financial Crimes Enforcement Network (May 9, 2019).

In response to the ANPRM, CCI offers the following recommendations to certain of the presented questions to further clarify and operationalize key provisions of the Act.

Section III:

A. Issuance and Treatment of Payment Stablecoins

1. What topics should any regulations to effectuate Section 3(a), including the associated penalties, address?

To faithfully implement Section 3(a) of the GENIUS Act, Treasury's rulemaking should provide clarity on the scope and application of the Act's prohibition on the issuance of payment stablecoins by any person other than a permitted payment stablecoin issuer (PPSI). This provision is foundational to the regulatory framework established by the GENIUS Act and warrants clear delineation to avoid overreach, ensure enforceability, and provide predictability for market participants.

Treasury should also elaborate on how the prohibition applies to different types of "persons," including legal entities, natural persons, decentralized autonomous organizations (DAOs),[2] and consortia. A functional approach should apply to ensure that only those with control over the reserve-backing and issuance mechanics are captured, and that developers, validators, or independent protocol contributors who lack such control are not inadvertently swept in.

Question 2: Should Treasury issue regulations providing for safe harbors from Section 3(a)? If so, what factors should Treasury consider in adopting these regulations? Would it be better to observe the operation of Section 3(a) for a period of time before considering safe harbors, or are safe harbors necessary as soon as Section 3(a) becomes operational?

If Treasury decides to pursue safe harbors, they should be scoped to provide for very narrow, time-bound safe harbors from Section 3(a) concurrently with the provision's implementation.

Delaying safe harbor implementation until Treasury has "observed" the market under Section 3(a) would risk chilling responsible innovation and introducing unnecessary legal uncertainty.

[2] A DAO is an internet-native entity built on blockchain technology and governed through smart contracts and its token holders. Through transparent onchain voting, token holders are the primary decision makers, helping to ensure fair representation, prevent centralization, and align decisions with the DAO's goals. *See* Sean Butterfield, *What is a DAO?* Crypto Council for Innovation Explainers (Aug. 31, 2023) https://cryptoforinnovation.org/daos-dao-decentralized-autonomous-organization/.

Many legitimate actors, including open-source developers, infrastructure providers, and entities engaged in small-scale projects, may suspend operations or refrain from entering the market altogether due to the threat of significant penalties for conduct that falls into a legal gray area. A proactive safe harbor framework would provide these participants with operational clarity while preserving Treasury's ability to monitor and revise rules in response to emerging risks.

Treasury's safe harbor regulations should be guided by certain factors including the nature of the activity should be paramount. Entities that do not engage in fiat-backed issuance and that lack control over stablecoin reserves—such as developers of noncustodial wallet software, maintainers of public blockchains, or operators of decentralized applications—do not present the consumer protection or financial stability concerns that Section 3(a) is designed to mitigate. Safe harbors should expressly exclude these actors from the issuer prohibition, either through categorical exclusions or narrowly tailored exemptions.

3. Is the scope of the term "payment stablecoin" sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?

The GENIUS Act provides a strong statutory foundation for the term "payment stablecoin," but implementing regulations would benefit from additional clarification to ensure consistent interpretation across a range of market participants and technological models. The definition appropriately centers the policy goals of the statute; ensuring that fiat-redeemable digital payment instruments are subject to clear federal or state oversight, as applicable, while excluding categories of digital assets that are better addressed under securities or commodities regulation.

Treasury could consider issuing guidance or interpretive rules to clarify certain elements of the definition, particularly in light of how payment stablecoin models vary in the market today. This should include affirming the characteristics of a "payment stablecoin" in order to effectively capture entities that conduct PPSI issuance, consistent with the principles below, but to ensure that tokens that meet the criteria of the definition but do not call themselves "payment stablecoins" are effectively captured. This is critical to developers, consumers, and other market participants who need clarity in knowing as they build on and utilize products purporting stability in payments, that they are ultimately safe for use.

Treasury should clarify what it means for a digital asset to be "used as a means of payment or settlement." Many stablecoins today are used across a range of functions; not only payments but also for settlement and collateralization in decentralized finance. The definition should not hinge solely on actual usage patterns in secondary markets, but rather on the issuer's intent and product design. A clear standard would examine whether the token is marketed and structured primarily for use as a general-purpose payment instrument, including its use for internal, inter-affiliate, or operational settlement functions within a financial institution or payment network. The definition

should expressly exclude certain settlement use cases—whether between a firm's own accounts, among affiliates, or with third-party counterparties—so that such digital assets are not "payment stablecoins" merely because they facilitate institutional or operational transfers as opposed to retail payments.

The requirement that a payment stablecoin be issued by "a person" raises important questions regarding decentralized issuance models. Some digital assets are created by decentralized protocols or DAOs without a centralized issuing entity or contractual redemption right. Treasury should clarify that assets created without a person assuming liability for redemption do not constitute "payment stablecoins" under the Act, even if they may function as mediums of exchange in some contexts.

Question 4. Is the scope of the term "digital asset service provider" sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?

The GENIUS Act provides a broad but conceptually sound definition of "digital asset service provider" (DASP) in Section 2. While the statutory language offers a clear starting point, implementing regulations should provide further clarification to delineate the boundaries of the term and prevent overbroad or unintended application, particularly as this definition governs significant obligations under Section 3(b).

Under the GENIUS Act, a DASP includes any person who, in the regular course of business, engages in (i) exchanging digital assets for money or other digital assets; (ii) transferring digital assets to a third party; (iii) acting as a custodian of digital assets; or (iv) providing financial services relating to the issuance of digital assets. These categories reflect a reasonable effort to capture the range of centralized and custodial intermediaries that handle digital assets on behalf of users, consistent with the Act's consumer protection objectives.

Regulatory refinement, however, can further clarify that the definition does not sweep in actors that are neither intermediaries nor appropriate subjects of regulatory oversight. The phrase "participating in financial services relating to digital asset issuance" is particularly broad. Treasury should clarify that only entities performing intermediation functions—those that take possession or control of customer assets or provide regulated financial services—fall within the definition of a DASP.

The GENIUS Act already recognizes the need to exclude certain categories of actors from the DASP definition, including developers of distributed ledger protocols, validators, and self-hosted wallet providers. Treasury should reaffirm and operationalize these exclusions in implementing regulations. Doing so will help ensure that the definition does not inadvertently capture purely

technical participants who do not have custody of funds or direct control over stablecoin issuance or distribution.

Treasury should also provide guidance on the status of intermediaries and access providers such as search engines, payment APIs, data aggregators, or decentralized application (dApp) front-ends. These entities may facilitate interactions with stablecoins but do not engage in "offer or sale" activity or possess customer assets. Clarifying their regulatory status will be essential, particularly given the decentralized nature of many emerging financial applications.

Regulations should further clarify what constitutes an "offer or sale" of a payment stablecoin by a DASP under Section 3(b). For example, Treasury should address whether listing a stablecoin on an automated market maker, displaying a token on a platform, or enabling swap functionality through noncustodial infrastructure qualifies as an "offer or sale." A functional and risk-based approach—focused on intermediation, solicitation, or control—will help avoid confusion and ensure appropriate compliance pathways.

Question 5. Is the extraterritorial application sufficiently clear as stated in the GENIUS Act? If not, what additional clarification should be provided?

Section 3(e) of the GENIUS Act clearly establishes that the prohibitions in Sections 3(a) and 3(b) apply extraterritorially when conduct involves the offer or sale of a payment stablecoin to a person located in the United States. While this statutory intent is explicit, implementing regulations should clarify how Treasury will interpret and apply this provision in practice.

To provide legal certainty for foreign actors—and ensure a high-bar for compliance—Treasury should specify what types of conduct constitute a sufficient U.S. nexus. Relevant factors could include targeted marketing to U.S. users, U.S. dollar-denominated redemption rights, reliance on U.S.-based custodians or infrastructure, and contractual terms allowing redemptions by U.S. persons. These are consistent with frameworks under U.S. securities and AML law.

Treasury should distinguish between intentional engagement with the U.S. market and mere accessibility. Passive availability of a platform or protocol over the internet should not, by itself, trigger jurisdiction. Regulation based on purposeful direction or solicitation would align with constitutional due process and avoid jurisdictional overreach.

Question 6. How should payment stablecoins not issued by a PPSI be treated for accounting purposes under Section 3(g)(1)?

Section 3(g)(1) of the GENIUS Act explicitly prohibits the treatment of non-PPSI-issued payment stablecoins as "cash" or "cash equivalents" for accounting purposes. This statutory

restriction sets a baseline for treatment under GAAP and regulatory reporting standards of payment stablecoins issued by PPSIs to be used as cash/cash equivalents for payments and settlement, margin and collateral, and wholesale settlement purposes.

Treasury should coordinate with the Financial Accounting Standards Board (FASB) and banking regulators to ensure uniform application of both the restriction and affirmative treatment in corporate balance sheets, particularly for regulated entities. This will provide much-needed clarity for businesses engaging payment stablecoins and ensure that the Act lives up to its mandate of creating a payments regime for the wide use of payment stablecoins.

Question 7. Are any regulations or guidance necessary to clarify any aspects of this treatment provision?

Yes, guidance is necessary to ensure consistent interpretation and implementation of Section 3(g)(1), which prohibits treating non-PPSI-issued payment stablecoins as cash or cash equivalents for accounting purposes. While the GENIUS Act is clear in its directive, additional clarity is needed on how this restriction applies across different sectors and accounting standards.

Further clarification is needed on the term "cash equivalent," particularly where a non-PPSI stable-value token may otherwise meet liquidity and convertibility criteria. Treasury should affirm that issuer status alone disqualifies such assets from this classification.

Additionally, Treasury should align its guidance with relevant regulatory agencies, including the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC), to ensure consistency between accounting treatment and collateral eligibility under Section 3(g)(2). Guidance on the treatment of legacy holdings and a possible phase-in period would also help prevent abrupt disruptions for firms with material exposures.

Question 8. Are any regulations or guidance necessary to clarify the scope of these exempted transactions?

Yes, Treasury should issue guidance to clarify the exemptions under Section 3(h) of the GENIUS Act. The statutory language is well-intentioned in preserving personal, peer-to-peer, and self-custodial activity from regulatory restrictions; additional interpretation, however, is needed to ensure consistent and predictable application.

For example, Treasury should clarify what qualifies as a "direct transfer" between individuals "acting on their own behalf." In decentralized systems, the use of relayers, bridges, or validators—absent custodial intermediation—should not disqualify a transaction from exemption. Similarly, the terms "own behalf" and "own lawful purposes" should be interpreted

to include incidental personal or small-scale commercial activity, such as freelance payments or noncustodial transfers.

Treasury should confirm that intra-user transfers between accounts under the same parent company (such as a U.S. to non-U.S. wallet offered by the same provider) remain exempt if no third-party intermediation occurs.

Treasury should affirm that the use of noncustodial wallets, including hardware, smart contracts, or multisignature wallets,[3] does not involve an intermediary solely due to interaction with public blockchain infrastructure.

Question 9. Are there any other terms in Section 3 that would benefit from additional clarification or interpretation?

Section 3(c)(2) authorizes Treasury to grant safe harbors where it determines that "unusual and exigent circumstances" exist. Treasury must provide a justification to Congress before granting a safe harbor under this section. Because the statute is silent on what factors might constitute an "unusual and exigent circumstance," Treasury should offer clarification on the conditions under which this safe harbor might be invoked. This would provide the public and market participants greater clarity regarding who might qualify for this exemption and when. Defining "unusual and exigent circumstances" would be well within Treasury's authority as Section 3(d) broadly directs Treasury to issue regulations to implement this section, "including regulations to define terms." Any safe harbor must avoid undermining minimum customer protection, risk-management, or BSA/AML compliance requirements to ensure a level playing field exists across all types of payment stablecoin issuers.

B. Requirements for Issuing Payment Stablecoins

11. How will FPSIs determine the liquidity demands of U.S. customers in such a way that will be sufficient to maintain compliance with the obligation to hold reserves in U.S. financial institutions as set forth in Section 18(a)(3)?

[3] A noncustodial wallet is a tool that allows users to hold and transfer digital assets while maintaining control over their private keys, without relying on a third-party intermediary. Private keys function like passwords, enabling users to access their funds and sign, or authorize, transactions. Hardware wallets are physical devices that store private keys offline, thus making them less vulnerable to cyber attacks. Smart contracts are self-executing code deployed on a blockchain that automatically carry out agreed-upon actions, like transferring assets, when certain conditions are met. Multisignature (or "multisig") wallets require multiple signatures (instead of just one) to execute a transaction, thus offering additional security and reducing the risk of a single point of failure. *See* Kraken, Custodial vs. Non-Custodial Crypto Wallets, Kraken (June 5, 2025), https://www.kraken.com/learn/custodial-non-custodial-crypto-wallet; *See also* Coinbase, What Is a Smart Contract?, Coinbase (last visited Oct. 29, 2025), https://www.coinbase.com/learn/crypto-basics/what-is-a-smart-contract; MoonPay, Custodial vs Non-Custodial Wallets: What's the Difference?, MoonPay (last visited Oct. 29, 2025), https://www.moonpay.com/learn/blockchain/custodial-vs-non-custodial-wallets#custodial-vs-non-custodial-wallets.

For alignment with emerging global standards, Treasury should support a standard for liquidity demands that covers total U.S.-nexus circulation, including both tokens issued by an FPSI directly to U.S. customers as well as indirectly circulating among U.S. persons. This is a critical safeguard to ensure appropriate liquidity that will protect American consumers in the event of FPSI failure or insolvency.

12. Are any regulations necessary to clarify requirements related to the holding of reserve assets? In particular, is additional clarity necessary regarding the extent to which reserve assets are required to, or should, be held in custody?

Yes, regulations are necessary to clarify the custody requirements related to the holding of reserve assets under the GENIUS Act. While the statute establishes a clear obligation for payment stablecoin issuers to maintain fully backed reserves, it does not explicitly define how those assets must be held. Regulatory clarity is essential to ensure reserve assets are securely managed, appropriately segregated, and readily available to satisfy redemption obligations.

Further guidance is needed on whether pooled custody structures are permissible or whether reserve assets must be held in segregated accounts specific to each issuer.

Treasury should coordinate with prudential regulators to align custody standards with broader bank supervision and liquidity requirements. Custody arrangements must ensure that reserve assets are liquid, secure, and accessible on demand to meet the GENIUS Act's redemption and transparency mandates.

Treasury should issue guidance clarifying that PPSIs may hold reserves in foreign correspondent banks of U.S. insured depository institutions. This would affirm Congress' intent to preserve interoperability and fiat conversion—essential requirements for PPSIs to operate globally.

14. Should any regulations be issued to clarify the meaning of "pay," "interest," "yield," "solely," or otherwise clarify the scope of Section 4(a)(11)? In particular, should any regulations be issued to clarify whether, and to what extent, any indirect payments are prohibited?

Yes, Treasury should clarify these terms in Section 4(a)(11) of the GENIUS Act (specifically "pay," "interest," "yield," and "solely") to ensure that the statutory prohibition is applied in a narrow and targeted manner that upholds consumer protections without unduly restricting legitimate product features, consumer benefits, or innovation.

Treasury should interpret "pay" to refer to any direct transfer of value by a PPSI or FPSI to a stablecoin holder in consideration for holding or using the stablecoin. This definition should exclude rewards or incentives offered by independent third parties that are unrelated to the issuer's business or balance sheet. Stated otherwise, this prohibition does not, for example, prevent a digital asset exchange or other intermediary from paying loyalty rewards to accountholders, a benefit common to many types of business relationships. Treasury should further confirm that promotional rewards, third-party loyalty programs, or benefits offered by wallets and fintech platforms do not violate the prohibition, as such entities are not the PPSI or FPSI. Issuers should be allowed to partner with platforms that offer user-facing rewards. The current statutory text narrowly prohibits interest or yield payments only when made by a PPSI or FPSI, and it should not be extended to other entities on an "indirect payment" theory. We respectfully submit that any effort by Treasury to expand or alter the scope of this prohibition would contradict a decision made by Congress.

Regulations should preserve needed flexibility for product features that enhance stablecoin utility, such as merchant discounts, gas-fee rebates, or wallet-based rewards, without violating the Act's prohibition. Stablecoin rewards are positive incentives for customers who choose to use certain platforms and take part in financial innovation; they shouldn't be arbitrarily restricted. Instead, customers should be allowed to share in the economic benefits of the stablecoin market. Guidance should focus on the conduct of PPSIs and FPSIs, not downstream activity occurring in open or noncustodial ecosystems that they do not control.

Allowing independent third parties to offer rewards or other forms of payment to stablecoin holders using their platform will foster competition and innovation, expand benefits to end user recipients, and promote broader adoption of compliant payment stablecoins. It will also allow banks and crypto firms alike to compete for consumers on a level playing field. Treasury should also study the broader economic benefits of allowing consumers to share in returns from stablecoins, noting that commercial-bank deposits have continued to grow even as money-market funds and other yield-bearing products have expanded. Further clarifying that third-party rewards and incentives are permissible would not only enhance consumer choice, benefits, and financial inclusion, but also keep the U.S. payment stablecoin market globally competitive. It is important to keep in mind that U.S. based stablecoins and third party platforms that distribute them are competing with international stablecoin issuers and platforms across the globe given the primary uses are cross-border payments, digital asset trading liquidity, and dollar access in various emerging markets. Permitting rewards will ensure that innovation, compliance, and job creation stay in the U.S. It further strengthens the U.S. dollar's role as the dominant global reserve currency by integrating it in payment rails. All of this will further GENIUS's core pro-market and pro-innovation approach and further allow for the adoption of stablecoins in the U.S.

15. Are any regulations or guidance necessary to clarify the scope or application of these provisions, including whether other terms used by PPSIs may be deceptive?

Affirming in rulemaking a uniform but comprehensive marketing standard that encompasses marketing, branding, disclosures, and redemption practices will close evasion pathways, affirm Congressional intent for a brightline consumer expectation, and ensure like-for-like products are held to the same safety and compliance obligations.

18. What broad-based principles should be considered in determining whether a state-level regime is "substantially similar" to the federal regulatory framework? Are there any principles that should be excluded from consideration?

Treasury should adopt a set of objective, risk-based principles to determine whether a state-level regulatory regime is "substantially similar" to the federal framework established by the GENIUS Act. This determination should focus on regulatory outcomes particularly with respect to consumer protection, financial stability, and supervisory effectiveness, rather than requiring formal or structural equivalence between state and federal regimes.

Relevant risk-based principles could include:

- Fully backed 1:1 reserves held in high-quality, liquid assets. These regimes must also impose robust standards for redemption rights, asset segregation, and the public disclosure of reserve composition and attestations.
- The relevant state regulator must possess meaningful supervisory authority, including licensing or registration powers, the ability to conduct regular examinations, enforce compliance, and revoke permissions.
- Regular reporting requirements.

Treasury should avoid requiring identical legal forms or statutory structures to qualify as substantially similar. A state framework should not be disqualified solely because it relies on a different regulatory instrument or uses distinct terminology, so long as it achieves comparable regulatory outcomes.

19: How is a determination that a state-level regime is "substantially similar" to the federal regulatory framework, as described in Sections 4(c)(1) and (2) of the GENIUS Act, similar to or different from a determination that a state-level regime "meets or exceeds the standards and requirements" for issuing payment stablecoins, as described in Section 4(c)(5)?

Based on the statutory text alone, it is unclear to what extent the "substantially similar" determination differs from the "meets or exceeds" determination. While Sections 4(c)(5)

explicitly provides that a state regime must "meet or exceed" the requirements in Section 4(a), Sections 4(c)(1) and 4(c)(2) do not specify a comparable reference point for assessing "substantial similarity." Treasury should therefore, as a preliminary matter, clarify whether and how these standards differ.

Anchoring the "meets or exceeds" determination on standards enumerated in Section 4(a)—including requirements for reserves, disclosures, capital and risk-management—would promote consistency across Section 4(c), provide state's clarity for how to model their regimes, and uphold a uniform federal baseline. At the same time, Treasury may interpret the "substantially similar" standard to offer states a degree of flexibility in tailoring their regimes, consistent with the minimum protections outlined in Section 4(a).

When assessing the adequacy of a state regime under 4(c)(1) and (2) or 4(c)(5), it is essential that Treasury ensures all PPSIs, including new entrants, are subject to robust, consistent oversight and strong risk management, compliance, and consumer protection standards from the outset to promote market stability and a level playing field.

20: To what extent does this prohibition overlap with (i) the prohibitions in Section 3, (ii) the prohibition on the use of deceptive names in Section 4(a)(9), or (iii) the prohibition on misrepresentation of insured status in Section 4(e)(2)?

The Section 4(e)(3), Section 3, Section 4(a)(9) and Section 4(e)(2) prohibitions collectively protect U.S. payment stablecoin holders by ensuring that payment stablecoin purchasers understand what they are buying and that the instrument meets minimum safeguards. While Section 3 establishes the core prohibition against issuing payment stablecoins that fail to comply with GENIUS, Section 4(e)(3) strengthens that protection by penalizing issuers who seek to benefit from evasion through misleading marketing. Sections 4(a)(9) and 4(e)(2) further protect customers from deceptive names and misrepresentations that may inaptly suggest that payment stablecoins are equivalent to U.S. government money or FDIC-insured deposits. Taken together, these provisions should be interpreted to form a cohesive framework that enhances transparency, promotes consumer confidence, and supports responsible adoption of lawful payment stablecoins.

21: Are any regulations or guidance necessary to clarify or implement this provision, including how the number of violations will be determined under Section 4(e)(3)(C)?

Yes, Section 4(e)(3)(C) provides that separate acts of noncompliance are treated as a single violation when they arise from either (i) "a common or substantially overlapping originating cause" or (ii) "the same statement or publication." Treasury should consider issuing guidance clarifying the circumstances under which separate acts would be deemed to share a "common or

substantially overlapping originating cause." Such clarification would help distinguish between distinct violations that warrant separate penalties and related conduct that should be treated as a single violation.

IV: Illicit Finance

CCI recognizes that Treasury is not seeking duplicative input to issues already addressed in responses to its August 18 "Request for Comment on Innovative Methods to Detect Illicit Activity Involving Digital Assets." In light of that request, CCI briefly notes that its earlier submission[4] highlighted how industry firms are leveraging emerging technologies like AI, blockchain analytics, and decentralized identity to strengthen AML/CFT compliance, while also preserving privacy and the benefits of digital assets for lawful use. CCI also recommended Treasury and FinCEN offer guidance on issues, including, among others, how AI may be incorporated into compliance without negatively affecting an institution's regulatory standing, how decentralized ID may be used in KYC screenings, and standards for evaluating blockchain analysis software.

Separately, Treasury should consider establishing a Cryptocurrency Cyber Innovation Center (CCIC) dedicated to countering threats from nation-state actors who target crypto assets for funding or otherwise leverage them for illicit purposes, while advancing U.S. efforts to foster innovation, ensure digital economic safety, and support technological advancements in cryptocurrency security and compliance. In carrying out this mission, we would respectfully encourage Treasury to work with the Department of Justice, Homeland Security, and other relevant federal agencies, while also collaborating with private sector entities. Specific directives for the CCIC could include: carrying out regular risk assessments, disrupting cyber attacks and illicit activities, supporting efforts to seize criminal proceeds derived from illicit cryptocurrency transactions, and facilitating public-private information sharing partnerships. The CCIC should report annually to Congress on its activities, goals, and achievements.

[4] Crypto Council for Innovation, Comment Letter on Treasury Request for Comment on Innovative Methods to Detect Illicit Activity Involving Digital Assets, Document No. 2025-15697 (Oct. 17, 2025), https://cryptoforinnovation.org/wp-content/uploads/2025/10/59a1f6a1-715c-4dd9-accd-ebf205e31d42-TICKET.hs_file_upload-CCI-Comment-on-Treasury-RFC-on-AML-Innovation.pdf.

V. Foreign Payment Stablecoin Issuers

A. Comparability

29. For the purpose of identifying existing foreign payment stablecoin regulatory and supervisory regimes, are there certain characteristics of a "payment stablecoin" recognized in the market that differ from how this term is defined in the GENIUS Act?

Yes, certain characteristics associated with "payment stablecoins" in global markets may differ from the definition provided in the GENIUS Act. In many jurisdictions, there is no legally defined category labeled "payment stablecoin." Instead, the term "stablecoin" is often applied broadly to digital assets that may or may not align with the GENIUS Act's narrower criteria.

The GENIUS Act defines a payment stablecoin as a digital asset designed to maintain a stable value relative to a fiat currency and used or intended to be used primarily as a medium of exchange. This definition potentially excludes other tokens primarily used for investment, collateral in lending protocols, or speculative activity. However, in other jurisdictions, stablecoins used for these purposes may still be grouped under a general "stablecoin" label.

In the European Union, for example, the Markets in Crypto-Assets Regulation (MiCA) does not actually use the term 'stablecoin' but rather introduces categories "e-money tokens" (pegged to a single currency) and "asset-referenced tokens" (pegged to a basket of currencies) without outlining specific criteria for "payment stablecoin." In fact, the EU is in the process of revising its broader payments framework, which might see additional, specific requirements (including authorisation) for payment EMT. While some instruments regulated under these categories may functionally resemble payment stablecoins as defined under the GENIUS Act, the divergence in terminology and regulatory intent may require careful reconciliation.

In identifying comparable foreign regimes, Treasury should prioritize functional equivalence over terminological alignment. Where a foreign regulatory framework achieves similar regulatory outcomes even if it does not use the term "payment stablecoin," it may merit recognition under the GENIUS Act's comparability framework. At the same time, Treasury should ensure that any recognition of foreign regimes maintains high prudential, consumer-protection, and financial-integrity standards so that foreign issuers cannot undercut or weaken the safeguards applied to U.S. markets.

30. Are there foreign payment stablecoin regulatory or supervisory regimes, or regimes in development, that may be comparable to the regime established under the GENIUS Act?

Are there foreign regimes that are in effect, or in development, that materially differ from the regime under the GENIUS Act?

Several jurisdictions have introduced or are developing regulatory frameworks for payment stablecoins with some elements comparable to the GENIUS Act, though they differ in scope, objectives, and openness to foreign issuers. While some foreign regimes are aligned in their focus on prudential oversight, redemption guarantees, and reserve requirements, they generally impose geographic constraints or licensing requirements that limit their comparability to the GENIUS Act's framework.

Hong Kong's Stablecoins Ordinance, effective August 2025, establishes a licensing regime for fiat-referenced stablecoins (FRS). It does not automatically recognize foreign-issued stablecoins. Issuers of Hong Kong dollar-pegged stablecoins, regardless of jurisdiction, must be licensed by the Hong Kong Monetary Authority (HKMA) to operate locally. This framework imposes substantive prudential and conduct requirements and limits foreign participation unless the issuer obtains a local license.

In the United Arab Emirates (UAE), the regulatory approach is segmented by currency and use case. Dirham-pegged stablecoins fall under the Central Bank of the UAE's Payment Token Services Regulation (PTSR), which mandates local licensing and full reserve backing. Foreign stablecoins, defined as non-AED-pegged tokens, are permitted under the Dubai Virtual Assets Regulatory Authority (VARA) regime but are restricted to virtual asset purchases and may not be used for retail payments or general settlement. This functional limitation contrasts with the GENIUS Act's focus on enabling broad payment utility for compliant issuers.

By contrast, Singapore and Japan do not currently offer registration or recognition pathways for foreign stablecoin issuers. Singapore's finalized 2023 framework applies only to single-currency stablecoins (SCS) pegged to the Singapore dollar or designated G10 currencies and requires that issuers be established and licensed within Singapore. Similarly, Japan's stablecoin regime limits issuance to entities licensed as banks, trust companies, or money transfer agents, and restricts stablecoins to being yen-denominated. These frameworks exhibit strong consumer protection and reserve requirements but differ materially from the GENIUS Act by requiring local incorporation and excluding foreign participation.

32. As Treasury identifies factors for determining whether a foreign jurisdiction has a regulatory and supervisory regime that is comparable to the requirements established under the GENIUS Act, including standards for issuing payment stablecoins provided in Section 4(a), what specific factors should Treasury consider, including factors that should disqualify a foreign jurisdiction from being determined to be comparable? Are there factors that should be excluded from consideration?

Treasury should look to Section 4(a)'s standards as key factors for determining whether a foreign jurisdiction has a regulatory and supervisory regime that is comparable to GENIUS's framework. For example, comparable regimes should require issuers to back stablecoins with highly-liquid reserve assets, disclose reserve asset information, and comply with adequate capital, liquidity, and risk-management standards. Treasury should also look to Section 8's anti-money laundering protections as guideposts for whether a foreign jurisdiction maintains a comparable anti-illicit finance regime to GENIUS and can actually enforce requirements on FPSIs such as illicit finance, lawful orders, and marketing requirements. This will ensure U.S. PPSIs are operating on a level playing field with FPSI.

Additional factors should focus on whether a foreign jurisdiction effectively promotes financial stability of issuers, protects customers, and mitigates illicit finance and financial soundness risks through regulation, supervision, and enforcement. Ensuring foreign regulators retain strong, well-resourced, ongoing supervisory and enforcement regimes that hold all actors, including new participants, to robust standards for risk management and compliance is key.

Treasury and the OCC should make publicly available a list of approved comparable jurisdictions, recognized FPSIs, and evaluation criteria. This will allow interoperability among PPSIs, permitted FPSIs, and DASPs, while supporting market integrity and transparency.

33. To what extent should Treasury consider a foreign jurisdiction's willingness and ability to enforce the prohibitions in Sections 4(a)(9), 4(e)(2), and 4(e)(3), as related to misrepresentations of U.S. government support or that of the foreign government, as a factor in comparability determinations under Section 18(b)?

Treasury should consider a foreign jurisdiction's willingness and ability to enforce prohibitions relating to misrepresentations regarding a payment stablecoin's insured status, government backing, whether it was lawfully issued and other marketing limitations of the Act. Treasury should also ensure that U.S. issuers are not subject to stricter requirements than their foreign counterparts. Ensuring parity and effective enforcement of anti-deceptive marketing laws across foreign jurisdictions would bolster market integrity and consumer confidence, while preventing regulatory arbitrage between U.S. and foreign payment stablecoin issuers.

B. Reciprocity

34: How should Treasury interpret "interoperability" in Section 18(d)(1)(C), describing "interoperability with U.S.-dollar denominated payment stablecoins issued overseas?" What technical, legal, regulatory, or other measures are most relevant for interoperability? To what extent should compliance with any interoperability standards issued under Section

12 be required under reciprocal arrangements or other agreements entered into under Section 18(d)?

From a technical perspective, interoperability should reflect the stablecoin's capacity to integrate with U.S.-based payment systems, wallets, and blockchain infrastructure. This includes the use of standardized protocols (such as ISO 20022), cross-platform operability, and the ability to transfer and settle on networks that are widely adopted within the United States.

Legally and regulatorily, interoperability should require that the foreign regime supports consumer protection, equivalent reserve backing and transparency, enforceable redemption rights for U.S. persons, and risk management standards compatible with U.S. expectations. Additionally, compliance with AML and sanctions frameworks must be ensured, either directly by the foreign issuer or through supervisory coordination with U.S. authorities.

Treasury should also consider whether the issuer's operational and governance infrastructure—including incident response and audit readiness—can function in coordination with U.S. regulatory processes. This is critical to maintaining market integrity and protecting against systemic or operational risks.

C. FPSIs

35. What information should U.S. authorities require from a FPSI registered under Section 18(c), and in what format(s) should such information be made available, to ensure that U.S. customers understand how to demand timely redemption of the instrument?

Section 4(a)(1)(B) requires PPSIs to establish "clear and conspicuous procedures" for timely redemption and to "publicly, clearly, and conspicuously" disclose in plain language all fees associated with purchasing or redeeming payment stablecoins. Thus, to ensure a level playing field, Treasury should also require an FPSI to provide U.S. authorities specific information describing how U.S. customers may demand timely redemption of a foreign-issued payment stablecoin. Such information should be made publicly available and include clear explanations of redemption processes, associated fees, and expected timeframes for fulfillment. This will promote transparency and parity between domestic and foreign issuers. Critically, the foreign jurisdiction of the FPSI should maintain an insolvency framework similar to Section 11 of GENIUS that would preserve U.S. holder rights to redeem stablecoins in the event of issuer insolvency.

36. Are any regulations or guidance necessary to clarify the prohibition on offers and sales of payment stablecoins issued by foreign issuers in the United States under Section 3(b)(2)

of the GENIUS Act, including the requirement that an FPSI have the "technological capability" for compliance?

Yes, given "technological capability" to comply with lawful orders and reciprocal arrangements is a necessary condition for an FPSI to make a payment stablecoin available in the U.S., providing clear criteria will provide market participants needed clarity on when this condition might be satisfied. Clear rules on how an FPSI can—and will—comply with lawful orders will advance the statute's aim of advancing lawful payment stablecoin activity while deterring illicit activity.

VI. Taxation

37. To what extent would guidance from the IRS on the classification of payment stablecoins be necessary or helpful to taxpayers?

Guidance from the Internal Revenue Service (IRS) on the classification and federal tax treatment of payment stablecoins is both necessary and urgent. As the use of payment stablecoins expands within payment systems, clarity on their treatment under the Internal Revenue Code will enhance compliance, reduce administrative uncertainty, and ensure that tax rules are applied consistently with the economic substance of these instruments.

At the outset, the IRS should make clear that the use of payment stablecoins to purchase goods or services should not constitute a taxable event for income tax purposes and that stablecoins should be treated as "cash" under IRS regulations. Payment stablecoins that are fully backed by fiat-denominated reserves and designed to maintain a stable value relative to the U.S. dollar function as transactional media, not investment assets. Treating ordinary payment activity—such as buying coffee or paying for online services—as a realization event would impose unnecessary recordkeeping burdens, generate widespread confusion, and discourage legitimate use of stablecoins as efficient digital payment instruments.

Most importantly, Treasury should revisit final regulations issued under Section 6045 of the Internal Revenue Code, which currently do *not* exempt stablecoins from digital asset broker reporting requirements. As written, the rules could capture routine stablecoin transactions—such as common consumer purchases or peer-to-peer transfers—within the scope of Form 1099 reporting. Payment stablecoins issued in compliance with the GENIUS Act are designed to maintain a stable value relative to fiat currency and are not expected to generate meaningful capital gains or losses. As mentioned above, these instruments function as transactional media, not investment vehicles. Accordingly, subjecting them to the same cost basis and gain/loss reporting obligations designed for volatile digital assets is neither necessary or appropriate. It

imposes a disproportionate administrative burden on both brokers and taxpayers, while yielding minimal informational value for tax compliance or enforcement.

IRS should therefore clarify that qualifying payment stablecoins are excluded from the Section 6045 reporting regime and confirm that their use as a medium of exchange does not give rise to taxable income. Such clarification would align tax administration with economic reality, reduce unnecessary compliance burdens, and support responsible innovation in digital-asset payment systems while maintaining the integrity of the tax base.

38. What other topics, if any, should any such tax guidance address? Which issues should be the highest priority items to address?

The highest-priority items are (1) confirming that the use of payment stablecoins as "cash" for tax purposes and that a medium of exchange is not a taxable event, and ideally supporting a regulatory accounting treatment of payment stablecoins as cash/cash equivalents for accounting and tax purposes; (2) ensuring that redemptions and conversions among compliant payment stablecoins are treated as nonrecognition events; and (3) excluding qualifying payment stablecoins from the digital-asset broker reporting regime under Section 6045.

Addressing these issues first would provide immediate clarity to taxpayers, prevent confusion for millions of consumers, and support the responsible growth of compliant, dollar-referenced stablecoin payment systems.

VIII. Economic Data

B. Benefits

46. What are the potential advantages of registering under state regimes compared to federal regimes, particularly in terms of administrative efficiency and support for innovation?

Registering under state regulatory regimes could offer certain advantages relative to federal registration, particularly in terms of administrative efficiency and support for innovation. These advantages are well-aligned with the dual licensing framework envisioned by the GENIUS Act and reflect the longstanding role of states in fostering responsible financial innovation.

State-level regimes can provide certain regulatory flexibility, including faster approval timelines, which can be especially beneficial for startups and emerging companies seeking to enter the market. State regulators can also be more agile in adapting to novel business models, allowing for tailored oversight and engagement during the licensing process. This flexibility reduces time-to-market and encourages experimentation with new technologies and business structures.

For example, certain state regimes may impose a lower administrative burden relative to federal registration, particularly for firms operating in a limited number of jurisdictions. For growing issuers or those with narrower operational footprints, state oversight can reduce compliance complexity and ongoing reporting requirements without sacrificing core consumer protections or prudential standards.

Additionally, some states have developed specialized expertise in digital asset regulation and financial technology innovation, providing a constructive supervisory environment that supports both compliance and business development. States such as New York and Wyoming have implemented stablecoin frameworks that can serve as useful models for other states seeking to develop their own regimes, consistent with GENIUS's minimum federal floor requirements.

47. The GENIUS Act establishes federal safeguards to protect consumers. How should the economic benefits of consumer protection be measured?

The economic benefits of consumer protection under the GENIUS Act should be measured through both quantitative indicators and qualitative outcomes that reflect increased market stability, reduced consumer harm, and improved public confidence in the digital asset ecosystem.

Treasury should consider measurable reductions in fraud, loss, and misrepresentation as key indicators. By mandating reserve backing, clear redemption rights, and truthful disclosures, the GENIUS Act reduces the likelihood of consumer losses due to issuer insolvency or deceptive practices. Historical data on losses from failed or poorly regulated stablecoin issuers can serve as a baseline to quantify the benefits of prevention under the new regime.

Enhanced trust and participation in digital payments should be recognized as long-term economic benefits. Consumers are more likely to adopt and use payment stablecoins when confident in the legal, operational, and financial safeguards in place. This can increase transactional velocity, reduce reliance on less secure cash alternatives, and promote inclusion in underserved communities.

Treasury may consider consumer access and retention metrics, such as increased usage rates, reduced account closures, or greater stablecoin adoption by low- and moderate-income populations, as proxies for successful consumer protection. Enhanced transparency and reliability may also reduce the need for costly dispute resolution or complaint remediation, representing further economic value.

48. How do you expect illicit finance activity involving payment stablecoins and efforts to combat that activity to change due to GENIUS Act requirements for PPSIs related to AML and sanctions?

The GENIUS Act's requirements for Permitted Payment Stablecoin Issuers (PPSIs) are expected to significantly enhance the U.S. government's ability to deter, detect, and disrupt illicit finance activity involving payment stablecoins. By requiring FPSIs to comply with comparable standards to the Bank Secrecy Act (BSA), maintain robust AML programs, and adhere to U.S. sanctions laws, the Act extends the full weight of the financial integrity regime to issuers that currently are not obligated to meet these standards in offering their products to American consumers.

The relatively small amount of illicit finance activity that currently occurs with stablecoins will likely shift away from regulated PPSIs toward unregulated or foreign-issued stablecoins lacking equivalent controls, which will be further reduced with robust enforcement of the GENIUS Act. This shift will help remove risk for US consumers and concentrate enforcement efforts, enabling Treasury and law enforcement to focus on entities and instruments outside the permitted perimeter. Treasury's extraterritorial authorities under Section 3(e) further enhance this strategy by ensuring that foreign issuers cannot evade oversight simply by operating abroad.

In addition, the GENIUS Act will improve transactional visibility and suspicious activity reporting by ensuring that PPSIs are subject to full AML program obligations, including Know Your Customer (KYC), recordkeeping, and Suspicious Activity Report (SAR) filing requirements. These obligations will generate data for use by regulators, intelligence agencies, and financial crime investigators.

51. What is the projected impact of regulatory clarity on startup formation, venture investment, and product innovation?

The regulatory clarity established by the GENIUS Act is expected to significantly accelerate startup formation, attract venture investment, and unlock sustained product innovation in the digital assets and payments sectors. For years, uncertainty around the legal status of stablecoins and the absence of a comprehensive federal framework with clear requirements have acted as substantial barriers to entry—particularly for smaller firms, responsible actors, and institutional investors.

By clearly defining acceptable payment stablecoin structures, licensing pathways, prudential requirements, and consumer safeguards, the GENIUS Act reduces legal ambiguity and operational risk. This clarity provides entrepreneurs with a predictable roadmap for building

compliant businesses and product offerings, while enabling investors to more confidently assess regulatory risk and allocate capital.

This legal certainty is especially important for attracting institutional investment, which is risk-averse in the face of regulatory ambiguity. With clear federal rules, strategic investors can deploy capital into stablecoin startups and ventures building products and technologies adjacent to payment stablecoins.

Regulatory clarity fosters a level playing field that rewards compliance and discourages regulatory arbitrage, allowing firms to focus on innovation and user experience rather than navigating conflicting or undefined legal regimes.

52. What is the estimated impact from the adoption of payment stablecoins on transaction, processing, and settlement fees, failure rates, and timelines, as compared to existing payments systems?

The adoption of payment stablecoins under a well-regulated framework such as the GENIUS Act is expected to materially reduce transaction, processing, and settlement fees, lower failure rates, and accelerate settlement timelines compared with many legacy payment systems.

Stablecoins settle on blockchain infrastructure, enabling near-instantaneous, peer-to-peer value transfer without reliance on intermediaries such as correspondent banks or clearinghouses. This eliminates several layers of fees typically incurred in traditional payments, particularly for cross-border transactions. Depending on the blockchain used and network conditions, stablecoin transaction costs are often a fraction of those associated with wire transfers, card networks, or international remittances.

In addition to cost savings, stablecoin transactions provide finality and atomic settlement, reducing the risk of payment failures due to insufficient funds, counterparty issues, or batch processing errors common in traditional systems. Smart contract logic can further ensure that transfers occur only when predefined conditions are met, enhancing reliability and efficiency.

53. What is the estimated impact of PPSIs and FPSIs on the demand for Treasury securities, repurchase agreements and reverse repurchase agreements that are eligible reserve assets under Sec. 4(a)(1)(A)?

In short, PPSIs and FPSIs are likely to increase demand for Treasury securities. Stablecoin issuers are already a top holder of U.S. Treasuries. According to a16z's 2025 State of Crypto Report, two stablecoin issuers collectively hold $152 billion in U.S. Treasuries—more than

Saudi Arabia, South Korea, Israel, and Germany.[5] GENIUS's robust regulatory framework is likely to further boost adoption by providing regulatory clarity and confidence for issuers and users alike. Indeed, Citigroup's 2030 Stablecoin Report describes GENIUS as a "game changer," estimating regulatory tailwinds could help expand the stablecoin market to $3.7 trillion by 2030.[6] While the precise impact will likely depend on the pace of stablecoin adoption and share of reserve assets PPSIs and FPSIs allocate to Treasuries, it is reasonable to expect that demand for Treasury securities will rise in tandem with stablecoin issuance given GENIUS's reserve-backing requirement.

IX. Other Topics

54. Are any regulations or guidance necessary to address risks associated with the resolution of a bankrupt or failed PPSI, including those that may have stablecoins in international circulation?

Section 11 provides detailed provisions regarding treatment of insolvent PPSIs. While an explicit role for Treasury is not contemplated therein, Section 11(h) directs primary Federal payment stablecoin regulators to study and offer policy recommendations regarding: (A) existing gaps in the bankruptcy laws and rules for PPSI; (B) the ability of payment stablecoin holders to be paid out in full in the event a PPSI is insolvent, and (C) whether any additional authorities are needed to implement insolvency regimes.

Here, Treasury could provide additional information in line with the GENIUS Act's requirements including, among others, clarifying that all payment stablecoin holders are deemed to hold a "claim" against a PPSI in bankruptcy, providing stablecoin holders' claims to a PPSI's reserve assets priority (and "super priority" where there are insufficient reserve assets to satisfy all claims), clarifying that reserves are not considered part of the bankruptcy estate (to avoid such reserves from being used to pay the PPSI's general expenses in a bankruptcy), and providing limited automatic stay relief to facilitate timely redemptions of payment stablecoins from reserve assets. Treasury should also provide guidance on how to mitigate contagion risk, ensure proper segregation of customer assets and related reserves, promote orderly resolution of insolvent issuers, and coordinate cross-border responses in the event of a broader PPSI failure. Insolvency and resolution requirements should be structured to facilitate international reciprocity, leveraging established cross-border resolution principles to support orderly wind downs and avoid cross-border flights to safety that could undermine financial stability. The same is true when involving state-based PPSI. Treasury should consider further analyzing how existing state-based stablecoin regulatory frameworks contemplate or address insolvency or related scenarios.

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[5] a16z, 2025 State of Crypto Report https://d2hguprl3w2sje.cloudfront.net/uploads/2025/10/State-of-Crypto-2025-a16z-crypto.pdf.

[6] Stablecoins 2030, Web3 to Wall Street, Citi Institute Global Perspectives and Solutions. https://www.citigroup.com/rcs/citigpa/storage/public/GPS_Report_Stablecoins_2030.pdf.

56. Which of the topics addressed in this ANPRM are most critical for establishing the GENIUS Act regulatory framework? Are there any other factors Treasury should consider in sequencing and prioritizing these rulemakings?

It is critical that Treasury affirm that independent third parties that do not issue stablecoins—such as exchanges or wallet providers—may pay rewards to stablecoin holders using their platform. This will ensure that GENIUS's interest prohibition is implemented consistent with the statutory text and not expanded beyond its intended scope. Prohibiting interest on stablecoins across the board, even by non-PPSIs, would inhibit growth and innovation of the broader stablecoin market, which contradicts the GENIUS Act's key purposes. Indeed, a level playing field demands that more traditional financial institutions and digital asset firms alike be permitted and incentivized to offer features that allow customers to share in the economic benefits of the stablecoin market. Allowing payment stablecoin holders to receive rewards is a critical tool for driving consumer adoption and competition.

Also critical is ensuring tax rules align with GENIUS's policy objectives of advancing responsible payment stablecoin adoption. To this end, Treasury should revisit final digital asset broker reporting regulations to carve out reporting for stablecoin transactions. Payment stablecoins issued in compliance with GENIUS would generate minimal, if any, gain or loss. Accordingly, the burden of any such reporting would far outweigh the value.

58. What is the projected impact of regulatory clarity on demand for payment stablecoins?

Regulatory clarity under the GENIUS Act is expected to significantly increase demand for payment stablecoins, both domestically and globally. For years, uncertainty regarding the legal status, regulatory standards, and compliance obligations has constrained adoption among mainstream consumers, financial institutions, and businesses. By establishing a comprehensive and federal framework, the GENIUS Act resolves these uncertainties and paves the way for broader use of stablecoins as a legitimate means of payment.

Clear rules governing reserve backing, redemption rights, disclosures, and compliance ensure that payment stablecoins issued under the GENIUS Act can be trusted to maintain their value and function reliably, critical preconditions for widespread adoption. As consumers and businesses gain confidence in these instruments, demand is likely to grow across use cases including peer-to-peer transfers, merchant transactions, payroll disbursement, cross-border remittances, and institutional settlements.

Additionally, financial institutions that were previously hesitant to integrate stablecoins (due to supervisory ambiguity or reputational risk) will be more inclined to adopt or offer

GENIUS-compliant stablecoins once they operate under a clear, risk-based regulatory regime. This institutional participation will further legitimize the market and expand access for end users.

Internationally, demand is also likely to increase for U.S.-dollar-denominated stablecoins that provide a reliable digital proxy for dollar exposure in regions facing inflation, capital controls, or limited access to traditional banking services. The GENIUS Act's extraterritorial reach and its provisions on comparability and reciprocity establish additional channels for compliant, cross-border usage.

By aligning regulatory certainty with market utility, the GENIUS Act creates the conditions necessary for stablecoins to transition from niche tools to mainstream financial instruments. This regulatory clarity is not only likely to increase direct usage but also to stimulate demand through broader ecosystem integration, including in wallets, payment platforms, and financial institutions.

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Respectfully submitted,

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