OCC Finalizes Rule Implementing the GENIUS Act for Payment Stablecoin Issuance

On October 21, 2026, the Office of the Comptroller of the Currency (the "OCC") issued a final rule implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the "GENIUS Act" or the "Act")[1] for payment stablecoin issuance by entities subject to OCC jurisdiction (the "Final Rule").[2] Effective January 18, 2027, the Final Rule establishes the licensing, reserve, redemption, capital and reporting framework for permitted payment stablecoin issuers ("PPSIs"). The OCC is the first federal banking agency to finalize a GENIUS Act rule.

OVERVIEW

The GENIUS Act prohibits payment stablecoin issuance in the United States other than by a PPSI. The Final Rule implements the Act principally through a new 12 CFR part 15, with conforming amendments to 12 CFR parts 3, 6, 8 and 19, and reaches national banks and federal savings associations and their subsidiaries, federal branches, nonbank, State qualified and foreign issuers and covered custodians.

KEY CHANGES FROM THE PROPOSED RULE

The OCC issued a notice of proposed rulemaking on March 2, 2026.[3] In response to comments, the OCC adopted the Final Rule with several modifications, including the following.

Yield Prohibition

The Act prohibits a PPSI from paying interest or yield to a holder "solely in connection with the holding, use, or retention" of a payment stablecoin. The Final Rule drops the proposed rebuttable presumption that certain affiliate and third-party arrangements, including white-label partnerships, violate that prohibition, which the OCC considered inappropriate in a nascent market. The OCC retains anti-evasion authority and noted that payments made partly for other reasons may fall outside the prohibition, but stated that it "declines to presume that rewards programs that predated the GENIUS Act comply with the GENIUS Act."

Reserve Assets

The Final Rule pairs a principles-based diversification standard with two quantitative requirements in section 15.11(c): at least 5% of reserve assets (reduced from 10%) in demand deposits, share accounts payable on demand or Federal Reserve Bank balances, and a 40% limit on exposure to any one counterparty, excluding U.S. Government exposures, qualifying custodians and centrally cleared repurchase agreements. The Final Rule further eliminates the proposed weekly liquidity requirement, 20-day weighted-average maturity limit and minimum insured deposit requirement, and adds monetization, stress testing and, where necessary, buffer requirements. The part 8 assessment discount now also covers reserves held above the required minimum.

Reserve Shortfalls

The 1:1 reserve requirement applies at all times, with no intraday tolerance. Under section 15.11(g), an issuer must notify the OCC on any day on which its reserve asset amount falls below the minimum reserve asset amount and may not issue new payment stablecoins without OCC permission. After 15

consecutive business days below the minimum (a period the OCC may extend), the issuer must begin liquidating reserves and redeeming outstanding payment stablecoins without fees.

Redemption

The Final Rule retains the two-business-day redemption standard but removes the proposed automatic seven-day extension during redemption surges. An issuer receiving redemption requests exceeding 10% of a brand's outstanding issuance within 24 hours must notify the OCC within 24 hours and may request an extension, which the OCC expects to grant rarely. The two-business-day period begins once the issuer has received the redemption order and onboarded the customer, provided the issuer's onboarding procedures are reasonably designed to avoid undue delay. Redemption is complete when the issuer initiates the outgoing transfer.

Capital

Minimum capital remains individualized but is now based on specified factors and measured as GAAP equity less deductions. The $5 million floor, proposed only for de novo issuers, now applies throughout an issuer's life. The operational backstop remains 12 months of total expenses but may be funded up to 50% with qualifying subordinated debt. Compliance is required at all times, with 24-hour notice of any shortfall.

Structure

Because "outstanding issuance value" no longer includes non-consolidated affiliates' issuance, each special purpose vehicle ("SPV") holds reserves only against its own payment stablecoins, absent evasion concerns. Each SPV issuer must, however, be separately licensed.

State Qualified Issuers

Under section 15.15, a nonbank State qualified issuer exceeding $10 billion in total consolidated outstanding issuance value must transition to the federal framework within 360 days, a statutory deadline the OCC cannot extend, or cease net new issuance. It must notify the OCC within five calendar days and, to remain solely State-supervised, request a waiver within 240 days. New section 15.15(e) permits a return to State supervision once the issuer falls below $10 billion.

The Final Rule also adds express conditional-approval authority and a review factor addressing run risk and redemption capacity.

EFFECTIVE AND IMPLEMENTATION DATES

The Final Rule is effective January 18, 2027, when the GENIUS Act takes effect. From that date, issuing a payment stablecoin in the United States without being a PPSI is prohibited, and the Act provides no transition period. Under 12 CFR 15.30(g) and Bulletin 2026-51, an applicant with a substantially complete application pending on or before January 18, 2027, may request a written waiver of requirements of the Act or part 15 for up to 12 months if the waiver is in the public interest or justified by extraordinary circumstances. The OCC expects waivers to be limited to the relief necessary to ensure that compliance is not impossible or impracticable, and foreign issuers are ineligible. Beginning July 18, 2028, digital asset service providers may not offer or sell payment stablecoins of non-PPSIs.

The OCC will accept applications and waiver requests once the Office of Management and Budget approves the related information collection, and will announce the start by bulletin. It must determine within 30 days whether an application is substantially complete and act within 120 days after it becomes substantially complete (but not before January 18, 2027), or the application is deemed approved.

DEFERRED ITEMS AND AREAS FOR FUTURE ACTION

A separate OCC rulemaking addresses Bank Secrecy Act ("BSA"), anti-money laundering ("AML") and sanctions requirements.[4] The OCC declined to define "interest" or "yield" and anticipates a future clarifying rulemaking. The OCC treats the Act's preemption and visitorial provisions as self-executing and will interpret them as questions arise, and noted that the Act does not preempt State consumer protection laws. The OCC expects to issue further supervisory guidance and amendments to 12 CFR parts 4 and 28.

PRACTICAL IMPLICATIONS

National Banks and Federal Savings Associations

Institutions considering issuance should evaluate subsidiary structures and prepare applications addressing their business plan, management, reserves, redemption, risk management, capital, BSA/AML and sanctions compliance and third-party risk. No separate 12 CFR part 5 filing is required. Under amended 12 CFR part 3, a parent must deconsolidate a subsidiary PPSI for regulatory capital purposes. The yield prohibition does not reach interest on deposits, including tokenized deposits. Non-issuing institutions may serve as reserve depositories or custodians.

Crypto and Digital Asset Firms

Existing issuers should file substantially complete applications and waiver requests before January 18, 2027, explaining the relief sought and their compliance plan, and be prepared to meet reserve, redemption, capital and reporting requirements at or shortly after that date. Issuers should implement daily reserve monitoring and shortfall-notice procedures and test onboarding capacity for redemption surges. Rewards programs and exchange, distributor and white-label arrangements should be reviewed against the "solely" standard, now applied without a presumption, safe harbor or grandfathering.

State Qualified Issuers, Foreign Issuers and Service Providers

State qualified issuers approaching $10 billion should track issuance value and calendar the five-day notice and 240-day waiver deadlines. Foreign issuers should plan for OCC registration without a waiver and confirm that reserves held at U.S. institutions can meet U.S. customers' liquidity demands. Digital asset service providers should confirm, well before July 18, 2028, that the payment stablecoins they offer are issued by PPSIs or registered foreign issuers.

CONCLUSION

The Final Rule resolves several questions raised by the proposal—particularly on reserve diversification, redemption timing and SPV structures—while leaving the scope of the yield prohibition, BSA/AML requirements and certain preemption questions to supervision, separate rulemakings and future guidance. With the effective date less than three months away and no statutory transition period, affected institutions should begin preparing applications, waiver requests and compliance programs now, and should monitor the OCC's bulletin announcing when it will begin accepting applications.

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1 12 U.S.C. § 5901 *et seq.*

2 OCC, *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* (Oct. 21, 2026), https://www.occ.gov/news-issuances/news-releases/2026/nr-occ-2026-92a.pdf.

3 OCC, *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 Fed. Reg. 10202 (Mar. 2, 2026), https://www.govinfo.gov/content/pkg/FR-2026-03-02/pdf/2026-04089.pdf.

4 OCC, *Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism and Sanctions Compliance Risk Management*, 91 Fed. Reg. 37840 (June 24, 2026), https://www.govinfo.gov/content/pkg/FR-2026-06-24/pdf/2026-12692.pdf.

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