

Re: Notice of Proposed Rulemaking — Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions RIN 3064-AG20 Submitted to: Federal Deposit Insurance Corporation

Section 5(c) of the GENIUS Act directs the FDIC to evaluate applications from prospective permitted payment stablecoin issuers against statutory factors that include the applicant's ability to satisfy the requirements of Section 4 of the Act. Section 4(a)(5) of the GENIUS Act (12 U.S.C. § 5903(a)(5)(A)) requires each approved issuer to maintain an effective customer identification program, including identification and verification of account holders. The proposed rule implementing these application procedures (90 FR 59409) requires applicants to submit relevant policies, procedures, and customer agreements, including those pertaining to Bank Secrecy Act and anti-money laundering compliance, as part of the application record reviewed by the FDIC prior to approval.

The FDIC is asked to address the following question on the administrative record:

Does the application review process established by this proposed rule require, or does the FDIC interpret its approval authority under Section 5(c) of the GENIUS Act to permit it to require, that an applicant's submitted customer identification program policies and procedures disclose the specific federal, state, or third-party databases against which customer identity will be verified as a condition of account access — including, specifically, whether verification will incorporate status determinations made by the Department of Homeland Security's Systematic Alien Verification for Entitlements (SAVE) system or any successor federal identity database operating beyond the scope of its original statutory authorization?

If disclosure of the specific databases used in customer identification program verification is not required as part of the application, the FDIC is asked to identify what post-approval mechanism, if any, exists to review or constrain a permitted payment stablecoin issuer's subsequent decision to incorporate additional federal identity databases into its account access determinations — including databases whose documented error rates may produce systematically adverse outcomes for identifiable demographic populations, as established in the administrative record of related federal proceedings.

The proposed rule's application framework evaluates prospective issuers on their ability to satisfy BSA and customer identification program requirements at the time of approval. It does not, as currently drafted, appear to establish any ongoing disclosure obligation or post-approval review standard specifically governing the scope of identity database integration. The FDIC is respectfully requested to clarify, before finalizing this rule, whether the approval process it establishes creates any enforceable standard — either at the application stage or through

ongoing supervisory authority — that would prevent an approved issuer from subsequently conditioning the opening, maintenance, or continued access to a stablecoin account on a customer's status as determined by a federal identity database whose use for that purpose has not been affirmatively authorized by this rulemaking or by the GENIUS Act.

The FDIC is further requested to coordinate its response with the concurrent prudential standards rulemaking under RIN 3064-AG19 and with the Treasury Department's GENIUS Act implementation proceedings, so that the complete answer to this question is addressable as a unified matter of administrative record across all three proceedings.

Submitted by:

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