February 19, 2026

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Attn: Jennifer M. Jones, Deputy Executive Secretary
RIN 3064-AG20

Via Electronic Submission to: Comments@FDIC.gov

Re: Response to Federal Deposit Insurance Corporation's notice of proposed rulemaking: Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institution

Dear Ms. Jones:

On behalf of the Wall Street Blockchain Alliance ("WSBA"), we respectfully submit this comment letter in response to Federal Deposit Insurance Corporation notice of proposed rulemaking: Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institution (RIN 3064-AG20).

The WSBA is an industry-leading, New York–based nonprofit trade association whose mission is to promote the responsible adoption of blockchain technology and digital assets in compliance with applicable laws and regulations. Our diverse membership includes banks, broker-dealers, investment firms, law and accounting firms, and compliance professionals, many of whom contribute through dedicated working groups focused on advancing regulatory clarity. While this letter reflects the input of select WSBA members in their individual capacities, it does not necessarily represent the views of their respective organizations.

Given timing and our focus on areas of greatest relevance to our membership, we address only selected questions from the NPR that are most pertinent to the application and approval framework under section 5 of the GENIUS Act, rather than the separate prudential standards to be proposed under section 4. We recognize and appreciate that the FDIC is the first primary Federal payment stablecoin regulator to propose a formal application regime, providing much-needed structure for banks and prospective Permitted Payment Stablecoin Issuer (PPSI) subsidiaries considering participation in the GENIUS framework.

Our goal is to help ensure that GENIUS can be implemented without unnecessary delay and in a manner that supports the benefits of payment stablecoins—such as improved payments efficiency, real-time settlement, and continuous access via on-chain infrastructure—while

remaining consistent with existing supervisory statements and interpretive guidance on bank involvement in stablecoin arrangements.

Response to Question 1: Application Process and Alignment with GENIUS

Clarifying Whether Utility Tokens Would Be Considered Payment Stablecoins

To provide meaningful regulatory certainty for applicants whose PPSI subsidiaries issue payment stablecoins (as defined in GENIUS Act § 1(22)) alongside utility tokens that support settlement, redemption, or value-stabilization functions (for purposes of this comment, "Ancillary Utility Tokens"), the FDIC should expressly articulate the factors it will consider in determining when such tokens would be deemed to operate as a "payment instrument" requiring approval under the proposed Rule.

This comment does not seek to redefine "payment stablecoin" under the GENIUS Act, but rather to clarify how the FDIC intends to apply the statutory definition in the context of the PPSI application review, including whether and how Treasury interpretations will be incorporated.

For the avoidance of doubt, this comment does not address "deposit tokens" or "tokenized deposits," which are traditional deposit liabilities on distributed ledgers, excluded from the GENIUS Act's "payment stablecoin" definition and treated as deposits under existing FDIC rules. To help provide a couple of hypothetical examples, an insured depository institution could issue a blockchain-based rewards utility token confined to its own ecosystem, earned through account activity and redeemable only for non-cash benefits such as reduced wire fees, FX discounts, or premium services; because it is neither redeemable for a fixed amount of monetary value nor designed or marketed as a general-purpose means of payment, it would not qualify as a payment stablecoin and instead functions like a loyalty point or airline mile. Likewise, a PPSI subsidiary could offer a loyalty-style utility token to customers that custody the subsidiary's (or other legal) payment stablecoin, earned based on custody activity and redeemable only for platform benefits rather than for a fixed monetary amount; in that structure, the payment stablecoin remains the sole "payment instrument" under the Act, and the rewards token operates as an ancillary incentive mechanism rather than a second payment stablecoin.

The GENIUS Act and the proposed Rule are expressly limited to "payment stablecoins"—digital assets designed for use as a means of payment or settlement and redeemable for a fixed amount of monetary value. Neither the statute nor the Rule explicitly requires FDIC approval for a utility token that is not itself a payment stablecoin. Nonetheless, absent clear guidance, applicants risk that a utility token closely integrated with a payment stablecoin could

later be characterized by regulators as a payment stablecoin "in substance," even if not in form.

Because the GENIUS Act's definition turns on functional design and use rather than nomenclature alone, uncertainty about how closely related token functionality will be evaluated creates material regulatory risk. If tokens that provide genuine, system-based utility but do not themselves constitute a payment instrument could later be swept into the PPSI approval regime through interpretation or enforcement, that risk should be addressed transparently in this rulemaking – not deferred to future capital, liquidity, compliance rulemakings, or post-hoc interpretive guidance.

Clarification is particularly important at this stage of implementation. Establishing clear, administrable criteria now will ensure that the regulatory framework remains aligned with the statutory text and congressional intent and will reduce the risk that future administrations or supervisory actions effectively expand the scope of the Act beyond what Congress authorized. In practical terms, treating Ancillary Utility Tokens as presumptively subject to stablecoin-issuer approval could functionally foreclose otherwise permissible payment stablecoin structures, undermining innovation and competitive parity without a clear statutory basis.

Accordingly, the FDIC should clarify – either in the final rule or accompanying guidance – the characteristics that would cause a utility token to be treated as a payment stablecoin, and conversely, the features that would confirm its status as a non-payment ancillary token outside the approval requirement. Doing so would materially enhance regulatory certainty, support safe and sound innovation, and better effectuate the GENIUS Act's carefully drawn scope.

Applicant Changes That Trigger New Application

The proposed rule, at 303.252(f)(2), indicates 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, such as a change in financial or other condition, that would require the FDIC to treat the pending application as a new application." Not all changes in financial or other conditions are material. The FDIC should revise this proposed language to clarify that only a "material change in financial or other condition" would constitute a "material change in circumstances" giving rise to the agency's determination to treat a pending application as a new application.

Formalize a Pre-Filing Engagement for a New Application

A pre-filing touchpoint would enable FDIC staff and applicants to identify potential safety-and-soundness concerns in advance, including issues related to operational resilience, smart-contract design, custody and key-management arrangements, and redemption mechanics. Addressing these topics before a formal submission can reduce the likelihood of

incomplete filings, minimize iterative "please provide" requests, and help both parties make more effective use of the 120-day decision period contemplated by the GENIUS Act.

Response to Question 2 - Letter Application vs. Structured Form

The FDIC should keep the letter application so as not to limit any specifics or details the regulator should be aware of. However, we strongly encourage the FDIC to supplement it with (1) a standardized "Application Information Checklist" and/or (2) an optional structured template that applicants may complete and attach to their letter. The checklist or template should organize key items by reference to the statutory factors in section 5(c), thereby promoting completeness, consistency, and more efficient staff review while preserving narrative flexibility in the letter itself. To support innovation and competitive neutrality, we further recommend that any such template be expressly principles-based and technology-agnostic, avoiding prescriptive assumptions about particular ledger designs, consensus mechanisms, or implementation models. This 'application information checklist' could also be the basis for topics in a pre-meeting to further save time regarding the expectations of what will be in the application letter.

Response to Question 3 – Filing content: what information must be in the application

Related Activities of the Applicant

The proposed rule states that applications are to include "a description of proposed activities of the subsidiary, *including related activities of the applicant.*" The FDIC should clarify how this requirement is intended to be interpreted and applied, particularly with respect to the scope of "related activities" and the manner in which the parent bank's activities are to be evaluated.

First, the rule should clarify that "related activities of the applicant" refers only to those activities of the parent bank that are directly connected to, or undertaken in support of, the PPSI subsidiary's proposed stablecoin-related operations, (including applicant-provided guarantees, intercompany agreements, and other activities that directly support the PPSI's payment stablecoin activities) see 8. Source of Strength, as these activities should be made explicitly clear as optional and not necessary). Absent such clarification, the phrase could be read to encompass a broad and indeterminate range of bank activities that are merely adjacent to, or indirectly associated with, the subsidiary's business, creating uncertainty as to the intended scope of disclosure and review. The FDIC should confirm that the rule does not require a comprehensive description or reassessment of all bank activities that bear some theoretical relationship to the subsidiary but rather is focused on activities that are functionally relevant to the PPSI subsidiary's operations and risk profile.

Second, the FDIC should clarify that, in evaluating "related activities of the applicant," the parent bank is not to be assessed as though it were itself a stablecoin issuer or otherwise

engaged in the PPSI subsidiary's business by proxy. Instead, the assessment should be limited to how the bank's specific activities—such as the provision of treasury services, custody, liquidity facilities, technology, compliance support, or governance oversight—could reasonably affect the safety and soundness of the bank or create material risk pathways between the subsidiary and the insured institution.

In this respect, the FDIC should expressly recognize that many of the parent bank's "related activities" will be analogous to services provided by third-party service providers. Accordingly, those activities should be evaluated under established third-party risk management and intercompany transaction frameworks, rather than through the application of bank-level prudential expectations to the subsidiary's business. This approach would be consistent with existing supervisory practice and would avoid conflating oversight of the bank's own activities with indirect regulation of the subsidiary's operations.

Finally, the rule should make explicit that a materiality standard applies to both disclosure and supervisory assessment. Only activities of the applicant that are material to the PPSI subsidiary's operations, or that could reasonably give rise to material safety-and-soundness, liquidity, operational, compliance, or reputational risks for the insured depository institution, should be required to be described or evaluated. A clear materiality threshold would align the application process with GENIUS's directive to consider only information necessary to evaluate the statutory factors and would reduce the risk of over-inclusive or inconsistent application requirements.

Incidental Activities

Proposed section 303.252(d)(1) would require an application to include "a description of proposed activities incidental to payment stablecoin activities or digital asset service provider activities." The final rule should clarify that this requirement is intended to be interpreted narrowly and in a manner consistent with the statutory directive to consider only information necessary to evaluate the factors set forth in section 5(c) of GENIUS and the safety and soundness of the applicant. In particular, the FDIC should specify that "activities incidental to" payment stablecoin or digital asset service provider activities are limited to those activities that are directly supportive of, and operationally integrated with, the core stablecoin or digital asset function. Such activities would include, for example, custody of reserve assets, minting and redemption processes, transaction settlement, compliance and monitoring functions, and related technology and operational services. The term should not be read to encompass tangential, ancillary, or merely adjacent business activities that do not have a direct functional nexus to the proposed stablecoin or digital asset operations.

Activities of "Involved Entities"

In its introductory discussion, the FDIC states that it "would expect that the applicant's materials provide a description of the characteristics and features of the proposed payment stablecoin as well as the identities, roles, and responsibilities of the *entities involved in the proposed payment stablecoin activities*." If the final rule is to require such information, it should clearly define what is meant by the term "entities involved" in order to ensure consistent application and avoid overbroad or indeterminate disclosure expectations.

Absent clarification, the phrase "entities involved" could reasonably be read to encompass a wide range of parties with varying degrees of connection to the proposed activities, including professional advisers, consultants, technology vendors, and other third-party service providers that do not themselves participate in, control, or materially influence the payment stablecoin activities. For example, it is unclear whether the FDIC intends this term to include external law firms, accounting firms, consulting firms, or other advisers to the PPSI subsidiary or the applicant bank, whose roles are advisory in nature and who do not operate, govern, or exercise discretion over the stablecoin or related functions.

The FDIC should clarify that "entities involved" is limited to entities that play a direct, operational, governance, or control role in the issuance, redemption, custody, settlement, compliance, or administration of the payment stablecoin, or that otherwise have the ability to materially affect the safety and soundness of the proposed activities. This would include, for example, the PPSI subsidiary, the applicant bank (to the extent it provides operational or support functions), and any affiliates or third parties that perform critical or material functions or exercise decision-making authority relevant to the stablecoin's operation.

Conversely, the final rule should make clear that the term does not require disclosure of all vendors, service providers, or professional advisers, nor does it require identification of entities whose involvement is limited to routine, non-discretionary, or advisory services, provided such relationships are appropriately managed under the applicant's third-party risk management framework. Requiring comprehensive disclosure of all such parties would impose significant burden without corresponding supervisory benefit and would not be necessary to evaluate the statutory factors under GENIUS or the safety and soundness of the applicant.

Finally, the FDIC should confirm that a materiality standard applies to the identification of "entities involved," such that disclosure is required only for those entities whose involvement is material to the proposed payment stablecoin activities or that present material operational, compliance, financial, or reputational risks to the insured depository institution. Clarifying the scope of this term would promote transparency, provide fair notice to applicants, and support consistent and proportionate administration of the application process.

<u>Participating Third Parties</u>

The proposed rule would require applications to include a description of "any third parties who would participate in the proposed payment stablecoin activities." The FDIC should clarify that this requirement is limited to third parties whose participation is material to the proposed stablecoin business and to the assessment of the applicant's safety and soundness. As written, the phrase "any third parties" could be read expansively to require identification and description of all vendors, service providers, and counterparties that may have some connection—however remote or ministerial—to the payment stablecoin activities. Such an interpretation would be overinclusive, impose unnecessary compliance burden, and risk obscuring, rather than illuminating, the risk profile of the proposed activities.

The final rule should make clear that disclosure is required only for third parties that perform critical or material functions, exercise discretion or control, or otherwise have the ability to materially affect the operation, resilience, compliance, or risk profile of the payment stablecoin. This would include, for example, third parties involved in reserve asset custody, minting and redemption, transaction processing or settlement, core technology infrastructure, compliance monitoring, or other functions essential to the stablecoin's operation. By contrast, routine vendors and service providers whose roles are non-discretionary, advisory, or immaterial to the stablecoin's risk profile should not be required to be individually disclosed.

The FDIC should further confirm that a materiality standard governs both disclosure and review, consistent with GENIUS's directive that the agency consider only information necessary to evaluate the statutory factors and the safety and soundness of the applicant.

Aligning the disclosure requirement with a materiality threshold would also be consistent with established supervisory approaches to third-party risk management, which focus on identifying and managing relationships that present heightened or critical risk.

Auditor Engagement Letters

The Act contains no requirement for a PPSI subsidiary or parent bank applicant to submit copies of an accountant engagement letter, and it should be unnecessary for the FDIC to require this.

The proposed rule – at 303.252(d)(5) – indicates that applicants must submit "an engagement letter with a registered public accounting firm" (a registered public accounting firm that will review the PPSI's monthly reporting on the composition of its reserves, as required under Sec. 4(a)(1)(C) of the Act). Under the Description of the Proposed Rule, the FDIC indicates that "this information is intended to demonstrate that the applicant's subsidiary would be able to comply with the examination of monthly reserve reports and certification requirements in section 4 of the GENIUS Act, which is necessary for the FDIC to evaluate the factors in section 5(c)(1) of the GENIUS Act." (GENIUS Sec. 4(a)(3)(A) ("A permitted payment stablecoin issuer shall, each

month, have the information disclosed in the previous month-end report required under paragraph (1)(D) examined by a registered public accounting firm")).

Submission of an engagement letter for an accounting firm to perform a review of the PPSI's monthly reports does nothing to demonstrate that the issuer is able to comply with the requirements for reports to be examined or for it to comply with the certification requirements in Section 4(a)(3)(B) of GENIUS. This would open the door to the FDIC evaluating the wording of the engagement letter, which should be unnecessary. If the PPSI fails to submit the required monthly reports, fails to have the report examined by an accounting firm, or fails to submit the required certifications, the Act makes adequate provision for the agency to examine and enforce such provisions.

Undermining the agency's requirement for submission of an accountant engagement letter, the rule makes no reference for such a requirement in connection with the requirement for a registered public accounting firm to perform an audit of large issuers' annual financial statements in accordance with section 4(10) of the Act.

Response to Question 4 – Additional factors to be considered

Application Factors / Activities of Subsidiaries

The Advanced Notice of Proposed Rulemaking ("ANPR") states that, in evaluating an application it should consider "only information necessary to evaluate the factors to be considered under section 5(c) of GENIUS and to determine the safety and soundness of the proposed activities of the *applicant*, inclusive of the activities of its subsidiaries." To ensure this standard is applied in a predictable and proportionate manner, the final rule should more clearly articulate how, and to what extent, the FDIC's safety-and-soundness assessment of the insured depository institution is expected to take into account the activities of a payment stablecoin-issuing subsidiary ("PPSI subsidiary"). In particular, the rule should clarify that the FDIC's review of a PPSI subsidiary's activities is not intended to impose a *de facto* consolidated supervisory regime or to treat the subsidiary's business as though it were conducted directly by the insured depository institution. Rather, the focus should be on whether, and through what mechanisms, the subsidiary's activities could reasonably pose material risks to the parent bank's financial condition, liquidity, capital adequacy, operational resilience, or compliance posture.

Sources of Strength

The rule should clarify the FDIC's expectations with respect to a parent IDI's support for the PPSI subsidiary and the extent of such support should align with the potential exposures the IDI may face under its traditional corporate ownership structure. Under the Description of the Proposed Rule, the FDIC indicates that it would require applications to include description of

"any planned "applicant-provided sources of strength," applicant guarantees, and/or intercompany agreements."

The source of strength doctrine is a principle underlying FRB supervision and regulation of Bank Holding Companies ("BHCs") – not banks as parents of subsidiaries. PPSI subsidiaries are not expected to hold insured deposits; so, a PPSI subsidiary does not present a direct risk to a deposit insurance fund, and its failure (i.e., without support from the parent bank) should not cause a failure of the parent bank, whose exposure is limited to the amount of its investment capital in the PPSI.

Similarly, the rule should explain / clarify the bases upon which the FDIC would consider "planned financial commitments" from the applicant's or subsidiary's officers, directors, and principal shareholders.

Other Factors

The ANPR notes that the FDIC may, in the future, propose additional factors for consideration in evaluating applications. If the Agency does not intend at this time to propose any such additional factors, the final rule should expressly state that determination and explain the basis for it.

Providing that explanation now would serve an important administrative purpose. GENIUS reflects a deliberate legislative judgment to enumerate specific factors that govern the approval of payment stablecoin activities, and the ANPR appropriately emphasizes that the FDIC's review should be limited to information necessary to evaluate those statutory factors and the safety and soundness of the proposed activities. If the FDIC has concluded that the factors set forth in the statute and reflected in the proposed rule are sufficient to accomplish those objectives, the Agency should say so expressly and explain why no additional factors are warranted at this time.

Absent such clarification, the reservation of authority to propose unspecified "other factors" creates uncertainty as to the intended scope and durability of the regulatory framework. Applicants and regulated entities may reasonably question whether this language signals an open-ended policy discretion that could later be used to expand the scope of review beyond the statutory factors, without a demonstrated policy rationale or a clear connection to safety and soundness. That uncertainty is inconsistent with the principles of transparency and predictability that underlie effective prudential regulation.

Accordingly, the final rule should either (i) identify and justify any additional factors the FDIC believes are necessary to carry out its responsibilities under GENIUS, or (ii) state affirmatively that the Agency is not proposing additional factors because the statutory framework is sufficient to support a comprehensive and risk-based review. Doing so would provide fair

notice, reinforce the rule's grounding in the statute, and help ensure that any future expansion of evaluative criteria would require an articulated policy basis and appropriate notice-and-comment rulemaking.

Response Question 5 – Capital, liquidity, and reserve-asset information

Tokenized Reserve Assets

In the introduction to the proposed rule, the FDIC indicates that it "would expect that information provided on reserve assets and composition and their associated asset management plan to include a description of whether any reserves are proposed to be in tokenized form." If such information is to be considered as part of the application review, the final rule should explain how the FDIC intends to weigh the use of tokenized reserve assets in its evaluation and the supervisory rationale for doing so.

In particular, the FDIC should clarify whether the presence of tokenized reserve assets is intended to be a neutral descriptive factor, a risk-differentiating consideration, or a presumptively heightened-risk attribute in the agency's safety-and-soundness analysis. Absent such clarification, applicants may reasonably be uncertain as to whether proposing tokenized reserves would affect the likelihood of approval or result in heightened scrutiny, notwithstanding the underlying credit quality, liquidity, and legal characteristics of the reserve assets themselves.

The final rule should make clear that any assessment of tokenized reserve assets will be grounded in a risk-based analysis of their substantive characteristics, rather than their technological form. Relevant considerations could include, for example, the legal enforceability of ownership and redemption rights, settlement finality, custody and control arrangements, operational resilience, transparency, and liquidity under stress. Where a tokenized reserve asset is economically equivalent to, and subject to the same legal and prudential safeguards as, a non-tokenized asset of the same type, the rule should clarify that it will not be disfavored solely by virtue of being tokenized.

In addition, the FDIC should articulate the supervisory objectives served by collecting this information—such as assessing operational risk, custody and control structures, or intraday liquidity management—so that applicants can design reserve structures and asset management plans that directly address the agency's concerns. Providing this context would promote more focused disclosures and improve the quality and usefulness of application materials.

Clarifying how and why the FDIC will consider the use of tokenized reserve assets would provide fair notice to applicants, support consistent and transparent application review, and ensure that the agency's analysis remains aligned with GENIUS's directive to evaluate only those factors necessary to assess the safety and soundness of the proposed activities.

Applicants Should Provide Information on Capital, Liquidity and Reserve-Assets

Applicants should be expected to provide detailed, PPSI-level information demonstrating the sufficiency of their capital and liquidity structures, including pro forma financial statements, internal stress-testing analyses, and a description of how the PPSI will satisfy forthcoming GENIUS Act capital and liquidity standards. To substantiate the appropriate composition, custody, and valuation of reserve assets, applicants should supply an asset-level breakdown of reserves (including any tokenized reserves), maturity profiles, diversification and concentration limits, reserve-management policies, and legal and operational details of custody arrangements, together with valuation methodologies and independent attestations or audits. This level of detail would give the FDIC a robust basis to assess whether the PPSI maintains one-to-one, high-quality liquid reserves that are properly segregated and controlled and also help ensure the statute's focus on safety and soundness.

Requiring this level of detailed, PPSI-specific capital, liquidity, and reserve information would benefit both applicants and the FDIC by creating a clear, common framework for assessing safety and soundness. For applicants, it reduces uncertainty: pro forma financials, stress tests, and granular reserve disclosures force the institution to identify and document its risk assumptions, redemption-stress scenarios, and contingency funding plans up front, which can align internal stakeholders and reduce follow-up information requests during review. This detail also allows applicants to demonstrate—in a way examiners can readily evaluate—that their structures meet the GENIUS Act's one-to-one, high-quality liquid reserve expectations and that reserve assets are genuinely segregated and controlled for the benefit of stablecoin holders.

From a supervisory perspective, the same information directly illuminates key safety-and-soundness questions. Pro forma statements and stress-testing outputs show how the PPSI would perform under redemption surges, market dislocations, or operational disruptions, helping the FDIC distinguish between manageable volatility and structural fragility. Asset-level reserve breakdowns, maturity ladders, and concentration limits make liquidity risk, interest-rate risk, and counterparty risk observable and comparable across applicants, while detailed custody and valuation descriptions reveal potential legal, operational, or valuation gaps that could threaten the one-to-one backing. Together with independent attestations or audits, this package gives the FDIC an evidence-based foundation to measure risk in the aggregate—linking balance-sheet strength, reserve quality, and operational arrangements—so that both approval decisions and any conditions imposed can be clearly tied to demonstrable safety-and-soundness considerations, rather than to undefined or ad hoc concerns. This all aligns with the concept that this is a subsidiary of an insured depository institution under their prudential regulator and provides a framework for analysis with which both the regulator and the applicant are already familiar.

Response to Question 6 – Ownership and control structures of PPSIs

Consortiums

Under the Description of the Proposed Rule, the FDIC wisely addresses the possibility that banks and others may wish to issue payment stablecoins through a consortium. The proposal provides that the FDIC would anticipate a single application on behalf of all other FDIC-supervised members of the consortium … "if the consortium could be considered a subsidiary of each." A consortium approach will make sense for many banks – particularly smaller institutions – to maximize efficiency.

The FDIC should clarify how it will determine whether a PPSI is a subsidiary of each participant in a PPSI Consortium. For example, would this be determined similarly to the substance-over-form approach in analogous contexts – e.g., deposit insurance, activities analysis, Bank Service Company Act oversight, Part 362, FIL guidance. This would include determining whether each participating bank has sufficient ownership, control, and risk attribution such that the consortium's stablecoin activities are appropriately treated as *that bank's activities*.

Response to Question 9 – Appeal process and conditions on approvals

Routine Items

In the introduction to the proposed rule, the FDIC states that it "generally intends for approval with conditions to include routine items." If conditional approvals are to be the expected outcome, the final rule should define what constitutes a "routine item" and establish clear parameters distinguishing routine conditions from non-routine or policy-significant conditions.

At a minimum, the FDIC should clarify that "routine items" are limited to conditions that are (i) directly tied to ensuring compliance with clearly articulated statutory or regulatory requirements, (ii) consistent with conditions imposed in comparable approvals, and (iii) reasonably within the applicant's control to satisfy within a defined period. Examples of routine items might include submission of finalized policies and procedures, confirmation of staffing or governance arrangements previously described in the application, execution of service-provider agreements consistent with disclosed terms, or completion of examiner-identified pre-commencement readiness steps.

Conversely, the final rule should make clear that non-routine items include conditions that (i) impose new or open-ended substantive requirements not grounded in the rule or statute, (ii) require fundamental changes to the applicant's proposed business model, organizational structure, or risk profile, (iii) operate as de facto moratoria or approvals subject to indefinite supervisory discretion, or (iv) effectively reserve future policy judgments for post-approval resolution. Conditions of this nature should not be characterized as "routine" and, where contemplated, should be clearly identified, justified, and subject to heightened internal review and transparency.

The FDIC should also specify that routine conditions are not intended to function as a substitute for rulemaking or as a mechanism for imposing evolving supervisory expectations on a case-by-case basis. Clear boundaries around the use of conditions would promote consistency across approvals, provide fair notice to applicants, and ensure that conditional approvals do not undermine the predictability and finality of the application process.

Defining some representative examples of "routine item" and establishing parameters for non-routine conditions would enhance transparency, reduce uncertainty for applicants, and reinforce the principle that conditions attached to approvals are intended to address execution and readiness issues—not to introduce new regulatory standards outside the notice-and-comment process.

Response to Question 10 – Volume and cost of applications

Application Costs

The FDIC's estimate of application compliance costs—$12,192 per institution—appears to be materially understated, and the estimate of the number of FDIC-supervised institutions expected to file applications annually seems notably lower than what institutions anticipate in practice.

Under the description of the Proposed Rule, the FDIC states "As required under the GENIUS Act, the FDIC would only deny an application if the activities of the applicant would be unsafe or unsound based on the factors described in section 5(c) of the Act."

Response to Question 11 – Other costs, benefits, or effects

Other Pending Regulations

The FDIC should adopt an interim safe harbor or phased-compliance approach for statutory requirements that have not yet been implemented through final regulation, in order to promote transparency, consistent application of approval standards, and sound administrative practice. As the Proposed Rule acknowledges, the FDIC's approval determination under Section 4(a)(4)(A) of the GENIUS Act requires consideration of an applicant's ability to comply with capital, liquidity, reserve asset diversification, and operational, compliance, and information-technology risk management requirements that the FDIC has not yet issued. While the statute appropriately directs the FDIC to consider these factors, requiring applicants to demonstrate compliance with undefined future standards risks uncertainty and inconsistent outcomes during the initial implementation period.

Conclusion

The Wall Street Blockchain Alliance appreciates the FDIC's thoughtful and deliberate effort in developing the proposed rule on approval requirements for the issuance and payment of stablecoins by subsidiaries of FDIC-supervised institutions. We view this proposal as a meaningful step toward establishing a clear, consistent regulatory framework for stablecoin issuance in the United States that aligns with the statutory mandate of the GENIUS Act and promotes responsible innovation. The approach outlined in the notice of proposed rulemaking balances the imperative of safety and soundness with the need to support competitiveness and market integrity in digital assets. We look forward to continued engagement with the FDIC throughout the rulemaking process and stand ready to provide further insights to help refine and implement these important regulatory standards.

Respectfully submitted on behalf of contributing WSBA members, including:

Jason Brett, President - Value Technology Foundation, WSBA Advisory Board member
David Brill, Esq. - Chair, Wall Street Blockchain Alliance Cryptoasset Working Group
Gary E. Kalbaugh, Esq. – Partner, Cahill Gordon & Reindel LLP
Ron Quaranta - Chairman, Wall Street Blockchain Alliance
R. Patrick Quinn, Esq. - Member, Wall Street Blockchain Alliance
Dina Soliman, Associate – Wall Street Blockchain Alliance
Frank J. Weigand, Esq. – Partner, Cahill Gordon & Reindel LLP

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