May 1, 2026
Via Electronic Submission

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street
SW Washington, DC 20219

RE: Docket ID - OCC-2025-0372; Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency (OCC)

To Whom it May Concern:

The American Bankers Association (ABA) and the undersigned state bankers associations (collectively, "the Associations") submit these comments on the OCC's Notice of Proposed Rulemaking (NPRM) implementing the GENIUS Act.[1] We write specifically on the proposed prohibition on interest and yield. The proposed rule's presumption-based framework is a useful foundation, but gaps in its current design will allow issuers to deliver economically equivalent returns to stablecoin holders through third-party intermediaries. We offer targeted recommendations to close those gaps.

I. The Yield Prohibition Must Reach Indirect Arrangements

The GENIUS Act prohibits any permitted payment stablecoin issuer (PPSI) from paying "any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention" of a payment stablecoin.[2] The statute's plain language is unambiguous: the prohibition covers economic benefit in *any form*, regardless of how it is labeled or structured.

The typical stablecoin distribution framework makes regulating and enforcing indirect arrangements essential. Major PPSIs distribute primarily through exchanges and institutional intermediaries rather than directly to retail users. Reserve income flows from the issuer to the exchange, which may pass a portion to retail holders. Circle, for example, shares a portion of its USDC reserve earnings with Coinbase based on USDC volume held on that platform.[3] Some issuers also provide distribution partners with discretionary marketing funds directed to stablecoin holders as holding incentives. In these arrangements, the PPSI is the source of the

[1] *Implementing the GENIUS Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the OCC*, 91 Fed. Reg. 10,202 (March 2, 2026).
[2] GENIUS Act § 4(a)(11), Pub. L. No. 119-27, 139 Stat. 419 (2025).
[3] *See* Circle Internet Group, Inc., Registration Statement (Form S-1), Exhibit 10.1 (Collaboration Agreement between Circle Internet Financial, LLC and Coinbase, Inc.), filed with the U.S. Securities and Exchange Commission (Apr. 1, 2025), available at https://www.sec.gov/Archives/edgar/data/1876042/000119312525070481/d737521dex101.htm; *See also* Circle Internet Group, Inc., Form S-1 at 89–123 (Management's Discussion & Analysis), filed Apr. 1, 2025 (disclosing that the greater the proportion of USDC held on Coinbase's platform, the greater the proportion of reserve income payable to Coinbase).

economics and the exchange is the conduit. A prohibition limited to direct issuer payments would leave the dominant distribution model untouched.

II. The OCC Should Pair a Clear Substantive Prohibition with a Strengthened Presumption and an Expanded Definition of "Related Third Party"

The proposed two-part presumption treats an arrangement as a prohibited interest or yield payment where (1) the PPSI pays interest or yield to an affiliate or related third party and (2) that party pays interest or yield to stablecoin holders solely in connection with holding or using the stablecoin. Two drafting gaps limit its effectiveness.[4]

First, the presumption applies only where the upstream PPSI payment is characterized as "interest or yield." A PPSI could instead compensate a distribution partner through performance fees tied to adoption volume (which is economically equivalent to reserve income pass-throughs) while asserting the upstream payment falls outside the presumption. If that partner then provides yield-equivalent rewards to holders, the issuer has achieved indirectly what the statute prohibits directly.

Second, the "related third party" definition covers only parties offering yield "as a service" to the issuer or issuing stablecoins on the issuer's behalf.[5] Sponsors, integration partners, and platforms that receive compensation tied to adoption but are not formal service providers may fall outside the definition.

The Associations recommend the following amendments:

- **Broaden the presumption** to apply whenever a PPSI provides economic value to an affiliate or related third party and that third party provides interest, yield, or yield-like benefits to the PPSI's stablecoin holders, regardless of how the upstream payment is characterized.
- **Expand "related third party"** to cover any person acting on behalf of, in coordination with, or using funds derived from a PPSI in connection with the distribution, promotion, integration, or use of the issuer's payment stablecoin.
- **Add a clear substantive prohibition** that PPSIs may not directly or indirectly provide interest, yield, or yield-like economic benefits to stablecoin holders when such benefits arise from the holding, use, or retention of the stablecoin. A framework relying solely on enumerated presumptions risks being outpaced by novel structures; pairing a clear substantive standard with illustrative presumptions provides a more durable baseline.

The anticipated objection, that issuers cannot control their distribution partners, is unpersuasive here. PPSIs distribute almost exclusively through intermediaries; that relationship is structural, not incidental. It gives issuers the leverage to require contractual prohibitions on yield-equivalent payments funded by PPSI-derived revenues. The OCC's existing third-party risk management guidance already expects banks to exercise exactly that kind of statutory and regulatory compliance oversight over their partners. The same principle should apply to PPSIs.

[4] 91 Fed. Reg. at 10,212. *See also* proposed § 15.10(c)(4).
[5] *Id.*

III. The OCC Should Clarify That "Solely" Cannot Be Used to Evade the Prohibition.

The GENIUS Act's prohibition applies to payments made "solely in connection with the holding, use, or retention" of a payment stablecoin.[6] The statute's "solely in connection with" qualifier may create interpretive uncertainty. A PPSI or distribution partner could assert that a benefit is not provided "solely" for holding the stablecoin because some nominal additional condition applies. Thus, placing the payment outside the prohibition even though holding the stablecoin is the practical prerequisite for receiving it.

The OCC should clarify in the final rule that an economic benefit is presumed to be provided solely in connection with the holding, use, or retention of a payment stablecoin if holding, using, or retaining the stablecoin is a necessary condition for receiving the benefit or is the principal reason the benefit is provided. This gives supervisors a workable examination standard and forecloses nominal conditioning as an evasion technique.

IV. The GENIUS Act Prohibits Yield; the Economics Compel the OCC to Enforce That Prohibition Broadly.

The GENIUS Act's yield prohibition is a congressional policy judgment, not an invitation for agencies to reweigh the underlying economics. The OCC's obligation is faithful implementation and ensuring the prohibition is broad enough to function as Congress intended. A rule limited to direct PPSI payments would be readily circumvented through exchange relationships and third-party distribution arrangements, producing deposit substitution effects economically indistinguishable from direct yield. The OCC should issue a broad prohibition because Congress required one, and because the evidence shows that anything less will not work.

The empirical case is not seriously in dispute. Treasury has estimated that $6.6 trillion in bank deposits could be at risk if yield-bearing arrangements proliferate.[7] Research by former CFPB enforcement economist Andrew Nigrinis found that deposit losses could rise to 25% or more, reducing lending capacity by approximately $1.5 trillion.[8] The Federal Reserve's December 2025 FEDS Note reached consistent conclusions on credit availability.[9] The recycling counterargument which argues that issuer reserve deposits partially preserve the deposit base is real but incomplete. Recycling transforms stable retail deposits into uninsured wholesale deposits at a handful of large banks, raising funding costs and constraining lending capacity at exactly the community banks that can least absorb the shift.[10]

A narrow prohibition limited to explicit and direct PPSI payments would have little marginal effect on stablecoin demand or deposit substitution relative to no prohibition at all. The OCC's

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[6] GENIUS Act § 4(a)(11), 12 U.S.C. § 5903(a)(11).
[7] Treasury Borrowing Advisory Comm., *Charge for the Treasury Borrowing Advisory Committee: Second Quarter 2025* (U.S. Dep't of the Treasury 2025), https://home.treasury.gov/system/files/221/TBACCharge2Q22025.pdf.
[8] Consumer Bankers Ass'n, *ICYMI: New Research Examines Impact of Interest-Bearing Stablecoins on Banks' Ability to Lend* (Oct. 16, 2025), https://consumerbankers.com/press-release/icymi-new-research-examines-impact-of-interest-bearing-stablecoins-on-banks-ability-to-lend/.
[9] Marco Cipriani et al., *Banks in the Age of Stablecoins: Implications for Deposits, Credit, and Financial Intermediation*, FEDS Notes (Bd. of Governors of the Fed. Rsrv. Sys. Dec. 17, 2025), https://www.federalreserve.gov/econres/notes/feds-notes/banks-in-the-age-of-stablecoins-implications-for-deposits-credit-and-financial-intermediation-20251217.html.
[10] *Id.*

final rule will set the floor for Federal Reserve, FDIC, and state GENIUS Act rulemakings. The OCC should use that standard-setting position deliberately and issue a prohibition broad enough to honor both the letter and the purpose of the statutory command.

Conclusion

The Associations urge the OCC to implement the GENIUS Act's yield prohibition with the rigor its design demands. The OCC's final rule will set the baseline for Federal Reserve, FDIC, and state GENIUS Act rulemakings. A strong, clearly drafted prohibition here will establish the floor for the entire federal framework. The Associations stand ready to serve as a resource as the OCC continues this work.

Respectfully submitted,

American Bankers Association
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
DC Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
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Maryland Bankers Association
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Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association