



FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 303

RIN 3064-AG20

Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comments on a proposal that would establish procedures to be followed by an insured State nonmember bank or State savings association (each, an FDIC-supervised institution) that seeks to obtain FDIC approval to issue payment stablecoins through a subsidiary pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act).

DATES: Comments must be received by the FDIC no later than **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: You may submit comments, identified by RIN 3064-AG20, by any of the following methods:

- *FDIC Website:* <https://www.fdic.gov/federal-register-publications>. Follow instructions for submitting comments on the agency website.
- *Email:* Comments@fdic.gov. Include RIN 3064-AG20 in the subject line of the message.
- *Mail:* Jennifer M. Jones, Deputy Executive Secretary, Attention: Comments – RIN 3064-AG20, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

- *Hand Delivery to FDIC:* Comments may be hand-delivered to the guard station at the rear of the 550 17th Street NW building (located on F Street) on business days between 7 a.m. and 5 p.m.
- *Public Inspection:* Comments received, including any personal information provided, may be posted without change to <https://www.fdic.gov/federal-register-publications>. Commenters should submit only information that the commenter wishes to make available publicly. The FDIC may review, redact, or refrain from posting all or any portion of any comment that it may deem to be inappropriate for publication, such as irrelevant or obscene material. The FDIC may post only a single representative example of identical or substantially identical comments, and in such cases will generally identify the number of identical or substantially identical comments represented by the posted example. All comments that have been redacted, as well as those that have not been posted, that contain comments on the merits of the proposed rule will be retained in the public comment file and will be considered as required under all applicable laws. All comments may be accessible under the Freedom of Information Act.

This proposal, all comments received, and a summary of not more than 100 words of the proposed rule pursuant to the Providing Accountability Through Transparency Act of 2023 are available at <https://www.fdic.gov/federal-register-publications>.

FOR FURTHER INFORMATION CONTACT: Alfred L. Seivold, Acting Senior Deputy Director, (415) 808-8248, aseivold@fdic.gov, Division of Complex Institution Supervision and Resolution; Sandra Macias, Acting Associate Director, (202) 898-3642, smacias@fdic.gov, Division of Risk Management Supervision; Nicholas Simons, Counsel, (202) 898-6785, nsimons@fdic.gov; Chantal Hernandez, Counsel, (202) 898-7388, chhernandez@fdic.gov; Eugene Frenkel, Fin-Tech Counsel, (202) 898-3578, yfrenkel@fdic.gov, Legal Division.

SUPPLEMENTARY INFORMATION:

I. Policy Objectives

The FDIC is issuing this notice of proposed rulemaking (proposed rule) to implement certain application provisions under the GENIUS Act (or the Act).¹ The proposed rule would establish a tailored application process for an FDIC-supervised institution to obtain approval from the FDIC to issue payment stablecoins² through a subsidiary. The FDIC seeks to evaluate the safety and soundness of an applicant's proposed activities based on consideration of statutory factors and support the responsible growth and use of digital assets and related technologies³ while minimizing the regulatory burden on applicants.

II. Background and Authority

A. GENIUS Act Overview

The GENIUS Act was enacted on July 18, 2025, and will become effective on January 18, 2027, or 120 days after the date on which the primary Federal payment stablecoin regulators⁴ issue any final implementing regulations, if earlier.⁵ This proposed rule, once finalized, will implement the Federal statutory framework for applications for issuance of payment stablecoins and related payment stablecoin activities by subsidiaries of FDIC-supervised institutions for which the FDIC is the primary Federal payment stablecoin regulator, as defined under section 2 of the Act.⁶ A subsidiary of an insured

¹ Pub. L. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901-5916).

² See 12 U.S.C. 5902. The GENIUS Act defines a payment stablecoin as a digital asset 1) that is, or is designed to be, used as a means of payment or settlement and 2) the issuer of which is obligated to convert, redeem, or repurchase for a fixed amount of monetary value and represents or creates the reasonable expectation that it will maintain a stable value relative to a fixed amount of monetary value. 12 U.S.C. 5901(22)(A). The GENIUS Act further provides that a payment stablecoin is not a national currency, deposit, or security. 12 U.S.C. 5901(22)(B). Stablecoins that are used or designed for other purposes, such as non-payment stablecoins, are outside the scope of this proposed rule.

³ See Executive Order 14178, Strengthening American Leadership in Digital Financial Technology, 90 FR 8647 (Jan. 31, 2025).

⁴ The primary Federal payment stablecoin regulators are the FDIC, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), and the National Credit Union Administration (NCUA). See 12 U.S.C. 5901(25).

⁵ Section 20 of the GENIUS Act, governing the effective date, is codified in the note to 12 U.S.C. 5901.

⁶ 12 U.S.C. 5901(25).

depository institution (IDI)⁷ that has been approved to issue payment stablecoins under section 5 of the GENIUS Act is a permitted payment stablecoin issuer, or PPSI.

Under the GENIUS Act, subject to certain limited exceptions, only a PPSI may issue a payment stablecoin in the United States. A PPSI is a person⁸ formed in the United States that is 1) a subsidiary of an IDI approved by its primary Federal payment stablecoin regulator; 2) a Federal qualified payment stablecoin issuer approved by the OCC; or 3) a State-qualified payment stablecoin issuer approved by its State payment stablecoin regulator.⁹ With respect to a PPSI that is a subsidiary of an IDI, the PPSI's primary Federal payment stablecoin regulator is the same as the IDI's appropriate Federal banking agency under section 3 of the Federal Deposit Insurance (FDI) Act or the National Credit Union Administration, as applicable.¹⁰

The FDIC is the appropriate Federal banking agency of each IDI that is a State-chartered insured bank that is not a member of the Federal Reserve System (State non-member bank)¹¹ and each State-chartered savings association (State savings association) (collectively, as noted above, FDIC-supervised institutions).¹² Accordingly, an FDIC-supervised institution must obtain approval for its subsidiary PPSI from the FDIC pursuant to the GENIUS Act and, once the application is approved, the FDIC will supervise that PPSI as its primary Federal payment stablecoin regulator.

⁷ "Insured depository institution" is defined in section 2(15) of the GENIUS Act, 12 U.S.C. 5901(15). The GENIUS Act uses the term "insured depository institution" to refer to both an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. 1813) and an insured credit union, as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

⁸ The GENIUS Act defines a "person" as an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated. 12 U.S.C. 5091(24).

⁹ See 12 U.S.C. 5901(23).

¹⁰ See 12 U.S.C. 5901(1), (23), (25)(A); 12 U.S.C. 5904.

¹¹ The term "State nonmember bank" includes any insured State bank that is an industrial bank, industrial loan company, or other similar institution that is excluded from the definition of "bank" in section 2(c)(2)(H) of the Bank Holding Company Act (12 U.S.C. 1841(c)(2)(H)). See FDI Act section 3(a)(2) (12 U.S.C. 1813(a)(2)); 12 CFR part 347.

¹² See 12 U.S.C. 1813(q). As of September 30, 2025, the FDIC supervises approximately 2,772 insured State nonmember banks and insured State savings associations. FDIC Call Report Data, September 30, 2025. The FDIC is also the appropriate Federal banking agency of any foreign bank having an insured State branch.

B. Statutory Requirements and Authority for Approving PPSI Applications

1. Authority to Accept and Process PPSI Applications

Section 5 of the GENIUS Act directs the FDIC, and the other primary Federal payment stablecoin regulators, to establish a process and Federal framework for the licensing, regulation, examination, and supervision of PPSIs that prioritizes the safety and soundness of such entities.¹³ As required by the GENIUS Act, this proposed rule would establish a process and Federal framework for the acceptance and processing of PPSI applications¹⁴ from FDIC-supervised institutions that is consistent with the requirements of the Act.¹⁵

2. Overview of the Application Process

In connection with the processing of applications to issue payment stablecoins, section 5 of the GENIUS Act includes specific timelines, evaluation criteria, and appeal rights for denied applicants.

The FDIC is required to evaluate and make a determination on a substantially complete application¹⁶ using the factors listed in section 5(c) of the GENIUS Act, including the subsidiary's ability to meet statutory and regulatory requirements and other factors related to management and safety and soundness.¹⁷ These factors are discussed in greater detail in section II.B.3 of this document. The GENIUS Act provides that the FDIC shall only deny an application upon determining that the activities of the applicant (including the proposed activities of the subsidiary) would be unsafe or unsound based on

¹³ See 12 U.S.C. 5904(a)(1)(B).

¹⁴ See 12 U.S.C. 5904(a)(2).

¹⁵ See 12 U.S.C. 5904(g).

¹⁶ The GENIUS Act provides that an application is substantially complete if it contains sufficient information for the FDIC to render a decision on whether the applicant satisfies specified statutory factors. See 12 U.S.C. 5904(d)(1)(B)(i). For applications pending as of the effective date of the GENIUS Act, section 5(f) of the Act authorizes the FDIC to provide a safe harbor for an FDIC-supervised institution's subsidiary and waive requirements under the GENIUS Act for up to 12 months from the Act's effective date. 12 U.S.C. 5904(f).

¹⁷ See 12 U.S.C. 5904(c).

the factors.¹⁸

If the FDIC denies an application, it must provide the applicant with an opportunity to appeal. The GENIUS Act sets forth specific timelines for requesting an appeal, holding a hearing, and issuing a final decision, but is silent on the modus for appeal.¹⁹ Lastly, the GENIUS Act states that a denial does not prohibit an applicant from filing a subsequent application.²⁰

3. Required Factors for the Evaluation of Applications

a. Ability to Meet Requirements for Issuing Payment Stablecoins under Section 4 of the GENIUS Act

When evaluating an application, section 5(c)(1) of the GENIUS Act provides that the FDIC is required to consider the ability of the IDI's subsidiary, based on financial condition and resources, to meet the requirements for issuing payment stablecoins set forth in section 4 of the GENIUS Act.²¹ Section 4 sets out standards for the issuance of payment stablecoins by PPSIs.²² Section 4 requires that a PPSI maintain identifiable reserves backing the outstanding payment stablecoins on at least a 1 to 1 basis, comprised of specified categories of reserves,²³ and the ability to relatedly meet the monthly reserve disclosure requirements applicable to a PPSI. The reserve disclosure requirements include disclosing the composition of the PPSI's reserves on its website²⁴ and submitting to the FDIC certified reports examined by a public accounting firm regarding the prior month's reserve composition disclosure.²⁵

Additionally, the FDIC is required to consider the ability of the IDI's subsidiary,

¹⁸ 12 U.S.C. 5904(d)(2)(A)(i). The GENIUS Act provides that the issuance of a payment stablecoin on an open, public, or decentralized network is not a valid basis for denying an application. 12 U.S.C. 5904(d)(2)(A)(ii).

¹⁹ 12 U.S.C. 5904(d)(2)(C).

²⁰ 12 U.S.C. 5904(d)(4).

²¹ 12 U.S.C. 5903.

²² 12 U.S.C. 5903(a).

²³ 12 U.S.C. 5903(a)(1)(A).

²⁴ 12 U.S.C. 5903(a)(1)(C).

²⁵ 12 U.S.C. 5903(a)(3)(A).

based on financial condition and resources, to comply with forthcoming regulations to be issued by the FDIC regarding capital requirements; liquidity requirements; reserve asset diversification; and operational, compliance, and information technology risk management principles-based requirements and standards, including Bank Secrecy Act (BSA) and sanctions compliance standards.²⁶

Section 4 also establishes certain limitations on a PPSI's activities and generally only permits PPSIs to issue and redeem payment stablecoins, manage related reserves, provide certain payment stablecoin and reserve custodial and safekeeping services,²⁷ undertake other activities that directly support those activities,²⁸ and engage in digital asset service provider activities.²⁹ In addition, section 4 establishes, subject to limited exceptions, a prohibition on pledging, rehypothecating, or reusing a PPSI's reserves assets.³⁰

b. Factors Related to Management

The FDIC is also required to consider factors related to management described in sections 5(c)(2) and 5(c)(3) of the GENIUS Act. Section 5(c)(2) requires the FDIC to consider whether an individual that has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud is serving as an officer or director of the applicant.³¹ Section 5(c)(3) requires the FDIC to consider the competence, experience, and integrity of the officers,

²⁶ 12 U.S.C. 5903(a)(4)(A). The FDIC is currently developing proposed regulations that will be issued for public comment. Section 4(a)(5) of the GENIUS Act treats a PPSI as a financial institution for purposes of the BSA and subjects the PPSI to all applicable Federal laws relating to economic sanctions, prevention of money laundering, customer identification, and due diligence. *See* 12 U.S.C. 5903(a)(5)(A). The FDIC will consider any BSA and sanctions regulations that may be issued by the U.S. Department of the Treasury.

²⁷ If federally supervised, an approved PPSI can engage in custody and safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue permitted payment stablecoins. *See* 12 U.S.C. 5909(a).

²⁸ 12 U.S.C. 5903(a)(7)(A). In addition to payment stablecoin activities of the PPSI, the FDIC-supervised institution may engage in certain payment stablecoin activities pursuant to section 16(b) of the GENIUS Act. *See* 12 U.S.C. 5915(b). Issuance, however, is limited to the PPSI, which is the FDIC-supervised institution's subsidiary.

²⁹ *See* 12 U.S.C. 5903(a)(7)(B); 12 U.S.C. 5901(7) (defining digital asset service provider).

³⁰ 12 U.S.C. 5903(a)(2).

³¹ 12 U.S.C. 5904(c)(2).

directors, and principal shareholders of the applicant, its subsidiaries, and parent company, including the record of compliance with laws and regulations and ability to fulfill any commitments and conditions of the FDIC in connection with the application and prior applications.³²

c. Redemption Policy

Under section 5(c)(4) of the GENIUS Act, the FDIC is required to consider whether the applicant's redemption policy can meet the standards specified under section 4(a)(1)(B).³³ This includes whether the applicant has established clear and conspicuous procedures for timely redemption of outstanding payment stablecoins;³⁴ whether the PPSI will publicly, clearly, and conspicuously disclose, in plain language, all fees associated with purchasing or redeeming its payment stablecoins;³⁵ and whether the PPSI will meet the prohibition on changing such fees without at least 7 days' prior notice to consumers.³⁶

d. Other Factors

Lastly, section 5(c)(5) of the GENIUS Act allows the FDIC to establish and consider any other factors as necessary to ensure the safety and soundness of the PPSI when evaluating an application.³⁷ The FDIC is not proposing to establish any additional factors pursuant to section 5(c)(5) of the GENIUS Act at this time.

III. Description of the Proposed Rule

A. Overview of the Proposed Application Procedures

To implement the statutory requirements described above, the proposed rule would add a new § 303.252 to title 12, part 303, subpart M of the FDIC Rules and Regulations, titled "Permitted payment stablecoin issuers." This new section would apply

³² 12 U.S.C. 5904(c)(3).

³³ 12 U.S.C. 5904(c)(4).

³⁴ 12 U.S.C. 5903(a)(1)(B)(i).

³⁵ 12 U.S.C. 5903(a)(1)(B)(ii).

³⁶ 12 U.S.C. 5903(a)(1)(B)(ii).

³⁷ 12 U.S.C. 5904(c)(5).

to FDIC-supervised institutions that seek to issue payment stablecoins through a subsidiary. The proposed rule, as described below, addresses scope; definitions; filing location; contents of the filing; additional information for applications; processing decisions; and hearing and appeal procedures and final determination. The proposed rule would implement the requirements of section 5 of the GENIUS Act with respect to evaluating the factors, processing applications within specified timeframes, and establishing an appeal process. 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.

B. Description of Proposed Application Procedures

1. Scope

Paragraph (a) of proposed § 303.252 would establish the scope of the proposed section. It would state that proposed § 303.252 sets forth the application requirements and procedures for an FDIC-supervised institution to submit an application to issue payment stablecoins through a subsidiary that would become a PPSI under the GENIUS Act.

2. Definitions

Paragraph (b) would define relevant terms for purposes of proposed § 303.252. The term “applicant” would mean an FDIC-insured State nonmember bank or an FDIC-insured State savings association that seeks to issue payment stablecoins through a subsidiary. This definition would distinguish the applicant—the FDIC-supervised institution—from the PPSI subsidiary through which the institution would issue payment stablecoins and perform certain other payment stablecoin activities permitted by the GENIUS Act. “Digital asset service provider,” “payment stablecoin,” and “permitted payment stablecoin issuer” would be defined by referencing the relevant definitions in section 2 of the GENIUS Act. The terms “State nonmember bank,” “State savings association,” and “subsidiary” would have the meanings given those terms in section 3 of

the FDI Act.³⁸ Finally, the term “substantially complete” would be defined in a manner consistent with the standard set forth in section 5(d)(1)(B)(i) of the GENIUS Act.

3. Filing Location

Paragraph (c) of proposed § 303.252 would state that applications under the new section shall be filed with the appropriate FDIC region, as defined in 12 CFR 303.2(g), which is consistent with the FDIC’s practice for receiving other types of applications.

4. Contents of Filing

Paragraph (d) of proposed § 303.252 would describe the contents of the filing. Under the proposed rule, the applicant would submit information to the FDIC in the form of a letter application that would contain the information listed in the regulation, to the extent applicable. Paragraph (d) would minimize the regulatory burden for applicants by requesting only information necessary to evaluate the factors to be considered under section 5(c) of the GENIUS Act and to determine the safety and soundness of the proposed activities of the applicant, inclusive of the activities of its subsidiary. Whenever possible, the FDIC would utilize information already available to it as the primary Federal regulator of the applicant, such as supervisory and examination information, rather than requiring duplicative information to be submitted as part of an application. Given that the applicant would be an FDIC-supervised institution, known to the appropriate region, the FDIC, at this time, has not proposed to establish any additional factors pursuant to section 5(c)(5) of the GENIUS Act. The applicant may, however, include any other materials or information that it would like the FDIC to consider.

Proposed paragraph (d)(1) would require a description of the proposed payment stablecoin and the proposed activities of the subsidiary of the applicant, including related

³⁸ Section 3(w)(4) of the FDI Act (12 U.S.C. 1813(w)(4)) states that the term “subsidiary” 1) means any company which is owned or controlled directly or indirectly by another company; and 2) includes any service corporation owned in whole or in part by an insured depository institution or any subsidiary of such a service corporation.

activities of the applicant, how the subsidiary plans to maintain the proposed payment stablecoin's stable value, or the reasonable expectation thereof, and any proposed incidental activities to the payment stablecoin activities or digital asset service provider activities. The FDIC 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. The FDIC would expect applicants to describe what activities would be performed at the applicant and subsidiary levels regarding the proposed payment stablecoin, as well as whether any third parties would participate in the proposed payment stablecoin activity. In addition, when describing how the subsidiary plans to maintain the proposed payment stablecoin's stable value, or the reasonable expectation thereof, the FDIC would expect the application to include whether there are any planned applicant-provided sources of strength, applicant guarantees, and/or intercompany agreements. Finally, the FDIC would expect a description of any proposed incidental activities of the applicant or the subsidiary to payment stablecoin activities or digital asset service provider activities, and those that directly support activities that a PPSI may undertake in accordance with section 4(a)(7)(A) of the GENIUS Act. The FDIC is proposing to include this information in the contents of the filing because understanding the proposed payment stablecoin and proposed activities of the subsidiary, including related activities of the applicant, the mechanism to maintain the proposed payment stablecoin's stable value or the reasonable expectation thereof, and any proposed incidental activities and digital asset service provider activities of the subsidiary are necessary to evaluate the ability of the subsidiary in light of its financial condition and resources to meet the requirements set forth under section 4 of the GENIUS Act. Furthermore, information on the proposed payment stablecoin and related activities would be necessary for the FDIC

to determine whether the activities of the applicant would be unsafe or unsound based on the factors described in section 5(c), which is the sole basis for any denial.³⁹

Proposed paragraph (d)(2) would request relevant financial information for the subsidiary, including planned capital and liquidity structure; reserve assets and composition and associated asset management plan; and financial projections for the first three years of operations. With respect to a planned capital and liquidity structure, the FDIC may consider any planned financial commitments from the applicant's or subsidiary's officers, directors, and principals or shareholders, or if there is a plan to launch the payment stablecoin as part of a consortium approach. The FDIC 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. In addition, the FDIC would expect that the asset management plan to contain details of how the applicant or subsidiary would manage the reserves, including how reserve assets are expected to change and what would prompt such a change in reserves. The FDIC would further expect the relevant financial information, including capital and liquidity, reserve assets and composition, and the associated asset management plan, to demonstrate consistency with forthcoming regulations that would implement the standards required by section 4 of the GENIUS Act. Finally, the applicant would provide financial projections for the first three years of the subsidiary's operations. Such content would generally align with the FDIC's practice of requesting three years of *pro forma* financial statements as a component of other applications, such as with mergers and deposit insurance applications for *de novo* institutions. The information in this proposed paragraph would be relevant to the FDIC's consideration of the factor in section 5(c)(1) of the GENIUS Act regarding the ability of the subsidiary, based on

³⁹ 12 U.S.C. 5904(d)(2).

financial condition and resources, to meet the requirements set forth under section 4 of the Act.

Proposed paragraph (d)(3) would state that an application shall contain a description of the subsidiary's ownership and control structure; organizing documents; and a list of the subsidiary's proposed directors, officers, and shareholders (if different from the applicant), including a statement as to whether any of the proposed directors and officers have been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud. The FDIC could accept an organizational chart that includes the requisite information to show the subsidiary's ownership and control structure. The FDIC could accept proposed or draft organizing documents initially, with final versions to be provided when available, either prior to FDIC approval, or subsequently as a condition of the FDIC's approval. If a proposed payment stablecoin is to be backed or offered by multiple banks through a consortium structured as a subsidiary of an FDIC-supervised institution, the FDIC would expect the application to include the governance structure of such arrangement, including expected activities of the other members of the consortium. The FDIC would anticipate accepting and processing a single application on behalf of all other FDIC-supervised members of the consortium if the consortium could be considered a subsidiary of each. The FDIC is proposing to include this information in the contents of the filing because it is necessary to resolve the factors set forth in sections 5(c)(2) and 5(c)(3) of the GENIUS Act.

Proposed paragraph (d)(4) would require submission of relevant policies and procedures and customer agreements, including for custody and safekeeping; segregating customer and reserve assets; recordkeeping; reconciliation and transaction processing; redemption; and BSA/anti-money laundering (AML)/countering the financing of terrorism (CFT) and economic sanctions requirements pursuant to section 4(a)(5) of the

GENIUS Act. When including relevant policies and procedures and customer agreements, the FDIC would expect the applicant to include terms of use, privacy disclosures, any public disclosures required under the GENIUS Act, and any disclosures required by other applicable laws and regulations. Policies and procedures such as those related to custody and safekeeping, segregating customer and reserve assets, recordkeeping, reconciliation, and transaction processing would be relevant for the FDIC to evaluate the financial condition and resources affecting the ability of the subsidiary to meet the requirements set forth under section 4 of the GENIUS Act, pursuant to the factor set forth in section 5(c)(1) of the GENIUS Act. Such information is relevant to the FDIC's evaluation, based on the financial condition and resources of the subsidiary, of whether it would be able to maintain the proposed payment stablecoin's stable value or reasonable expectation thereof, the ability of the subsidiary to meet customer redemption requests, and the accuracy of public disclosures of reserve assets. The FDIC would review any recordkeeping, reconciliation, and transaction processing policies and procedures, including both on- and off-chain procedures. The FDIC would expect the redemption policy, required by section 4(a)(1)(B) of the GENIUS Act, to explain the responsibilities and obligations of the applicant and the subsidiary, the process, conditions, and time period by which the payment stablecoin may be redeemed, who may redeem the payment stablecoin, and the circumstances under which the redemption of the payment stablecoin may be limited, delayed, or suspended. Additionally, the submission of BSA/AML/CFT and economic sanctions information would be necessary to evaluate whether the subsidiary would be able to comply with requirements under section 4 pursuant to the factor in section 5(c)(1) of the GENIUS Act. The submission of the policies, procedures, and customer agreements enumerated in proposed paragraph (d)(4) is each designed to allow the FDIC to evaluate the factors in section 5(c) of the GENIUS Act and determine whether the activities of the applicant would be unsafe or unsound.

Finally, proposed paragraph (d)(5) would require inclusion of an engagement letter with a registered public accounting firm. 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.

5. Additional Information

Paragraph (e) of proposed § 303.252 would specify that the FDIC may request additional information as it deems necessary solely for its consideration of the factors listed in section 5(c) of the GENIUS Act. As described above, to the extent possible, the FDIC would use information available to it as the primary Federal regulator of the applicant rather than requesting duplicative information.

6. Processing

Paragraph (f) of proposed § 303.252 would describe application processing, following the requirements and timelines established by the GENIUS Act. Pursuant to section 5(d)(1)(B)(ii) of the GENIUS Act, the FDIC would notify an applicant as to whether the application is considered substantially complete not later than 30 days after the FDIC receives an application under the proposed section. At that time, if the application is not considered substantially complete—*i.e.*, the application does not contain sufficient information for the FDIC to render a decision on whether the applicant satisfies the factors described in section 5(c) of the GENIUS Act—the FDIC shall specify the additional information the applicant shall provide for the application to be considered substantially complete. Examples of instances where the FDIC might not consider an application to be substantially complete include if it does not provide all of the items required by regulation, if the information provided contains significant gaps or is unclear in any material respect, or if the FDIC determines that there are issues or deficiencies in

the information provided that must be resolved or supplied for the FDIC to be able to adequately consider the GENIUS Act factors. This proposed paragraph would also state 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 that would require the FDIC to treat the pending application as a new application, pursuant to section 5(d)(1)(B)(iii) of the GENIUS Act. Such material changes may include a change to the applicant's financial condition, the proposed activities of the PPSI, or any other change that could implicate the safety or soundness of the applicant. The proposed rule would provide that if the FDIC fails to notify the applicant within 30 days after receiving an application, the application shall be deemed substantially complete as of the date it was received by the FDIC.

7. Decisions

The GENIUS Act establishes the Federal payment stablecoin regulators' decision-making process regarding an application, such as timing, considerations, and notices. Therefore, paragraph (g) of proposed § 303.252 would largely follow the language of the GENIUS Act in describing the FDIC's decision-making process. It would state that the FDIC shall approve or deny an application not later than 120 days after receiving a substantially complete application under proposed § 303.252. In accordance with section 5(d) of the GENIUS Act, proposed paragraph (g)(1) would provide for deemed approval, stating that if the FDIC does not render a decision on a substantially complete application within 120 days of receiving a substantially complete application, the application shall be deemed approved. Proposed paragraph (g)(2), regarding approval with conditions, would state that the FDIC may impose conditions upon approving an application, including the standard conditions defined under 12 CFR 303.2(bb), and that such conditions shall not impose requirements in addition to the requirements of section 4 of the GENIUS Act. The FDIC generally intends for approval with conditions to include routine items. This

may include, for example, the submission of items that were not included or finalized in the application, such as final organizing documents, or fulfillment of commitments of the applicant such as capital injections. Finally, proposed paragraph (g)(3) would describe the FDIC's denial of an application. The proposed paragraph would state, in accordance with the grounds for denial provided by section 5(d)(1) of the GENIUS Act, that the FDIC shall deny a substantially complete application if the activities of the applicant would be unsafe or unsound based on the factors to be considered. In accordance with the response and timelines required by section 5(d)(2) of the GENIUS Act, the proposed paragraph would also state that the FDIC shall provide the applicant with written notice of the basis for denial not later than 30 days after the date of such denial with an explanation that shall include all findings made by the FDIC with respect to all identified material shortcomings in the application, including recommendations to address such shortcomings. As described above, the FDIC's proposed paragraph (g) largely follows and reiterates the provisions of the GENIUS Act regarding decisions on applications.

8. Appeal and Final Determination

Section 5(d)(2)(C) of the GENIUS Act provides for hearing and appeal processes following denial of an application, which would be implemented by proposed paragraph (h). In accordance with the GENIUS Act, proposed paragraph (h)(1) would state that not later than 30 days after the receipt of a denial of an application under the proposed section, the applicant may request, in writing, a written or oral hearing before the FDIC. Under the proposed rule, for purposes of an appeal, the FDIC would treat a denial of a PPSI application as akin to a material supervisory determination, requiring a denied applicant to follow procedures similar to the process for an appeal of a material supervisory determination but within the timelines provided under the GENIUS Act. Proposed paragraph (h)(2) would provide the timing for such a hearing. It would state that upon receipt of a timely request for a written or oral hearing, the FDIC shall issue a

notice of the time and place for the applicant to submit written materials or provide oral testimony and oral argument. The time for the hearing would be within 30 days of receipt of the request for hearing, in accordance with the required timeline of the GENIUS Act. . Proposed paragraph (h)(3) would state that the FDIC shall notify the applicant of its final determination not later than 60 days after the date of a hearing, which shall contain a statement of the basis for that determination, with specific findings. Finally, pursuant to the GENIUS Act, proposed paragraph (h)(4) would describe the notice provided by the FDIC if there is no hearing. The FDIC would provide written notice to the applicant who does not make a timely request for a hearing that the denial of the application is the final determination. Such notice would be provided not later than 10 days after the date by which the applicant could have requested the hearing under proposed paragraph (h)(1). Conforming edits are also proposed in § 303.11(f) to cross reference the process under proposed § 303.252, which would exclude appeals of denials under this section from existing processes and procedures under existing 12 CFR parts 303 and 308 of the FDIC Rules and Regulations.

C. Regarding Safe Harbor for Pending Applications

Consistent with section 5(f) of the GENIUS Act, an applicant could request a waiver of certain requirements of the GENIUS Act regarding a pending application. An applicant would be able to submit an application to the FDIC pursuant to proposed § 330.252 upon a final rule becoming effective, which is anticipated to be prior to the effective date of the GENIUS Act. If an applicant files an application ahead of the effective date of the Act, pursuant to section 5(f) of the Act, the applicant may request a waiver from the FDIC from all or some of the requirements under the Act, with any granted waiver not to exceed 12 months from the effective date of the Act. The FDIC would invite an applicant to submit, together with an application, a written request for a waiver in writing that explains the basis for the request, the extent of the requirements to

be waived, and the time period sought. The FDIC has determined not to include a provision regarding procedures for requesting a waiver under the GENIUS Act's safe harbor provision due to the temporary nature of the provision and the case-by-case analysis required for any waiver.

IV. Expected Effects

As previously discussed, the FDIC is proposing to amend its regulations to implement application requirements and procedures for an FDIC-supervised institution to request approval to issue payment stablecoins through a subsidiary in accordance with provisions of the GENIUS Act. The proposed rule would establish application requirements and procedures to address the factors for consideration as outlined in 12 U.S.C. 5904(c).

To estimate the expected effects of the proposed rule, this analysis considered all relevant regulations applicable to FDIC-supervised institutions, as well as information on the financial condition of FDIC-supervised institutions as of the quarter ending September 30, 2025, as the baseline to which the effects of the proposed rule are estimated.

As previously discussed, the proposed rule would apply to all FDIC-supervised institutions that seek to issue payment stablecoins through a subsidiary as well as engage in certain other payment stablecoin activities permitted by the GENIUS Act.⁴⁰ As of the quarter ending September 30, 2025, there were 2,772 insured State nonmember banks and State savings associations.⁴¹ The FDIC recognizes the significant uncertainty regarding estimates of the number of FDIC-supervised institutions that would seek to issue payment stablecoins or engage in other permitted payment stablecoin activities through a subsidiary in future periods and, thereby, be directly affected by the proposed

⁴⁰ See 12 U.S.C. 4903(a)(7).

⁴¹ FDIC Call Report Data, September 30, 2025.

rule. As this is a developing market, there is uncertainty as to the number of FDIC-supervised institutions that might apply to issue payment stablecoins, either independently or through consortia and other partnerships. Without predicting the actual participation rate, for the purposes of this analysis, the FDIC assumed that 10 FDIC-supervised institutions would file an application each year, on average.

The FDIC estimates that in applying, FDIC-supervised institutions seeking approval to issue payment stablecoins and engage in certain other payment stablecoin activities through a subsidiary would expend 80 labor hours to comply with the proposed application requirements. As stated above, the intent of the proposed rule is to minimize the regulatory burden for applicants by requesting only information necessary to evaluate the factors to be considered under section 5(c) of the GENIUS Act and to determine the safety and soundness of the proposed activities of the applicant, inclusive of the activities of its subsidiary. To the extent possible, the FDIC has tailored and streamlined the application process and would use information already available to it as the primary Federal regulator of the applicant rather than requiring duplicative information to be submitted as part of an application. At an estimated total compensation rate of \$152.40 per hour⁴², the proposed rule would result in estimated application compliance costs of \$12,192 per institution or \$121,920 in aggregate each year, on average.⁴³ The FDIC believes that the application requirements as proposed effectively balance the collection of information necessary to address the factors for consideration established by the GENIUS Act while containing burden on the applicant.

V. Alternatives Considered

⁴² Bureau of Labor Statistics: National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 and 5223 only) (May 2024), Employer Cost of Employee Compensation (March 2024), and Employment Cost Index (March 2024 and June 2025). The FDIC estimates the following labor allocation for entities complying with these requirements: Executives and Managers (11-0000): 60 percent; Lawyers (23-0000): 30 percent; and Clerical workers (43-0000): 10 percent.

⁴³ \$152.40 per hour * 80 hours = \$12,192; \$152.40 per hour * 80 hours * 10 = \$121,920

The FDIC is proposing to amend its regulations to implement certain provisions of the GENIUS Act. Because the amendments are statutorily mandated, the FDIC did not consider alternatives to the proposed rule.

VI. Regulatory Analysis

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) generally requires an agency, in connection with a proposed rule, to prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of the proposed rule on small entities.⁴⁴ However, an initial regulatory flexibility analysis is not required if the agency certifies that the proposed rule would not, if promulgated, have a significant economic impact on a substantial number of small entities. The Small Business Administration (SBA) has defined “small entities” to include banking organizations with total assets of less than or equal to \$850 million.⁴⁵ Generally, the FDIC considers a significant economic impact to be a quantified effect in excess of 5 percent of total annual salaries and benefits or 2.5 percent of total noninterest expenses. The FDIC believes that effects in excess of one or more of these thresholds typically represent significant economic impacts for FDIC-insured institutions.

To estimate the expected effects of the proposed rule, this analysis considered all relevant regulations applicable to FDIC-supervised institutions, as well as information on the financial condition of such FDIC-supervised institutions as of the quarter ending June 30, 2025.

⁴⁴ 5 U.S.C. 601 *et seq.*

⁴⁵ The SBA defines a small banking organization as having \$850 million or less in assets and determines an organization’s assets by averaging the assets reported on its four quarterly financial statements for the preceding year. *See* 13 CFR 121.201 (as amended by 87 FR 69118, effective December 19, 2022). Following these regulations, the FDIC uses an FDIC-supervised institution’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the FDIC-supervised institution is “small” for the purposes of the RFA.

As previously discussed, the proposed rule would apply to all FDIC-supervised institutions that seek to issue payment stablecoins through a subsidiary as well as engage in certain other payment stablecoin activities permitted by the GENIUS Act.⁴⁶ As of the quarter ending June 30, 2025, there were 2,802 insured State nonmember banks and State savings associations. Of those institutions, 2,085 are considered “small” for the purposes of RFA.⁴⁷ The FDIC recognizes the considerable uncertainty regarding estimates of the number of FDIC-supervised institutions that would seek to issue payment stablecoins or engage in other permitted payment stablecoin activities through a subsidiary in future periods and, thereby, be directly affected by the proposed rule. As this is a developing market, there is uncertainty as to the number of FDIC-supervised institutions that might apply to issue payment stablecoins, either independently or through consortia and other partnerships. Without predicting the actual participation rate, for the purposes of this analysis the FDIC assumed that all 10 estimated annual applicants seeking to issue payment stablecoins through a subsidiary would be small, FDIC-supervised institutions.

As previously discussed, the FDIC estimates that FDIC-supervised institutions seeking approval to issue payment stablecoins through a subsidiary would expend 80 labor hours to comply with the proposed application requirements. At an estimated total compensation rate of \$152.40 per hour,⁴⁸ the proposed rule would result in application compliance costs of \$12,192 per small, FDIC-supervised institution or \$121,920 in aggregate, on average.⁴⁹ Estimated application costs of \$12,192 per small, FDIC-supervised institution exceeds 5 percent of total annual salaries and benefits or 2.5

⁴⁶ See 12 U.S.C. 5903(a)(7).

⁴⁷ FDIC Call Report Data, June 30, 2025.

⁴⁸ Bureau of Labor Statistics: National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation and Related Activities (5221 and 5223 only) (May 2024), Employer Cost of Employee Compensation (March 2024), and Employment Cost Index (March 2024 and June 2025). The FDIC estimates the following labor allocation for entities complying with these requirements: Executives and Managers (11-0000): 60 percent; Lawyers (23-0000): 30 percent; and Clerical workers (43-0000): 10 percent.

⁴⁹ \$152.40 per hour * 80 hours = \$12,192; \$152.40 per hour * 80 hours * 10 = \$121,920

percent of total noninterest expenses for no more than three small, FDIC-supervised institutions.⁵⁰

In light of the foregoing, the FDIC certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities. Accordingly, an initial regulatory flexibility analysis is not required.

The FDIC invites comments on all aspects of the supporting information provided in this RFA section. The FDIC is particularly interested in comments on any significant effects on small entities that the agency has not identified.

B. Paperwork Reduction Act

Certain provisions of the proposed rule contain “collections of information” within the meaning of the Paperwork Reduction Act (PRA) of 1995.⁵¹ In accordance with the requirements of the PRA, the FDIC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The information collections contained in the proposed rule have been submitted to OMB for review and approval by the FDIC under section 3507(d) of the PRA⁵² and 5 CFR 1320.11 of OMB’s implementing regulations.⁵³ The FDIC is proposing a new information collection.

Title of information Collection: Payment stablecoin issuer application for FDIC-supervised institutions.

OMB Number: 3064-NEW.

Frequency of Response: Periodic – see table below.

Affected Public: Businesses or other for-profit.

⁵⁰ FDIC Call Report Data, June 30, 2025.

⁵¹ 44 U.S.C. 3501 et seq.

⁵² 44 U.S.C. 3507(d).

⁵³ 5 CFR 1320.

Respondents: Insured State nonmember banks and insured State savings associations that seek to issue payment stablecoins through a subsidiary.

Current Actions: The proposed rule would establish procedures to be followed by an insured State nonmember bank or State savings association that seeks to obtain FDIC approval to issue payment stablecoins through a subsidiary pursuant to the GENIUS Act.

FDIC Summary of Estimated Annual Burden (OMB No. 3064-NEW)					
Information Collection (IC) (Obligation to Respond)	Type of Burden (Frequency of Response)	Number of Respondents	Number of Responses per Respondent	Average Time per Response (Hours)	Annual Burden (Hours)
1. Application to issue payment stablecoins 12 CFR 303.252 (Mandatory)	Reporting (One Time)	10	1	80	800
Total Annual Burden (Hours):					800
Source: FDIC.					
Note: The estimated annual IC time burden is the product, rounded to the nearest hour, of the estimated annual number of responses and the estimated time per response for a given IC. The estimated annual number of responses is the product, rounded to the nearest whole number, of the estimated annual number of respondents and the estimated annual number of responses per respondent. This methodology ensures the estimated annual burdens in the table are consistent with the values recorded in OMB's consolidated information system.					

Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility;

(b) The accuracy of the estimate of the burden of the information collection, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(d) Ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

All comments will become a matter of public record. Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and

burden estimates should be sent to the address listed in the ADDRESSES section of this document. Written comments and recommendations for this information collection also should be sent within 60 days of publication of this document to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 60-day Review—Open for Public Comments” or by using the search function.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act⁵⁴ requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The FDIC invites your comments on how to make the proposed rule easier to understand. For example:

- Has the FDIC organized the material to suit your needs? If not, how could the proposed rule be more clearly stated?
- Are the requirements in the proposed rule clearly stated? If not, how could the proposed rule be more clearly stated?
- Does the proposed rule contain language or jargon that is not clear? If so, which language requires clarification?
- Would a different format (grouping and order of sections, use of headings, paragraphing) make the proposed rule easier to understand? If so, what changes to the format would make the proposed rule easier to understand?
- What else could the FDIC do to make the proposed rule easier to understand?

D. Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (RCDRIA),⁵⁵ in determining the effective date and

⁵⁴ Pub. L. 106–102, section 722, 113 Stat. 1338, 1471 (1999), 12 U.S.C. 4809.

⁵⁵ 12 U.S.C. 4802(a).

administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions,⁵⁶ each Federal banking agency must consider, consistent with principles of safety and soundness and the public interest, any administrative burdens that such regulations would place on affected depository institutions, including small depository institutions, and customers of depository institutions, as well as the benefits of such regulations. In addition, section 302(b) of the RCDRIA requires new regulations and amendments to regulations that impose additional reporting, disclosures, or other new requirements on insured depository institutions generally to take effect on the first day of a calendar quarter that begins on or after the date on which the regulations are published in final form. The FDIC invites comments that further will inform its consideration of the RCDRIA.⁵⁷

F. Executive Order 12866 and 14192

Executive Order 12866, as amended, directs agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. This proposed rule was drafted and reviewed in accordance with Executive Order 12866. Within OMB, the Office of Information and Regulatory Affairs (OIRA) has determined that this rulemaking is a “significant regulatory action” under section 3(f) of Executive Order 12866. Accordingly, the draft rule was submitted to OIRA for review. As noted in other sections of the SUPPLEMENTARY INFORMATION of this document, the FDIC has assessed the costs and benefits of this rulemaking and has made a reasoned determination that the benefits of this rulemaking justify its costs. This proposed rule, if finalized as proposed, is not expected to be a regulatory action under Executive Order 14192 because it imposes no more than de minimis costs.

⁵⁶ For purposes of this analysis and consistent with RCDRIA, “insured depository institution” refers to the definition for that term used in section 3 of the FDI Act.

⁵⁷ 12 U.S.C. 4802(b).

VII. Request for Comment

The FDIC invites comments on all aspects of this proposed rulemaking. In particular, the FDIC seeks feedback on the scope of the proposed rule and its requirements, and responses to the following specific questions:

Question 1: Does the proposed rule adequately reflect the application process outlined by Congress in the GENIUS Act? How could the proposed rule be improved to better align with the GENIUS Act's application requirements?

Question 2: The proposed rule would require applicants to submit a letter application. Should the FDIC consider requiring applicants to instead submit a structured form to be developed by the FDIC? What are the advantages and disadvantages of each approach?

Question 3: Are the proposed filing content requirements appropriate to garner sufficient information for the FDIC to evaluate the factors described in section 5(c) of the GENIUS Act? Is it clear what information the FDIC would expect the contents of a filing to contain under the proposed rule? Are there additional types of information the FDIC should consider? Should the FDIC seek to remove any of the proposed types of information? If so, please explain how the addition or removal of such information would facilitate the FDIC's consideration of the factors.

Question 4: Among the factors to be considered and listed in section 5(c), the FDIC may establish any other factors to be considered. The FDIC is not proposing to establish other factors beyond those listed in the GENIUS Act as indicated by the proposed rule. Should the FDIC consider other factors? If so, please describe the additional factors that the FDIC should consider and why they would be necessary to consider whether the activities of the applicant would potentially be unsafe or unsound.

Question 5: What types of information should applicants submit to the FDIC to substantiate the sufficiency of their capital or liquidity structures? What information can

best demonstrate the appropriate composition, custody, and valuation of the reserve assets backing the payment stablecoin?

Question 6: What types of ownership or control structures of PPSIs may be proposed that the FDIC has not considered? Does the proposed rule capture the types of information the FDIC would need about such ownership or control structures to evaluate the factors? Why or why not?

Question 7: Does the proposed rule effectively capture the types of policies, procedures, and customer agreements of the applicant and/or PPSI necessary to evaluate the factors? What information could be eliminated or added in the proposed rule to allow the FDIC to evaluate the factors while minimizing application burden?

Question 8: The FDIC has determined not to include a provision in the proposed regulatory text regarding procedures for requesting a waiver under the GENIUS Act's safe harbor provision due to the temporary nature of the provision and the case-by-case analysis required for any waiver. Should the FDIC include regulatory text on this provision? Why or why not? In what circumstances might an applicant request a waiver of provisions of the GENIUS Act, and what provisions would the applicant request to be waived?

Question 9: Does the proposed appeal process effectively protect an applicant's due process, minimize regulatory burden, and meet the requirements of the GENIUS Act? Are there any other possible processes that could be used for appeals of denied applications?

Question 10: Are the estimate of the number of applications received under this section and the potential costs of such applications likely to be accurate? Why or why not?

Question 11: Would the proposed rule have any costs, benefits, or other effects that the FDIC has not identified?

List of Subjects in 12 CFR Part 303

Administrative practice and procedure, Bank deposit insurance, Banks, banking, Reporting and recordkeeping requirements, Savings associations.

Authority and Issuance

For the reasons stated in the preamble, the Federal Deposit Insurance Corporation proposes to amend 12 CFR part 303 as follows:

PART 303—FILING PROCEDURES

1. Revise the authority citation for part 303 to read as follows:

Authority: 12 U.S.C. 378, 1464, 1813, 1815, 1817, 1818, 1819(a) (Seventh and Tenth), 1820, 1823, 1828, 1829, 1831a, 1831e, 1831o, 1831p-1, 1831w, 1835a, 1843(l), 3104, 3105, 3108, 3207, 5414, 5415, 5904, 5913, and 15 U.S.C. 1601-1607.

2. Amend § 303.11 by revising paragraph (f)(1) to read as follows:

§ 303.11 Decisions.

* * * * *

(f) * * *

(1) *General.* Appeal procedures for a denial of a change in bank control (subpart E), change in senior executive officer or board of directors (subpart F), or denial of an application pursuant to section 19 of the FDI Act (subpart L) are contained in 12 CFR part 308, subparts D, L, and M, respectively. Appeal procedures for a denial of an application pursuant to section 5 of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act are contained in § 303.252. For all other filings covered by this chapter for which appeal procedures are not provided by regulation or other written guidance, the procedures specified in paragraphs (f)(2) and (3) of this section shall apply. A decision to deny a request for a hearing is a final agency determination and is not appealable.

* * * * *

3. Add § 303.252 to read as follows:

§ 303.252 Permitted payment stablecoin issuers.

(a) *Scope.* This section sets forth the application requirements and procedures for an FDIC-insured State nonmember bank or an FDIC-insured State savings association to submit an application to the FDIC to issue payment stablecoins through a subsidiary that shall become a permitted payment stablecoin issuer under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 et seq.) (GENIUS Act).

(b) *Definitions.* For purposes of this section:

(1) *Applicant* means an insured State nonmember bank or an insured State savings association that seeks to issue payment stablecoins through a subsidiary.

(2) *Digital asset service provider* has the meaning given that term in section 2(7) of the GENIUS Act (12 U.S.C. 5901(7)).

(3) *Payment stablecoin* has the meaning given that term in section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)).

(4) *Permitted payment stablecoin issuer* has the meaning given that term in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)).

(5) *State nonmember bank* has the meaning given that term in section 3 of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. 1813).

(6) *State savings association* has the meaning given such term in 3 of the FDI Act.

(7) *Subsidiary* has the meaning given that term in section 3 of the FDI Act.

(8) *Substantially complete* means, consistent with section 5(d)(1)(B)(i) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(i)), an application that contains sufficient information for the FDIC to render a decision on whether the applicant satisfies the factors described in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)).

(c) *Filing location.* Applications under this section shall be filed with the appropriate FDIC region.

(d) *Contents of filing.* The application shall contain the following information, to the extent applicable, necessary to evaluate the factors as set forth in section 5(c) of the GENIUS Act:

(1) A description of the proposed payment stablecoin and proposed activities of the subsidiary of the applicant, including related activities of the applicant, how the subsidiary plans to maintain the proposed payment stablecoin's stable value or the reasonable expectation thereof, and any proposed activities incidental to payment stablecoin activities or digital asset service provider activities;

(2) Relevant financial information for the subsidiary, including planned capital and liquidity structure; reserve assets and composition and associated asset management plan; and financial projections for the first three years of operations;

(3) A description of the subsidiary's ownership and control structure; organizing documents; and a list of the subsidiary's proposed directors, officers, and principal shareholders (if different from the applicant), including a statement as to whether any of the proposed directors and officers have been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud;

(4) Relevant policies and procedures and customer agreements, including for custody and safekeeping; segregating customer and reserve assets; recordkeeping; reconciliation and transaction processing; redemption pursuant to section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)); and Bank Secrecy Act/anti-money laundering/countering the financing of terrorism and economic sanctions requirements pursuant to section 4(a)(5) of the GENIUS Act (12 U.S.C. 5903(a)(5)); and

(5) An engagement letter with a registered public accounting firm.

(e) *Additional information for applications.* The FDIC may request additional information as it deems necessary solely for its consideration of the factors listed in section 5(c) of the GENIUS Act.

(f) *Processing—(1) Substantially complete.* The FDIC shall notify the applicant as to whether the application is considered substantially complete not later than 30 days after receiving an application under this section. If the application is not considered substantially complete, the FDIC shall specify the additional information the applicant shall provide in order for the application to be considered substantially complete. If the FDIC fails to notify the applicant within 30 days after receiving an application, the application shall be deemed substantially complete as of the date it was received by the FDIC.

(2) *Material change in circumstances.* 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.

(g) *Decisions.* The FDIC shall approve or deny an application not later than 120 days after receiving a substantially complete application under this section.

(1) *Deemed approval.* If the FDIC does not render a decision on a substantially complete application within 120 days of receiving a substantially complete application, the application shall be deemed approved.

(2) *Approval with conditions.* The FDIC may impose conditions upon approving an application, including the standard conditions defined under § 303.2(bb). The FDIC shall not, by means of conditions, impose requirements in addition to the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903).

(3) *Denial.* The FDIC shall deny a substantially complete application if the activities of the applicant would be unsafe or unsound based on the factors described in section 5(c) of the GENIUS Act. The FDIC shall provide the applicant with written notice of the basis for denial not later than 30 days after the date of such denial, explaining the denial with specificity. This explanation shall include all findings made by the FDIC with respect to all identified material shortcomings in the application, including recommendations to address such shortcomings. Denial of an application under this section shall not prohibit the applicant from filing a subsequent application.

(h) *Hearing and appeal procedures; final determination—(1) Appeal and request for hearing.* Not later than 30 days after the date of receipt of a denial of an application under this section, the applicant may request, in writing, a written or oral hearing pursuant to the FDIC's process for appealing material supervisory determinations.

(2) *Timing.* Upon receipt of a timely request for a written or oral hearing, the FDIC shall issue a notice of the time and place for the applicant to submit written materials or provide oral testimony and oral argument. The time for the hearing shall be within 30 days of receipt of the request for hearing.

(3) *Final determination after appeal.* The FDIC shall notify the applicant of its final determination not later than 60 days after the date of a hearing under paragraph (h)(2) of this section, which shall contain a statement of the basis for that determination, with specific findings.

(4) *Notice if no hearing.* The FDIC shall provide a written notice to an applicant who does not make a timely request for a hearing under paragraph (h)(1) of this section that the denial of the application is a final determination. The FDIC shall provide the written notice not later than 10 days after the date by which the applicant could have requested a hearing under paragraph (h)(1) of this section.

Dated at Washington, DC on December 16, 2025.

Debra A. Decker,

Executive Secretary.

[FR Doc. 2025-23510 Filed: 12/18/2025 8:45 am; Publication Date: 12/19/2025]