



Regulatory Comment: GENIUS Act Broad-Based Principles for Determining Whether a State-level Regulatory Regime is Substantially Similar to the Federal Regulatory Framework

THE ISSUE:

On April 3, 2026, the Department of the Treasury (Treasury) issued a notice of proposed rulemaking (NPRM) on implementing section 4(c) of the Guiding and Establishing National innovation for U.S. Stablecoins (GENIUS) Act by establishing broad-based principles for determining when a State-level regulatory regime is substantially similar to the Federal regulatory framework. The Federal regulatory framework consists of the text of the GENIUS Act (the Act) and the Office of the Comptroller of the Currency's (OCC) interpretations of the Act and OCC regulations thereunder published in the Federal Register.

IMPACT TO CREDIT UNIONS:

Notably the NPRM does not govern federally insured, state-chartered credit union (FISCU) permitted payment stablecoin issuer (PPSI) subsidiaries. The NPRM sets a single Federal regulatory baseline for payment stablecoins, prohibiting lighter-touch State-level regulatory regimes. Setting a baseline based on the Federal regulatory framework could discourage regulatory arbitrage and help promote fair competition between National Credit Union Administration (NCUA) regulated PPSIs and state-regulated PPSIs. For example, the NPRM prevents State-level regulatory regimes from offering significantly looser requirements regarding issuer capital requirements compared to stringent federal requirements.

KEY POINTS:

- The NPRM implements section 4(c) of the GENIUS Act, which permits State qualified payment stablecoin issuers (with a consolidated total outstanding issuance of payment stablecoins of no more than \$10 billion) to generally opt for State regulation, but only if the State regulatory regime is substantially similar to the Federal regulatory framework.
- To be considered substantially similar, State regulatory regimes must meet or exceed the standards or requirements of the Federal regulatory framework and implementation of State-calibrated requirements must lead to regulatory outcomes that are at least as stringent and protective as the applicable provisions of the Federal regulatory framework.
- The NPRM recognizes two categories of requirements for the purpose of comparing Federal and State regulatory frameworks: 1) uniform requirements that must align with the Federal regulatory framework (e.g., requirements around reserve assets, redemption,

rehypothecation, Bank Secrecy Act (BSA) and sanctions requirements) and 2) State-calibrated requirements in which states have more discretion to tailor requirements so long as they are as stringent as Federal requirements (e.g., requirements around additional reserve assets; capital and liquidity standards; additional permitted payment stablecoin activities).

ACTION NEEDED: Deadlines and contacts

Please use the comment link below to respond to America’s Credit Unions’ survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America’s Credit Unions: May 19, 2026 — [Submit here](#).
- Comments due to Treasury: June 2, 2026
- Questions? Contact [Jeremy Greenberg](#), Regulatory Advocacy Counsel, Innovation & Technology, America’s Credit Unions
- Agency contacts: Daniel Borman, Brendan Costello, and Carol Rodrigues, Attorney-Advisors, Office of the General Counsel, Treasury (202) 622-0480.

QUESTIONS TO CONSIDER:

1. What broad-based principles should be considered in determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework? Are the principles included in the proposal appropriate? Should any additional principles be added? Should any principles be excluded?
2. Is the appropriate test for determining whether a state regime “meets or exceeds” Federal regulatory standards whether the State-level regulatory regime leads to outcomes that are at least as “stringent and protective” as the Federal regulatory framework? Would a different standard be more appropriate?
3. Do you agree with the distinction between uniform requirements and state-calibrated requirements for the purpose of comparing Federal and State-level regulatory frameworks? Why or why not?
4. For depository institutions, should the NPRM reference regulations promulgated by primary Federal payment stablecoin regulators other than the OCC?

BACKGROUND:

The GENIUS Act, enacted on July 18, 2025, provides a comprehensive framework for the regulation of payment stablecoins. Under the Act, only PPSIs may issue payment stablecoins in

the U.S. subject to certain exceptions and safe harbors. The Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the OCC (collectively, the primary Federal payment stablecoin regulators) are generally tasked with establishing a process and framework for the licensing, regulation, examination, and supervision of PPSIs.

State qualified payment stablecoin issuers (with a consolidated total outstanding issuance of payment stablecoins of no more than \$10 billion) generally may opt for State regulation so long as the State-level regulatory regime is substantially similar to the Federal regulatory framework and the Stablecoin Certification Review Committee (SCRC) has approved the State-level regulatory regime upon determining that it meets or exceeds the standards and requirements described in section 4(a) of the Act (12 U.S.C. 5903(a)). To effectuate this process, the Act tasks Treasury with establishing broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework under the Act.

On September 19, 2025, Treasury published in the Federal Register an advance notice of proposed rulemaking (ANPRM) to solicit public comment on questions relating to the implementation of the Act. In drafting the NPRM, Treasury considered comments received on the ANPRM.

SECTION-BY-SECTION ANALYSIS

Scope, Applicability, and Definitions (§ 1521.1)

Paragraph (a) provides that part 1521 is issued by Treasury to implement section 4(c) of the Act, establishing broad-based principles for determining whether a State-level regulatory regime is substantially similar to the “Federal regulatory framework” defined in the Act. The Act does not define “Federal regulatory framework.”

Federal regulatory framework: this framework encompasses the statutory text of the Act and the core regulatory frameworks set up by Federal agencies to implement the statute, including:

- All relevant provisions of the Act;
- Any interpretations or regulations issued by the OCC published in the Federal Register;
- Any regulations, interpretations, or orders issued by Treasury with respect to sections 4(a)(5) and 4(a)(6) of the Act, which address BSA, sanctions compliance requirements, and technological capabilities to comply with lawful orders; and
- Any interpretations, regulations, or orders issued by the FRB with respect to section 4(a)(8) of the Act, which describes anti-tying provisions.

Except for sections 4(a)(5), (a)(6), and (a)(8) of the Act, the OCC's interpretations and regulations serve as the baseline comparison to a State-level regulatory regime.

State-Calibrated Requirement: a requirement under section 4(a) of the Act that is applicable to a State qualified payment stablecoin issuer and for which the Act grants substantive discretion to a State payment stablecoin regulator to develop the State-level regulatory regime.

State-Level Regulatory Regime:

- i. All statutes enacted by the State regarding payment stablecoins;
- ii. Any regulations regarding payment stablecoins or that apply to a State qualified payment stablecoin regulation of the State or another regulator of the State; and
- iii. Any interpretations only to the extent they are enforceable against State qualified payment stablecoin issuers.

Uniform Requirement: A requirement of section 4(a) of the Act that is applicable to a State qualified payment stablecoin issuer and for which the Act does not grant substantive discretion to a State payment stablecoin regulator.

Overall Broad-Based Principles (§ 1521.2)

1. Application of Statutory Provisions (§ 1521.2(a))

- Except as otherwise provided in part 1521 or the Act, a State qualified payment stablecoin issuer is subject to all requirements under Federal statutes, including the Act, applicable to PPSIs. State-level regulatory regimes may not conflict with any Federal statutory requirements.
- If Congress enacts future legislation that applies to PPSIs outside of the Act, such legislation would also apply to State qualified payment stablecoin issuers unless Congress specifies otherwise, and State-level regulatory regimes may not conflict with those Federal statutory requirements.

2. “Substantial Similarity” and “Meet or Exceed” the Standards and Requirements Described in Section 4(a) of the Act (§ 1521.2(b)(1))

- The State-level regulatory regime must meet or exceed the standards and requirements described in section 4(a) of the Act such that:
 - A. Implementation of each of the uniform requirements in the State-level regulatory regime is consistent with the Federal regulatory framework in all substantive respects; and
 - B. Implementation of each of the State-calibrated requirements is consistent with the applicable provisions of the Act and leads to regulatory outcomes that are at least as stringent and protective as the Federal regulatory framework.

- Substantial Similarity means that the State and Federal regulatory frameworks must bear a close resemblance to each other and that the State-level regulatory regime must meet or exceed the standards and requirements described in section 4(a) of the Act and the Federal regulatory framework implementing section 4(a).
- To meet or exceed the standards and requirements described in section 4(a) of the Act, a State must not interpret the uniform requirements in a way that substantively deviates from their meanings reflected in the Federal regulatory framework.
- State-calibrated requirements must be consistent with the applicable provisions of the Act and lead to regulatory outcomes that are at least as stringent and protective as the Federal regulatory framework.

3. Sections of the Act Other than 4(a) (§ 1521.2(b)(2) and (b)(3))

- With respect to sections of the Act other than section 4(a), “substantial similarity” is not constrained by the requirement that the State standards “meet or exceed” the Federal standards.
- § 1521.2(b)(2): To be considered substantially similar to the Federal regulatory framework, a State-level regulatory regime must include frameworks addressing other relevant provisions of the Act that are:
 - i. Consistent with those provisions of the Act; and
 - ii. Provide for similar levels of authority and oversight over payment stablecoin issuers as provided under the Federal regulatory framework.
- § 1521.2(b)(3): A State-level regulatory regime must include frameworks for custody and insolvency that:
 - i. Are consistent with sections 10 and 11 of the Act; and
 - ii. Provide substantially similar protections for payment stablecoin holders as provided for under the Federal regulatory framework.

4. Deviations in Form or Procedure (§ 1521.2(c))

- Except as provided in the Act, a State-level regulatory regime may deviate from the Federal regulatory framework with respect to nonsubstantive matters of form or procedure while remaining substantially similar to the Federal regulatory framework.

Broad-Based Principles for Uniform Requirements Under Section 4(a) of the Act (§ 1521.3)

- Broad-based principles are established to determine whether a State-level regulatory regime is substantially similar to the Federal regulatory framework with respect to the uniform requirements under section 4(a) of the Act.
- § 1521.2(3)(a) provides that each of the uniform requirements listed in Appendix A of part 1521 must be fully enforceable by the State payment stablecoin regulators against State qualified payment stablecoin issuers as a matter of law. A State-level regulatory regime that

fails to establish how State regulators will enforce the uniform requirements would not be substantially similar to the Federal regulatory framework.

- § 1521.3(b) provides that the implementation of each of the uniform requirements in the State-level regulatory regime must be consistent with the Federal regulatory framework in all substantive respects including that:
 - i. There are no material deviations in definitions or interpretations of statutory terms between the Federal regulatory framework and the State-level regulatory regime; and
 - ii. Each of the uniform requirements is applied and construed in the State-level regulatory regime in a manner that does not materially narrow, condition, or limit its scope compared to the Federal regulatory framework.

- Uniform requirements under part 1521 cover the following subjects:
 - Reserve assets;
 - Redemption;
 - Monthly publication of reserves;
 - Prohibition on rehypothecation of reserves;
 - Independent accountant examination of reports;
 - BSA/sanctions compliance program requirements;
 - Technological capability to comply with, and obligation to comply with, terms of lawful orders;
 - Prohibition on tying;
 - Prohibition on deceptive names;
 - Audits and reports;
 - Prohibition on paying interest/yield on stablecoins; and
 - Limits on non-financial public companies (and certain foreign companies) issuing stablecoins.

Broad-Based Principles for State-Calibrated Requirements Under Section 4(a) of the Act (§ 1521.4)

- Establishes broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework with respect to the State-calibrated requirements.
- State-calibrated requirements are the requirements of the Act that provide discretion to the State payment stablecoin regulator to develop the State-level regulatory regime.
 - Such discretion is cabined by the requirement that the SCRC must determine whether the regime meets or exceeds the standards and requirements described in section 4(a) of the Act and that the State-level regulatory regime must be substantially similar to the Federal regulatory framework.

- Topics with state-calibrated requirements between the Act and part 1521 principles are described below:
1. Additional Reserve Assets (§ 1521.4(a))
 - A State-level regulatory regime may permit the State payment stablecoin regulator to allow assets not listed in section 4(a)(1)(A) of the Act only if such assets have been approved by the OCC as similarly liquid Federal Government-issued assets.
 2. Discretionary Limitations on Timely Redemption (§ 1521.4(b)(1))
 - The State-level regulatory regime may set, or permit the State payment stablecoin regulator to set, discretionary limitations on timely redemptions in accordance with section 4(a)(1)(B)(i) of the Act, provided that those limitations are:
 - i. Appropriately disclosed by the State qualified payment stablecoin issuer; and
 - ii. Consistent with section 7 of the Act.
 3. Approval of Rehypothecation Reserves (§ 1521.4(c)(1))
 - The State-level regulatory regime must prohibit rehypothecation in accordance with section 4(a)(2) of the Act and consistent with any prohibition in the Federal regulatory framework.
 - The State-level regulatory regime must be consistent and not substantively deviate from the Act.
 4. Certifications Related to Monthly Report (§ 1521.4(d))
 - The State-level regulatory regime must require and accept monthly certifications from State qualified payment stablecoin issuers in accordance with section 4(a)(3) of the Act as to the accuracy of the monthly report required under section 4(a)(1)(C), but the form of those certifications may deviate from those promulgated by the primary Federal payment stablecoin regulators.
 5. Capital (§ 1521.4(e)(1), (2), (3), and (4))
 - § 1521.4(e)(1): The State-level regulatory regime must require, in accordance with section 4(a)(a)(A)(i) of the Act, that a State qualified payment stablecoin issuer maintains common equity tier 1 capital and additional tier 1 capital that is commensurate with the nature of all risks to which the issuer is exposed, including risks for off-balance sheet activities.
 - § 1521.4(e)(2): A State-level regulatory regime must require State qualified payment stablecoin issuers to have a process for assessing their overall capital adequacy in relation to their business model and risk profile and a comprehensive strategy for maintaining an appropriate level of capital to maintain operations.

- § 1521.4(e)(3): A State-level regulatory regime must require that a State qualified payment stablecoin issuer maintain an operational backstop that has assets equal to or greater than the amount required under the operational backstop in the Federal regulatory framework.
- § 1521.4(e)(4): A State-regulatory regime must include provisions that establish consequences for issuers failing to meet the minimum capital or operational backstop requirements that meet or exceed the standard In the Federal regulatory framework.

6. Liquidity, Reserve Asset Diversification, and Interest Rate Risk Management (§ 1521.4(f))

- § 1521.4(f)(1): A State-level regulatory regime must require, in accordance with section 4(a)(4)(A)(ii) of the Act, a State qualified payment stablecoin issuer to maintain its reserve assets in a way that is sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks.
- § 1521.4(f)(2): A State-level regulatory regime satisfies the requirement in § 1521.4(f)(1) if the State qualified payment stablecoin issuer is required to:
 - i. Maintain the same or greater percentage of its reserve assets for each minimum threshold in the Federal regulatory framework;
 - ii. Maintain the same or lower percentage of its reserve assets for each maximum threshold in the Federal regulatory framework; and
 - iii. Maintain reserve assets with a weighted average maturity equal to or lower than the threshold in the Federal regulatory framework
- § 1521.4(f)(3): The State-level regulatory regime, in accordance with section 4(a)(4)(A)(iii) of the Act must require that a State qualified payment stablecoin issuer has standards for interest rate risk management that are consistent with the Federal regulatory framework.
- § 1521.4(f)(4): the State-level regulatory regime must establish consequences for State qualified payment stablecoin issuers that fail to meet the reserve asset requirements, which meet or exceed the standard in the Federal regulatory framework.
- § 1521.4(f)(5): the State-level regulatory regime may elect to establish other liquidity, diversification, or interest rate risk thresholds or metrics, but such requirements are permissible only if the State-level regulatory framework also complies with the requirements contained in § 1521.4(f)(1)–(4).

7. Operational, Compliance, and Information Technology Risk Management (§ 1521.4(g))

- § 1521.4(g): A State-level regulatory regime must, in accordance with section 4(a)(4)(A)(iv) of the Act, include appropriate operations, compliance, and

information technology risk management principles-based requirements and standards, including BSA and sanctions compliance standards.

- § 1521.4(g)(1): The State-level regulatory regime must have principles-based requirements and standards that lead to regulatory outcomes that are at least as stringent and protective as the principles-based requirements and standards in the Federal regulatory framework.
- § 1521.4(g)(2) and (3): Restate the requirement from sections 4(a)(4)(A)(iv)(I) and (II) of the Act that any such standards are tailored to the business model and risk profile of the State qualified payment stablecoin issuers and are consistent with applicable law. BSA and sanctions standards are also required to be tailored to the size and complexity of PPSIs.
- § 1521.4(g)(4): The State-regulatory regime must have standards that cover, at a minimum, internal controls, information security, information systems, internal audit, asset growth, earnings, insider and affiliate transactions, and service provider arrangements.

8. Activities (§ 1521.4(h)):

- § 1521.4(h)(1): subject to § 1521.4(h)(2), a State-level regulatory regime may not authorize a State qualified payment stablecoin issuer to engage in any activities not specified under section 4(a)(7)(A) of the Act.
- § 1521.4(h)(2)(i): a State-level regulatory regime may authorize State qualified payment stablecoin issuers to engage in activities not specified in Section 4(a)(7)(A) of the Act.
- § 1521.4(h)(2)(ii)—(iii): activities must be authorized by Federal or State law other than the Act and they must be consistent with all other Federal and State law.
- § 1521.4(h)(2)(iv): the claims of payment stablecoin holders rank senior to any claims of non-stablecoin creditors regarding reserve assets.
- § 1521.4(h)(3): a State-level regulatory regime must prohibit State qualified payment stablecoin issuers from engaging in any activities prohibited under the Act.

Other Provisions of the GENIUS Act (§ 1521.5)

1. Transition to Federal Oversight

- § 1521.5(a): to be substantially similar to the Federal regulatory framework, any portions of the State-level regulatory regime that address the transition to Federal oversight must be consistent with the Federal regulatory framework.

2. Applications and Licensing

- § 1521.5(b): a State-level regulatory regime must provide a framework for accepting applications from potential State qualified payment stablecoin issuers

that addresses, at a minimum, the content of an application and the factors upon which the State payment stablecoin regulator will render a decision on the application.

3. Supervision and Enforcement

- § 1521.5(c): a State-level regulatory regime must empower their State payment stablecoin regulator with similar authority over State qualified payment stablecoin issuers as provided over Federal qualified payment stablecoin issuers under the Federal regulatory framework.

4. Custody

- § 1521.5(d): a State-level regulatory regime must place conditions on custody that are consistent with section 10 of the Act. While States have discretion to impose restrictions on custodians, such restrictions should not weaken the requirements of the Act.

5. Insolvency

- § 1521.5(e): State qualified payment stablecoin issuers may be subject to State insolvency proceedings, a State-level regulatory regime must be consistent with section 11 of the Act and be required to ensure that the claim of a person holding stablecoins has priority in an insolvency proceeding consistent with the priority in the Act.

Additional Requirements (§ 1521.6)

- § 1521.6: States may impose additional restrictions or requirements on State qualified payment stablecoin issuers so long as:
 - i. Such restrictions or requirements do not conflict with any provision of the Act, part 1521, or other applicable Federal law; and
 - ii. The restrictions or requirements do not modify the State-level regulatory regime such that it cannot be reasonably viewed as substantially similar to the Federal regulatory framework.

Severability (§ 1521.7)

- § 1521.67 provides that provisions of part 1521 are separate and severable from one another.

Key Questions Presented by Treasury for Public Comment:

The NPRM presents in total over seventy discrete questions for comment. The following items are a subset of those questions, reflecting topics of key importance in terms of ensuring that state and federal frameworks are “substantially similar.”

1. With respect to sections 4(a)(5) and 4(a)(6) of the Act (12 U.S.C. 5903(a)(5) and (a)(6)), which interpretations, regulations, and orders should be included in the Federal regulatory framework? Are there other guidance documents or interpretations that should be included?
2. Is it appropriate to distinguish between uniform requirements and State-calibrated requirements of section 4(a) (12 U.S.C. 5903(a)) as proposed?
3. Is the proposed definition of “State-level regulatory regime” appropriately scoped? Should the definition differ for purposes of section 4(a) (12 U.S.C. 5903(a)) and other sections of the Act?
4. Should the definition of State-level regulatory regime include any statutes, regulations, interpretations, or guidance related to foreign payment stablecoin issuers?
5. What, if any, other Federal laws that apply to State qualified payment stablecoin issuers should Treasury consider with respect to the substantial similarity analysis?
6. Should substantial similarity be assessed on a section-by-section basis or a holistic basis?
 - That is, can a State-level regulatory regime be substantially similar to the Federal regulatory framework even if it is not substantially similar with respect to certain discrete requirements under section 4(a) of the Act (12 U.S.C. 5903(a))?
 - Should there be a numerical score or other weighting system to determine substantial similarity?
7. How do the standards of substantial similarity and “meet or exceed” relate to one another?
 - Is it appropriate to conclude, as in the proposed principles, that the State-level regulatory regime is substantially similar to the Federal regulatory framework only if it meets or exceeds the standards and requirements described in section 4(a) of the Act (12 U.S.C. 5903(a))?
8. Are there any uniform requirements for which the States would need to materially deviate from the definitions or interpretations of the Federal regulatory framework?
9. Should States be required to substantively adopt any OCC interpretations of or limitations on the rehypothecation provision?
10. Should States be required to adopt standards for common equity tier 1 capital and additional tier 1 capital as defined in the Federal regulatory framework?
11. Is it sufficiently clear how States may deviate from the capital requirements in the Federal regulatory framework?

12. Should State-level regulatory regimes be required to mandate that State qualified payment stablecoin issuers have a process for assessing their overall capital adequacy in relation to their business model and risk profile?
13. How, if at all, should substantial similarity take into account the resources, capacity to supervise, or past practices of the State payment stablecoin regulators?
14. Are there issues that States will face related to incorporating the Act's insolvency provisions?