Tokenized Deposit Guidance and Robust Stablecoin Rules Must Be Issued in Tandem

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Washington, D.C. – In separate letters to the U.S. Treasury Department and the federal banking agencies, CSBS outlined important policy considerations to foster a national regulatory framework for stablecoins and tokenized deposits that protects consumers, promotes financial stability, and provides a level playing field for traditional financial institutions and new payment stablecoin issuers.

“Stablecoin and tokenized deposit efforts should proceed in tandem,” said CSBS President and CEO Brandon Milhorn. “All financial institutions that choose to innovate – from community banks to stablecoin issuers – should have the benefit of regulatory clarity so they can bring responsible blockchain-based financial products to market.”

CSBS’s letter to Treasury provides a blueprint for achieving the GENIUS Act’s vision of a robust state-federal regulatory framework that facilitates a dynamic and resilient stablecoin market in the United States. Importantly, the CSBS comments:

- Reinforce that the GENIUS Act’s “substantial similarity” standard creates a federal floor, not a requirement for nationwide uniformity;
- Encourage Treasury to maintain vital flexibility that allows issuers to choose between federal and state frameworks based on their organizational structures and business strategy; and,
- Argue for strict compliance with GENIUS Act limitations on financial activities by payment stablecoin issuers, along with robust capital and resolution planning requirements and federal rules that prevent evasion of the “interest” and “yield” prohibitions in the GENIUS Act.

Separately, CSBS urged the FDIC, Federal Reserve, and OCC to work with state supervisors to provide regulatory and supervisory clarity for tokenized deposit activities at traditional banks.

State supervisors charter and supervise 79% of the nation’s banks, ranging from community banks to global financial institutions. They also regulate, license, and supervise consumer-facing financial services firms, including money transmitters. For more than a decade, states have regulated and supervised state-licensed payment stablecoin issuers, whether as money transmitters or under specifically constructed regulatory regimes.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

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