Guidance on Tokenized Deposits

COMMENT LETTER

Guidance on Tokenized Deposits

November 4, 2025
|
Download PDF

Download the Full Comment Letter [PDF]

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Michelle W. Bowman
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Jonathan Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Re: Regulatory & Supervisory Guidance on Tokenized Deposits

Dear Acting Chairman Hill, Vice Chair Bowman, and Comptroller Gould:

The Conference of State Bank Supervisors[1] ("CSBS") writes to request that the Federal Deposit Insurance Corporation ("FDIC"), Federal Reserve Board ("FRB"), and Office of the Comptroller of the Currency ("OCC") (collectively, "agencies") work jointly with state supervisors to provide guidance and clarity regarding the development and use of tokenized deposits[2] by insured depository institutions ("IDIs").

Tokenized deposits have the potential to enhance the efficiency and delivery of deposit services, while also unlocking new capabilities such as programmable payments and atomic settlement. While tokenizing deposits is generally permitted,[3] banks would greatly benefit from additional regulatory clarity and supervisory guidance that addresses emerging questions or risks associated with recording and managing deposit liabilities using distributed ledger technologies ("DLT").[4]

State supervisors are fielding an increasing number of questions from state-chartered banks that are interested in exploring deposit tokenization projects, primarily through consortium models with other banks or leveraging third-party vendors. These institutions consistently state that joint guidance is critical before they move forward

with the significant investments associated with such projects.

More broadly, many IDIs are evaluating how and whether tokenized deposits and stablecoins[5] might be incorporated into their business strategies. As such, state and federal regulators should prioritize providing unified and consistent guidance on tokenized deposits that supports their development proceeding in tandem with implementation of the GENIUS Act's payment stablecoin regulatory framework.

Together with state supervisors, the agencies should clarify the regulatory treatment of and supervisory expectations for tokenized deposits, with clear operational guidance addressing at least the following key areas:

- **Deposit Insurance Coverage, Classification & Recordkeeping**
  - Confirm that a deposit recorded on a DLT is covered by federal deposit insurance to the same extent as traditional deposits.
  - Clarify that tokenization does not alter the legal nature of the deposit liability, ownership rights, or depositor protections.
  - Provide expectations for deposit account records on DLTs, reconciliation between on- and off-chain deposit liabilities, and other ledgering, accounting, and recordkeeping requirements to facilitate accurate financial reporting and deposit insurance claim processing.
  - Provide clarity on how deposit insurance should be characterized when advertising and marketing tokenized deposits products.
- **BSA/AML/OFAC Compliance**
  - Clarify how banks should meet customer identification, transaction monitoring, and sanctions screening obligations in the tokenized deposits context.
- **DLT Types & Network Structures**
  - Specify risk management expectations and supervisory considerations for various DLT types (*i.e.*, private vs. public/permissioned vs. permissionless blockchains), as well as the conditions under which each may be used.
  - Address regulatory treatment of non-IDI tokenized deposit network or consortia participants, such as entities managing or facilitating transactions on a shared ledger.
- **Liquidity Risk Monitoring & Management**
  - Provide updated liquidity risk monitoring and management expectations that account for the risks of always-on, 24/7 redemption, including for purposes of the Liquidity Coverage Ratio, internal liquidity stress tests, and contingency funding plans.
- **Programmable Payments**
  - Describe supervisory expectations for banks embedding smart contract functionality into tokenized deposits, including operational risk, legal enforceability, and consumer protection concerns.
- **Cybersecurity, Operational Resilience & Third-Party Oversight**
  - Clarify expectations for cyber and operational risk management of DLT systems, including backup and off-chain ledgers.
  - Provide tailored third-party vendor risk management expectations for DLT infrastructure providers.
- **Consumer Protection & Disclosure Expectations**
  - Clarify whether any different or new consumer disclosures are expected for these products and how existing consumer protections for payments and electronic funds transfers will apply to DLT systems and transactions.

Regulatory and supervisory guidance will provide much needed clarity for banks as they consider how and whether to pursue deposit tokenization projects. The agencies should prioritize issuing such guidance in coordination with state supervisors to help banks responsibly leverage DLT technologies for deposits, unlocking new capabilities and efficiencies for their customers in the process.

Sincerely,

Brandon Milhorn

President and CEO

---

[1] CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories.

[2] For purposes of this letter, a "tokenized deposit" refers to a digital representation of a bank deposit liability, recorded and transferable on a distributed ledger, such as a blockchain.

[3] *See* 12 U.S.C. § 5915(a); *see also* FDIC, FDIC Clarifies Process for Banks to Engage in Crypto-Related Activities: FIL-7-2025 (Mar. 28, 2025).

[4] Acting Chairman Hill has consistently called for additional clarity regarding the regulatory treatment of digital assets and blockchain-enabled activity, including tokenized deposits. *See, e.g.*, Travis Hill, *Banking's Next Chapter? Remarks on Tokenization and Other Issues*, Speech at the Mercatus Center (Mar. 11, 2024).

[5] The recently enacted GENIUS Act permits IDI subsidiaries to be approved as payment stablecoin issuers. *See* 12 U.S.C. § 5901(23)(A).

Related Topics
Digital Asset Regulation

Related Posts