OCC Stablecoin Rules Must Address Issuer Risks and Protect Consumers

PRESS RELEASES

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May 1, 2026
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Washington, D.C. – The Conference of State Bank Supervisors (CSBS), joined by the Money Transmitter Regulators Association, today submitted comments to the Office of the Comptroller of the Currency (OCC) requesting changes to its proposed rule to implement the GENIUS Act.

The letter emphasized state supervisors' foundational role in United States stablecoin oversight and support for a national framework that preserves financial stability, protects consumers, and supports innovation. An effective framework must ensure that issuers maintain appropriate capital levels, operate within clearly defined statutory activity limits, and follow state consumer financial protection laws.

To strengthen the national stablecoin framework, CSBS recommends scaling capital requirements based on the size, business model, and operational risks of stablecoin issuers. Combined with GENIUS Act reserve requirements, these capital standards would protect individual issuers and the broader stablecoin market from run risks and financial distress. CSBS also called for the OCC to clearly and consistently apply state consumer financial laws, as mandated by Congress.

CSBS expressed continued concerns with the OCC's relentless efforts to unlawfully expand national trust charter authorities. The proposed expansion in the current rule would allow payment stablecoin issuers chartered as a national trust to ignore the clear activity limitations in the GENIUS Act, introducing needless risk to financial security and consumer protection and ignoring the express direction of Congress.

"The OCC should limit issuer activities consistent with the GENIUS Act and establish capital standards that address the heightened risks posed by digital asset service provider activities. Given the uninsured nature of stablecoins, strong capital requirements that scale with the size and risk of issuers are critical to supporting innovation and financial stability," said **CSBS President and CEO Brandon Milhorn.**

CSBS's recommendations to the OCC emphasize the need to:

- Define the scope of stablecoin issuers' permissible digital asset service provider activities and limit such activities to those specifically listed in the issuers' applications.
- Establish a capital framework for issuers that, like existing state frameworks, relies on objective, risk-based standards that scale with an issuer's activities and reserves or outstanding stablecoin issuance.

- Refrain from using the GENIUS Act to expand the authorities or relax the regulation of national trust charters.
- Clarify that state regulators retain authority over digital asset service provider activities that are authorized by state law, and
- Preserve the GENIUS Act requirement that state consumer protection laws apply to all activities of stablecoin issuers, including digital asset service provider activities.

Read the comment letter.

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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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