Treasury’s Substantially Similar Principles for State Stablecoin Regimes Need Recalibration

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June 2, 2026
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Washington, D.C. – In a comment letter today, the Conference of State Bank Supervisors (CSBS) urged the U.S. Treasury Department to amend its proposed principles for determining if state stablecoin regimes are substantially similar to the federal framework. The CSBS-proposed changes would more effectively implement congressional intent to provide states discretion and flexibility to help ensure financial stability and protect consumers.

CSBS specifically recommended that Treasury:

- Clarify that the principles do not limit additional requirements that states may impose beyond the federal framework;
- Allow states to treat the federal framework as a safe harbor for provisions where the statutory floor may be ambiguous;
- Clarify that states would not be prevented from seeking certification for a stablecoin regime more than one year after the effective date of the GENIUS Act;
- Incorporate the stablecoin frameworks adopted by any federal regulator and avoid any preference for the OCC framework;
- Expand its review of regulations that could create an “unworkable national regime” to include the OCC’s proposed regulatory framework that would allow national trust charters to engage in a broader set of activities not authorized by the GENIUS Act or the National Bank Act.

Statement by CSBS President and CEO Brandon Milhorn

“The GENIUS Act recognized the states’ foundational role in the stablecoin market and directed Treasury to set principles for state regimes to be substantially similar to the federal framework — not identical. A one-size-fits-all federal framework that fails to provide flexibility to state regimes would undermine congressional intent and threaten innovation in emerging stablecoin markets.”

Read CSBS statements and comments on the GENIUS Act:

- **OCC Stablecoin Rules Must Address Issuer Risks and Protect Consumers**
- **OCC Errs in Final Trust Charter Rule**
- **Stablecoin Framework Must be Sustainable**

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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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