FDIC Stablecoin Rules Must Respect State Authority and Address Issuer Risks

PRESS RELEASES

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Washington, D.C. – In a comment letter, the Conference of State Bank Supervisors (CSBS) today recommended changes to the Federal Deposit Insurance Corporation's (FDIC) proposed rule to implement the GENIUS Act. The proposed changes would better reflect state authority and address issuer risks.

CSBS urged the FDIC to respect states' inherent authority over state-chartered insured depository institutions and their subsidiaries and to strengthen coordination and information sharing with state regulators to streamline oversight.

CSBS also recommended scaling risk-based capital requirements to reflect the size of an issuer's balance sheet, the composition of its assets, and the risks associated with its authorized activities, including those of digital asset service providers. Combined with GENIUS Act reserve requirements, these capital standards would help protect individual issuers and the broader stablecoin market from run risks and financial distress.

CSBS specifically recommended the FDIC:

- Coordinate supervision and information sharing with state regulators overseeing state-chartered banks and stablecoin issuer subsidiaries;
- Clarify that nothing in the rule preempts state requirements applicable to state-chartered banks and their relationships with stablecoin issuer subsidiaries;
- Revise proposed capital requirements to better reflect issuer size, reserve assets, and risk profiles while maintaining consistency with successful state regulatory frameworks;
- Work with other federal regulators to ensure consistent implementation of statutory limits on stablecoin issuer activities; and
- Provide additional regulatory and supervisory guidance regarding tokenized deposits to support responsible innovation by banks.

Statement from CSBS President and CEO Brandon Milhorn:

"State supervisors have extensive experience overseeing digital asset activities, money transmitters, and state-chartered financial institutions. Effective coordination between federal and state regulators will strengthen oversight, reduce duplication, and help ensure that innovation can occur within a safe and sound regulatory framework."

Read CSBS statements and comments on the GENIUS Act:

- Treasury's Substantially Similar Principles for State Stablecoin Regimes Needs Recalibration
- 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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