



OCC Issues Rule Implementing GENIUS Act for Stablecoins

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Action: The Office of the Comptroller of the Currency (OCC) [released](#) a rule October 21 to address core stablecoin regulatory issues, including permitted activities, reserve assets, and the application and registration process for issuers. The rule becomes effective January 18, 2027.

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- Passage of the [GENIUS Act](#) last year and finalization of its subsequent regulations in this rule may lead more firms to consider issuing their own stablecoins and potentially increase the use of stablecoins for both retail and wholesale payments. Shopify, for example, now allows merchants using its platform to accept USD Coin (USDC) stablecoin payments.
- The rule implements a clearer federal pathway for nonbank companies that want to issue stablecoins nationwide without becoming a traditional bank or relying solely on separate state regulatory regimes. Some firms may also consider an OCC national trust bank charter if they want to combine stablecoin issuance with a broader range of federally supervised digital-asset activities, such as custody.
- **Key provisions include:**

- **Reserve & Liquidity Requirements:** The GENIUS Act requires that issuers maintain reserve assets backing outstanding stablecoins on a 1:1 basis. The rule additionally requires that issuers maintain a minimum daily liquidity requirement of 5% of reserve assets.
- **Capital Requirements:** The rule requires a minimum \$5 million capital floor and an operating reserve of at least 12 months of expenses.
- **Redemption:** Issuers must process redemptions in two business days and notify the OCC when a redemption request exceeds 10% of the issuer's outstanding stablecoin.
- **Supervisory Requirements:** The rule establishes supervisory requirements including licensing, audit, and risk management including those applying to foreign issuers.
- **Waiver:** The rule incorporates the Act's waiver system for existing issuers to continue operations while their applications are pending.
- However, the rule leaves uncertain the OCC's planned approach for enforcing the GENIUS Act's prohibition on stablecoin issuers paying yield or interest. Critics have argued that some arrangements between issuers and third parties that pay "rewards" to stablecoin holders violate the statute. Rather than presuming that such arrangements violate the Act – as it had [considered](#) in an earlier proposed rule – the OCC states that it will examine such arrangements on a case-by-case basis.
- While this rule is an important step, it pertains to firms regulated by the OCC. Final rulemaking from the other prudential regulators – the FDIC and Federal Reserve -- is still pending. In addition, the OCC noted that additional regulations implementing the GENIUS Act's illicit finance requirements are forthcoming.
- **What this means for CEOs:**
 - CEOs should assess whether stablecoins could improve the speed, cost, or availability of payments, cross-border transactions, treasury operations, and supplier settlement for their organizations.
 - Companies considering stablecoin issuance, custody, or distribution should begin evaluating the required governance, reserve-management, redemption, cybersecurity, fraud-prevention, and compliance capabilities.

- Leaders should also review relationships with banks, payment providers, digital-asset platforms, and major vendors to understand where stablecoins may alter settlement processes, liquidity needs, customer incentives, or contractual risk.

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