



October 19, 2026

By electronic submission

U.S. Department of the Treasury,
Attention: Office of General Counsel,
1500 Pennsylvania Avenue, NW, Washington, DC 20220

Re: GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale (Docket No. TREAS-DO-2026-0496)

To Whom It May Concern:

The Securities Industry and Financial Markets Association (“SIFMA”) and its Asset Management Group (“SIFMA AMG”) (collectively, “SIFMA”)¹ appreciate the opportunity to comment on the proposal by the Department of the Treasury (“Treasury”) to implement Section 3 of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “GENIUS Act” or the “Act”) (the “Proposal”).²

SIFMA supports Treasury’s objective of a clear and administrable framework for payment stablecoin activity in the United States, and we appreciate that the Proposal reflects several recommendations from SIFMA’s response to Treasury’s advance notice of proposed rulemaking.³ In particular, we welcome the offshore safe harbors for non-U.S. issuers and digital asset service providers (“DASPs”) conditioned on reasonable diligence and controls; the ability of a DASP to rely on a foreign payment stablecoin issuer’s

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation, and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association.

SIFMA AMG brings the asset management community together to provide views on policy matters and to create industry best practices. SIFMA AMG’s members represent U.S. and multinational asset management firms whose combined global assets under management exceed \$45 trillion. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds.

² Department of the Treasury, GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368 (Aug. 18, 2026); GENIUS Act, Pub. L. No. 119-27, 139 Stat. 419 (2025).

³ Letter from SIFMA to Treasury, re: GENIUS Act Implementation (Nov. 4, 2025) (responding to 90 Fed. Reg. 45159 (Sept. 19, 2025)) (the “ANPRM Letter”).

(“FPSI”) representations regarding lawful-order and reciprocal-agreement compliance; and a location test that turns on where the parties to a transaction are located rather than on the location of servers, payment rails, or other infrastructure. We also support Treasury’s conclusion that a qualifying FPSI may issue payment stablecoins in the United States.

I. Executive Summary

SIFMA represents the broker-dealers, banks, asset managers, and custodians through which payment stablecoins will enter U.S. capital markets, and which may, through regulated issuing entities, issue payment stablecoins that may be used across multiple capital markets use cases: as a settlement asset for tokenized and traditional securities; as the cash leg of repurchase and securities lending transactions; as collateral and margin; and as a medium for fund distributions and redemptions. Section 3 bears directly on which payment stablecoins regulated intermediaries, as DASPs, may offer and sell, and on what bases they may do so. For capital markets purposes, whether a payment stablecoin was issued by a permitted payment stablecoin issuer (“PPSI”) or a qualifying FPSI, and in some cases whether it is issued, offered, and sold in compliance with Section 3, determines the legal exposure associated with participating in its issuance and distribution. The integrity of settlement, collateral, and funding arrangements, and the protection of the investors who rely on them, depend on certainty about that status. The final rule should produce status determinations that are knowable before a transaction occurs, durable once made, and verifiable from an authoritative source. It should also apply to regulated intermediaries in a manner that builds on the supervisory frameworks to which they are already subject, consistent with the principle of same risk, same activity, same regulatory outcome.

This letter is organized around the following core recommendations:

- **Capital Markets Uses:** Treasury should confirm that using a payment stablecoin to pay dividends, interest, distributions, or redemption proceeds, to settle securities, derivatives, repurchase, or foreign exchange transactions, or to post collateral or margin is not, by itself, an offer, sale, or issuance of the payment stablecoin. Treasury should also add interpretations to Appendix A to Part 1523 addressing institutional activity, clarify that the Section 3(g) limitations do not apply to payment stablecoins issued by a qualifying FPSI, and, where appropriate, align its definitions with those adopted by the primary Federal payment stablecoin regulators and by FinCEN and OFAC.
- **Transition Relief:** Compliance with Section 3 depends on rules and processes that are not yet in place, and the final rule cannot reasonably be expected to be published sufficiently in advance of the January 18, 2027, effective date to enable market participants to build appropriate compliance systems. Treasury should provide a transition period, including through a safe harbor under Section 3(c)(2), for persons taking reasonable, good-faith steps toward compliance, and clarify how the Section 5(f) waiver and related protections apply to persons other than the issuer that received the

waiver. If Treasury declines broader relief, it should at a minimum adopt a time-limited safe harbor for activities involving payment stablecoins issued by foreign issuers licensed and supervised under comprehensive regimes. Treasury should also establish the Section 18 framework as soon as possible, confirm its sequencing with the July 18, 2028, compliance date for Section 3(b)(1), and confirm that issuers licensed under State regimes whose certification is not yet due, or is pending, are treated as PPSIs.

- **Reliance and Diligence:** Because only an issuer or a regulator is in a position to verify most of the facts on which compliance with Section 3(b) depends, Treasury should maintain an authoritative register of permitted issuers and payment stablecoins on which a person may rely in good faith absent actual knowledge to the contrary. Reasonable reliance on standardized representations, including standing representations from FPSIs regarding compliance, and the Section 8 process should likewise satisfy the applicable diligence standard. Treasury should also remove or define the “has reason to know” standard and assess diligence and knowledge at the level of the responsible function within a banking group.
 - **Knowing Participation:** Because Section 3(f) attaches criminal penalties to knowing participation in an unlawful issuance, the scope of § 1523.2(d) will determine when regulated firms and their officers and employees face liability. Treasury should state in the rule text the statutory knowledge element and the limits on the market-making example, including that purchases for a firm’s own use, such as for settlement, financing, collateral, and liquidity management, are not participation in issuance. Treasury should also confirm that ordinary distribution and secondary-market activity are analyzed under Section 3(b) rather than Section 3(a), make the list of participation examples exhaustive, and adopt a participation safe harbor.
 - **Territorial Scope:** SIFMA supports the Proposal’s party-location test and offshore safe harbors, which allow firms to build and supervise compliance against a diligence-and-controls standard. Treasury should retain them, reject per se alternatives, and expressly exclude incidental U.S. contacts in evaluating a transaction’s nexus to the United States. Treasury should address branches and other common institutional structures. It should also specify the activities that do not constitute targeting, preserve reverse solicitation, and make a Regulation S-based approach available as an additional, elective safe harbor, with eligibility assessed separately for each participant.
 - **Key Definitions:** Treasury should clarify the threshold definitions of “payment stablecoin,” “issue,” “issuer,” and “digital asset,” and confirm that core issuer activity does not generate duplicative DASP obligations. Issuance should require both the minting of a token and the first transfer of value out of the issuer’s control, so that internal movements are not treated as issuance. Intermediaries that credit customer accounts with payment stablecoins purchased from another party should not be treated as issuers. Treasury should also clarify the treatment of multi-issuer and cross-border issuance structures and apply the DASP exemptions functionally.
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- **Wrapped Tokens and Cross-Chain Transfers:** Treasury should confirm that cross-chain transfers that preserve the holder's claim against the original issuer are not issuances, while addressing the disclosure and evasion risks posed by wrapped tokens that shift the holder's claim to an intermediary.
- **Non-USD Payment Stablecoins:** Treasury should adopt a safe harbor for non-USD payment stablecoins backed by high-quality liquid assets denominated in the same currency and used for foreign exchange, cross-border payments, and settlement of non-USD tokenized securities.

II. Payment Stablecoins in Capital Markets Settlement, Collateral, and Funding

Payment stablecoins and other forms of digital cash will be used in capital markets principally as a means of payment and settlement: to settle securities, derivatives, and foreign exchange transactions; to fund the cash leg of repurchase agreements and securities lending transactions; to post and receive collateral and margin; and to make fund distributions and redemptions. The final rule should confirm that these uses are either consistent with Section 3 or not subject to that provision, and Treasury should coordinate with the regulators whose frameworks govern the underlying transactions that payment stablecoins will support.

Treasury should confirm that using payment stablecoins as a means of payment or settlement in traditional financial markets is in many cases not an offer, sale, or issuance

In response to Question 60, SIFMA requests that Treasury confirm that the use of a payment stablecoin as a means of payment or settlement in connection with another financial instrument or transaction is not, by itself, an offer, sale, or direct or indirect issuance of the payment stablecoin. In particular, Treasury should confirm that (i) the offer or sale of a security, fund interest, or other instrument that pays dividends, interest, distributions, or redemption proceeds in payment stablecoins is not an offer, sale, or issuance of the payment stablecoin, whether or not a dividend has been declared at the time; (ii) the actual payment of dividends, interest, distributions, or redemption proceeds in payment stablecoins under these sorts of instruments discharges an existing obligation and is not an offer, sale, or issuance of the payment stablecoin, because the recipient is not purchasing the payment stablecoin; and (iii) the delivery of payment stablecoins to settle a securities, derivatives, repurchase, or foreign exchange transaction, or to post collateral or margin, is a payment under that transaction and also not an offer, sale, or issuance of payment stablecoins.

The structure of the Act supports this reading. The Act distinguishes between Section 3(b)(1), which addresses the offer or sale of a payment stablecoin, and Section 3(b)(2), which prohibits a DASP from offering, selling, or "otherwise mak[ing] available" in the United States a payment stablecoin issued by an FPSI unless the FPSI has the technological capability to comply, and will comply, with the terms of any lawful order and any reciprocal arrangement under Section 18. That Congress used the narrower formulation in Section 3(b)(1) indicates that "offer" and "sell" should be read consistently with the Act's

definition of “offer” as making a payment stablecoin “available for purchase, sale, or exchange,” rather than extending to every use of a payment stablecoin to make a payment or settle a transaction. Congress also defined payment stablecoins by reference to their use as a means of payment or settlement, and it addressed the use of stablecoins not issued by a PPSI (which, for the reasons discussed below, should apply only to payment stablecoins also not issued by a qualifying FPSI pursuant to Section 18) in traditional financial markets specifically in Section 3(g). This provision prohibits, for payment stablecoins not issued by a PPSI, their treatment as cash or a cash equivalent for accounting purposes, their eligibility as cash-equivalent margin or collateral for futures commission merchants, derivatives clearing organizations, broker-dealers, registered clearing agencies, and swap dealers, and their acceptability as a settlement asset for wholesale payments between banking organizations or by a payment infrastructure to facilitate exchange and settlement among banking organizations. Treating every payment or settlement made in stablecoins as an offer or sale, or as tied to issuance activity, would duplicate that provision and convert ordinary settlement activity into a regulated distribution of the stablecoin. To the extent Treasury is concerned about evasion through these sorts of traditional financial market activities, it could instead implement a specific provision that generally prohibits instruments structured principally to deliver payment stablecoins not issued by a PPSI or qualifying FPSI to persons located in the United States.

The Appendix A interpretations should address institutional activity

The interpretations in Appendix A to Part 1523 address retail and one-off scenarios, such as an individual holder, an airdrop, an exchange listing, and a redemption feature. None addresses institutional activity such as dealer inventory, principal versus agency capacity, omnibus custody, settlement use, or intra-group transfers. In response to Question 80, SIFMA requests that Treasury add interpretations addressing these activities, and SIFMA members would welcome the opportunity to provide specific fact patterns.

Section 18(a) should also apply to the Section 3(g) limitations

As described above, Section 3(g) precludes various financial market uses of a payment stablecoin not issued by a PPSI. Although Treasury states that Section 3(g) is outside the scope of the Proposal, reasoning substantially similar to that which Treasury applies in concluding that Section 18(a) overrides the prohibitions in Sections 3(a) and 3(b)(1) supports the same result for Section 3(g). SIFMA requests that Treasury clarify that the Section 3(g) limitations do not apply to payment stablecoins issued by a qualifying FPSI.

Treasury should coordinate with the other GENIUS Act agencies and the capital markets regulators

No primary Federal payment stablecoin regulator has finalized its GENIUS Act rules, and the Federal Reserve framework has only recently been proposed. Consistent with Question 84, which asks how the

Proposal relates to the frameworks proposed by the primary Federal payment stablecoin regulators⁴, SIFMA requests that Treasury ensure that, where appropriate, the definitions adopted in the final rule are consistent with the final rules issued by those regulators, so that firms are not required to apply different meanings of the same terms across regimes, potentially causing inconsistent compliance obligations. Additionally, SIFMA supports aligning the definitions within this rule to those that will be adopted in the final rule issued by FinCEN and OFAC.

III. Transition Relief and the Sequencing of Compliance Obligations

Compliance with Section 3 depends on rules that are not yet final, and the final rule cannot reasonably be expected to be published sufficiently in advance of the January 18, 2027, effective date for market participants to develop appropriate compliance frameworks. Implementing compliance frameworks is also a multi-party exercise: issuers, DASPs, custodians, and trading venues each depend on the others' readiness, and on the compatibility of their interpretations of the final rule's safe harbors, to comply with regulatory requirements and supply information necessary for other parties to do so, and none can complete its compliance program until this rule and other rulemakings under the GENIUS Act are final. Firms would therefore face criminal exposure under Section 3(f) without a realistic opportunity to come into compliance. The Proposal recognizes the significance of this point, observing that, unlike Federal securities and banking frameworks that have existed for decades, the Federal payment stablecoin framework has not yet become effective, and that the conduct subject to criminal penalties should be set forth as simply as practicable, consistent with Executive Order 14294.⁵

Treasury should provide a transition period for good-faith compliance

SIFMA reiterates the request made in our ANPRM Letter that neither civil nor criminal liability attach to a person taking reasonable, good-faith steps toward compliance during a defined transition period. The only transitional relief in the Proposal is the Section 5(f) waiver, which is available to a narrow set of pending applicants and does not extend to DASPs. SIFMA requests that Treasury exempt persons taking appropriate efforts to establish compliance from the Section 3 prohibitions for a transition period, specifically while the regulatory framework under the GENIUS Act — as applicable to PPSIs (including State issuers encountering timing mismatches with their State regime being deemed substantially similar), qualifying FPSIs (whose ability to qualify under the Section 18 framework remains in limbo until the

⁴ Treasury should also coordinate with the SEC and the CFTC on potential intersections between Section 3 and the securities and derivatives markets. This coordination should address how the prohibitions and other provisions of the GENIUS Act apply to activities subject to SEC or CFTC regulation, such as the custody of payment stablecoins by broker-dealers and other regulated custodians, the eligibility of payment stablecoins as collateral and margin, and the treatment of payment stablecoins used to settle securities and derivatives transactions.

⁵ Proposal, 91 Fed. Reg. at 53376 n.45.

framework is established), and DASPs that deal in the payment stablecoins issued by these issuers — is being finalized and implemented.

Treasury may issue safe harbors under Section 3(c)(2) where it determines that unusual and exigent circumstances exist. Treasury should issue a safe harbor under this authority to provide relief that will be necessary to enable functioning payment stablecoin markets on the effective date of the GENIUS Act. In particular, SIFMA requests that Treasury determine that unusual and exigent circumstances exist and issue an order under Section 3(c)(2), effective January 18, 2027 (or the effective date of the GENIUS Act, if earlier), providing that no prohibition in Section 3 will apply for a defined period of time to a person taking reasonable, good-faith steps toward compliance with applicable requirements under the GENIUS Act and its implementing regulations. The circumstances here meet the standard of unusual and exigent. Compliance with Section 3 requires each firm to establish a framework for determining counterparty and instrument status, supported by policies, procedures, controls, and relationship documentation. The effort required to do so is substantial and unusual, given the novelty of the GENIUS Act regulatory framework. Additionally, this effort cannot be completed by the statute's effective date, making a safe harbor required on an exigent basis due to the significant liability, including potential criminal punishment, that may result from violations of Section 3.⁶

Furthermore, the scope of a waiver under Section 5(f), as proposed to be implemented by Treasury in the exemption and safe harbor in § 1523.4(a), should be clarified. A Section 5(f) waiver covers only an insured depository institution subsidiary or Federal qualified applicant whose application is pending on the effective date or is granted by the Federal licensing authority, and cannot be granted for longer than 12 months. FPSIs and State-licensed stablecoin issuers not seeking a Federal license have no equivalent transitional provision.⁷ Moreover, DASPs and other persons have no equivalent provision and should not face potential criminal “knowing participation” liability as of January 18, 2027, including in circumstances where an issuer of payment stablecoins is protected from criminal liability due to the operation of a waiver and § 1523.4(a). Treasury should therefore clarify how the Section 5(f) waiver and related protections apply to protect other persons.

⁶ Treasury could also issue this safe harbor under Section 3(c)(1), which permits Treasury to issue regulations providing safe harbors that are consistent with the purposes of the GENIUS Act, limited in scope and apply to a de minimis volume of transactions, as determined by the Secretary of the Treasury. Treasury could conclude that a safe harbor for parties taking reasonable, good-faith steps toward compliance is consistent with the establishment of the regulatory framework under the GENIUS Act, limited both temporally and in scope to facilitate the implementation of the new regulatory framework and applicable to a de minimis volume of transactions (e.g., the Treasury Secretary could make a conclusive determination that parties taking good-faith efforts to achieve compliance are likely to process relatively few transactions that violate the GENIUS Act).

⁷ Whether the State issuers are in need of transitional protections may depend on the readiness of the State regime. It is not clear that a State must formally certify to substantial similarity during the first year of GENIUS Act effectiveness. For example, see letter submitted on October 5, 2026, by the New York State Department of Financial Services to Treasury's comment file (<https://www.regulations.gov/comment/TREAS-DO-2026-0496-0067>), arguing that no safe harbor is required for substantially similar State regimes.

If Treasury does not adopt the broad, temporary safe harbor requested above, SIFMA requests that Treasury issue a time-limited safe harbor providing that the Section 3 prohibitions do not apply to DASPs and other persons engaging in otherwise compliant activities involving payment stablecoins issued by foreign issuers that are licensed and supervised under a comprehensive payment stablecoin regime that imposes reserve, redemption, supervisory, AML, and enforcement requirements, provided that the foreign issuers undertake to comply with lawful orders and pursue registration under Section 18 once the relevant Treasury and OCC processes become available. Relief should remain available while Treasury considers comparability of foreign payment stablecoin regulatory and supervisory regimes and for a reasonable period thereafter to allow eligible issuers to complete OCC registration.

Treasury should establish the Section 18 framework as soon as possible

Qualifying FPSI status under Section 18(a) requires both a comparability determination regarding a foreign payment stablecoin regulatory and supervisory regime and registration of an FPSI with the OCC, and no process for either is currently in place. If that remains the case on July 18, 2028, no foreign issuer will be able to attain qualifying status, and Section 3(b)(1) will operate as a complete bar on DASPs offering or selling foreign-issued payment stablecoins to persons in the United States. That result would follow not from a determination that a foreign regime is not comparable, or that an FPSI is not compliant, but from the absence of a process for making the necessary determinations. SIFMA requests that Treasury confirm the intended sequencing of the Section 18 framework and the Section 3(b)(1) compliance date.

Treasury should clarify the status of State regimes pending certification

Section 4(c) of the Act gives a State payment stablecoin regulator until one year after the Act's effective date to submit its initial certification to the Stablecoin Certification Review Committee that the State-level regulatory regime is substantially similar to the Federal framework. It also provides the Stablecoin Certification Review Committee 30 days to review a certification, with additional time possible if deficiencies are identified and the State regulator takes action to cure those deficiencies. The Act therefore contemplates that State regimes may be operating, and State qualified payment stablecoin issuers may be licensed, if the State regime is already substantially similar in substance, but before the certification from the relevant State regulator has been submitted or approved. SIFMA believes the better reading of the Act is that an issuer licensed under a State payment stablecoin regulatory regime for which an initial certification is not yet due, or is pending before the Stablecoin Certification Review Committee, should be treated as a PPSI for purposes of Section 3. In response to Question 74, SIFMA requests that Treasury confirm this reading in the final rule rather than address it through a safe harbor under Section 3(c)(1), which imposes additional limitations and could impose procedural requirements on any safe harbor that may be granted. If Treasury does not adopt this reading, it should at a minimum confirm that a person dealing in good faith with such a State-licensed issuer during this period does not knowingly

participate in a violation of Section 3(a). Treasury should also publish the certification status of each State regime.

IV. Reliance and Diligence Standards for Intermediaries

Compliance with Section 3(b) and an intermediary's ability to remain outside Section 3(f) liability for knowing participation in an issuer's violation of Section 3(a) are subject to facts about third parties, e.g., an issuer's permitted status, the extent of a waiver granted by a Federal stablecoin regulator under Section 5(f), a State regulator's certification of its regulatory regime, and a foreign issuer's capability and willingness to comply with lawful orders and any reciprocal agreement. Those facts must be established at any time that a DASP transacts in an issuer's payment stablecoins, yet in most cases only the issuer or a regulator is in a position to verify the relevant facts. For the Section 3(b) framework to scale, intermediaries need a workable basis for reliance. Without one, a payment stablecoin that otherwise is issued in compliance with the Act may be exceedingly slow to bring to market, as every intermediary would need to independently conduct diligence on status and an issuer's technical capabilities and, for a foreign issuer, obtain assurances on its future compliance with lawful orders.

Treasury should maintain an authoritative register of permitted issuers and payment stablecoins

SIFMA requests that Treasury create and maintain a searchable register of permitted issuers (both PPSIs and qualifying FPSIs) and payment stablecoins they issue, as well as a list of issuers not yet barred (until July 18, 2028) from secondary-market activity by DASPs, which DASPs could consult to confirm the status of the entities and stablecoins with which they deal. The register should be maintained by Treasury itself, with regulatory determinations validated by Treasury, rather than through a registry that may be updated by an issuer without Treasury's review, such as FinCEN's money services business registration database. The register should not be limited solely to a list of permitted issuers. It should also record the full range of status determinations that will enable market participants to determine compliance, including: whether an issuer is a PPSI and, if so, its primary regulator(s); the certification status of each State regime; any safe harbors, exclusions, and temporary waivers, including those provided by a Federal payment stablecoin regulator under Section 5(f); jurisdictions determined to be comparable under Section 18 and reciprocal arrangements; whether an issuer is an FPSI registered with the OCC; whether an FPSI is or has been subject to any designation of noncompliance with a lawful order, any prohibition on secondary trading, and any cures under Section 8; and any generally applicable representations of the issuer, such as those under § 1523.3(c) for an FPSI. For each payment stablecoin issued by a PPSI or qualifying FPSI appearing in the register, the register should also record the identifiers needed to link the instrument to its issuer, such as token contract addresses on each supported ledger. Issuers should be instructed on how to include their stablecoins on the appropriate lists, and how to correct errors or volunteer status updates to Treasury. The register should also distinguish between two categories of information: (i) regulatory determinations maintained and verified by Treasury or another relevant regulator, such as issuer status, State certification status, jurisdictional comparability, OCC registration,

reciprocal arrangements, and Section 8 designations, prohibitions, and cures; and (ii) operational information supplied by an issuer, such as token contract addresses and standing representations. Each entry should identify its source and verification status, so that inclusion of issuer-supplied information is not understood as Treasury validation of that information.

A person that relies in good faith on the register as of the time of a transaction, absent actual knowledge to the contrary, should be deemed to satisfy the applicable diligence standard as to the facts the register records, whether those facts reflect a regulatory determination verified by Treasury or operational information supplied by an issuer. Reliance on the register should be a safe harbor and not the exclusive means of compliance. Participants should remain free to establish and rely on the same or other relevant facts through representations, documentation, and other arrangements, including where a participant is aware the register has not been updated or does not address a particular fact pattern. Conversely, in circumstances where an intermediary fails to follow the instructions of the issuer (e.g., by failing to carry out customer identification or geographic restrictions), and the issuer can demonstrate all elements of the issuer safe harbor, the intermediary alone should be subject to potential liability for knowing participation in an unlawful issuance.

Reasonable reliance on standardized representations and documentation should satisfy the diligence standard

SIFMA requests that Treasury confirm that reasonable reliance on representations and documentation of a kind the industry can standardize satisfies the applicable diligence standard, and that a firm need not re-establish an issuer's status absent a change in circumstances. Treasury should also explain in detail what the applicable diligence standard requires in practice, including so that industry can develop appropriate standardized representations and documentation, rather than leaving firms to infer what the relevant requirements are.

Treasury should specify the diligence that supports reliance on foreign issuer representations

SIFMA supports the reliance provision in § 1523.3(c), which responds to a concern raised in our ANPRM Letter: a distributor should not bear compliance risk on facts that only the issuer can verify. The provision does not, however, identify what diligence is sufficient, so a firm cannot know at the outset whether its process will be treated as adequate.

Sections 3(b)(2) and 8 of the Act address three distinct facts about a foreign issuer, each of which calls for a different kind of evidence. The first is whether the issuer has the technological capability to comply with lawful orders and any reciprocal agreement. That is a present fact that can be confirmed at a point in time, but it may change as the issuer upgrades its smart contracts or deploys on additional distributed ledgers. The second is whether the issuer will comply in the future, which no amount of diligence can verify. The third is whether the issuer has in fact failed to comply with a lawful order. That is a past event, known to the issuer and the government rather than to any DASP, and the Act provides a dedicated

mechanism for the government to establish a foreign issuer's noncompliance. Under Section 8, Treasury may designate a noncompliant issuer, notify it in writing, publish the determination in the Federal Register, and prohibit secondary trading by DASPs, with the prohibition taking effect 30 days after notification.

SIFMA requests that the final rule match the required diligence to each of these facts. As to the first and second, capability and willingness of an FPSI to comply with a lawful order or reciprocal agreement, a DASP should be entitled to conclusively rely on the FPSI's written representation regarding its capability and willingness to comply, provided the representation includes an undertaking to notify the DASP, or to disclose publicly, any material change in the FPSI's capability and willingness. A DASP should not be required to re-verify capability or willingness to comply absent such notice or contrary information in the register described above. As to whether the issuer has failed to comply, the Section 8 process should be expressly permitted as a source on which a DASP may conclusively rely, absent actual knowledge to the contrary. If a DASP could be in violation of Section 3(b)(2) as soon as an issuer failed to comply with an order, before Treasury had notified the issuer or published any determination, the notice, publication, and 30-day provisions of Section 8 would serve no purpose with respect to DASPs. SIFMA therefore requests that Treasury confirm that, absent actual knowledge or information in the register described above indicating noncompliance, a DASP relying on an FPSI's representation that it has not failed to comply with the terms of any lawful order or reciprocal agreement does not violate Section 3(b)(2) by reason of the FPSI's failure to comply until a prohibition under Section 8(b) takes effect. Treasury should also confirm that a DASP may use the period before the prohibition takes effect under Section 8(b)(2) to unwind its activity involving that FPSI's payment stablecoins, without violating Section 3(b)(2).

As to the form of an issuer's representation, on which Question 52 seeks comment, SIFMA requests that Treasury permit an FPSI to make a standing representation, filed with Treasury or published by the FPSI and reflected in the register described above, on which any DASP may conclusively rely, absent actual knowledge to the contrary. This would avoid the need for each FPSI to negotiate bilateral representations with every DASP that makes its payment stablecoin available. A standing representation could be refreshed annually and upon any material change.

The knowledge standard should be narrowed and defined

The "has reason to know" formulation proposed in the second prong of § 1523.3(c) is malleable and would create significant incremental compliance and legal risk. SIFMA requests that Treasury remove it. If Treasury retains the formulation, the final rule should clearly describe what it means and the factors Treasury would consider in evaluating whether a DASP has reason to know, and should clarify how that standard compares to what a DASP "knows" or "should know" in this context.

For the same reasons, SIFMA urges Treasury not to adopt the alternative raised in Question 53, under which a DASP would be required to have no reason to suspect a foreign issuer's noncompliance with the terms of any lawful order or reciprocal agreement. That standard would be materially harder to satisfy than the proposed standard (which, as discussed above, we do not believe should be finalized as proposed) and could leave the reliance provision with little practical use.

Diligence and knowledge should be assessed at the level of the responsible function within a banking group

Many entities operate through multiple branches and affiliates that may deal in the same payment stablecoin. Treasury should permit a DASP to rely on diligence conducted by an appropriately governed group function, rather than requiring each U.S. branch, broker-dealer, custodian, bank, or other affiliate to repeat the same review of the same foreign issuer.

Treasury should also clarify what information is “reasonably available” to the relevant DASP and how knowledge is attributed within a global banking group. Information held by an unrelated business line or individual employee should not automatically be imputed to every branch and affiliate dealing in the stablecoin. The relevant inquiry should instead focus on information known to the legal entity, business, or designated control function responsible for the decision, together with information escalated through established governance channels.

V. Knowing Participation in an Unlawful Issuance

Section 3(f) provides that a person who knowingly participates in a violation of Section 3(a) may be fined up to \$1,000,000 for each violation, imprisoned for up to five years, or both. Section 6(b)(5)(A) separately provides that a person who issues a U.S. dollar-denominated payment stablecoin in violation of Section 3, and any institution-affiliated party (as defined in the Act) of that person who knowingly participates in the issuance, is liable for a civil penalty of up to \$100,000 for each day during which the stablecoins are issued. An individual officer or employee who approves a listing or market-making decision for a payment stablecoin not issued by a PPSI or qualifying FPSI could therefore face personal criminal liability under Section 3(f), and the issuer itself or an institution-affiliated party could face a civil penalty that runs for each day during which such stablecoins are issued. As the scope of § 1523.2(d) will determine when penalties may attach, SIFMA urges Treasury to interpret the provision narrowly and to state its limits in the rule text. In addition, because the Act defines “institution-affiliated party” by reference to PPSIs, the Section 6(b)(5)(A) penalty does not reach affiliated parties of FPSIs or other non-PPSIs, and SIFMA requests that Treasury make that clear.

The rule text should reflect the statutory knowledge element

Section 3(f) reaches only knowing participation, but the three examples in § 1523.2(d) are framed in terms of conduct alone. On their face, they would apply to a firm that made a market in or listed a

stablecoin with no knowledge that the issuer was not a PPSI or that a payment stablecoin was in fact issued in violation of Section 3(a). SIFMA requests that Treasury state in the rule text that the enumerated activities constitute participation only where the person knows the issuance is unlawful and the activity is coordinated with the issuer (i.e., the person is acting in concert with the issuer, as opposed to engaging in offers and sales in the secondary market that may occur concurrently with the issuance, or that may be unrelated activity to that which allows U.S.-based persons access to the issuance), and explain how Treasury would interpret the requirement that participation be knowing. Consistent with our ANPRM Letter, a person taking reasonable, good-faith steps toward compliance should not be treated as knowingly participating in a violation.

Limits on the market-making example should appear in the rule text

The preamble indicates that the market-making example is directed at a DASP making an initial listing shortly after issuance that supports mass initial distribution, and that it is not intended to reach purchases for a firm's own use or secondary trading. Neither limitation appears in § 1523.2(d)(3), which on its face describes ordinary market-making and listing activity. SIFMA requests that Treasury state in the rule text that the example does not reach purchases for a firm's own use, as opposed to immediate resale in a dealer capacity, and also does not reach secondary trading where the firm is not acting in concert with the issuer. Treasury should also define "own use" by reference to the function of a payment stablecoin as a means of payment or settlement. For a broker-dealer, bank, or other financial institution, own use should include acquiring and holding payment stablecoins to settle securities, derivatives, and foreign exchange transactions; to fund the cash leg of repurchase agreements and securities lending transactions; to post or receive collateral and margin; to meet payment, distribution, and redemption obligations of funds and other products; and for internal treasury and liquidity management. These activities constitute own use even where the firm acts to enable immediate resale in a dealer capacity for other payment stablecoins and even where the volumes involved in "own use" of the relevant payment stablecoin are substantial. The preamble's reference to purchases of a "smaller subset" of unlawfully issued stablecoins should not operate as a quantitative condition that must be satisfied for "own use." That is, secondary trading activities that, by their terms, are not participation in issuance should be excluded from the scope of the Section 3(a) prohibition, the criminal penalties under Section 3(f), and the civil money penalty under Section 6(b)(5)(A).

Additionally, using a temporal nexus between a DASP's or other person's activity, on the one hand, and issuance of the relevant payment stablecoin, on the other, to determine knowing participation in that issuance is too vague to operate as a limit on its own. Payment stablecoins are not investment products. Many are minted in increments over time, adding to supply without any special selling effort that would mark a distinct issuance. And because they are defined by their use as a means of payment or settlement, and issuers may not pay interest on them, velocity of use is an inherent feature. Relying on a temporal nexus to issuance to determine a firm's knowing participation in unlawful issuance could require

a firm to hold large balances of non-interest-bearing payment stablecoins for an extended period simply to demonstrate that its activity lacks that temporal nexus; doing so should not be required. The term “newly issued” in § 1523.2(d)(3) compounds the problem. It is undefined, and because a transfer following reacquisition by the issuer would itself be considered a new issuance, a stablecoin that has circulated for years becomes newly issued each time the issuer repurchases and resells it. A firm making markets in an established stablecoin could therefore be treated as participating in issuance, and potentially face criminal liability, without any connection to its original distribution. To the extent Treasury retains a temporal element, SIFMA requests that it define the period following issuance in which the example operates, and that it distinguish principal dealing and inventory management from distribution on behalf of an issuer.

Ordinary distribution and secondary-market activity should be analyzed under Section 3(b)

Applied broadly to DASPs, the knowing-participation standard could effectively bar the offering of any foreign-issued payment stablecoin from January 18, 2027, other than those that are already in wide circulation in the United States and have no new U.S. issuance. That outcome would render ineffective the statutory phase-in of the Section 3(b)(1) requirement, which does not restrict secondary-market activity by DASPs until July 18, 2028. The concern arises where a DASP is involved in initial distribution, coordinated market making, listing at issuance, or another activity that may, under the broad proposed language in § 1523.2(d), be seen as having a direct nexus to payment stablecoin issuance. SIFMA requests that Treasury clarify that ordinary subsequent distribution and secondary-market activity by a DASP are analyzed as offers and sales under Section 3(b), not participation in issuance under Section 3(a), unless a DASP knowingly provides substantial assistance integral to the issuance itself. The final rule should not support an interpretation under which any DASP handling a foreign-issued stablecoin is potentially participating in its issuance without knowing or intending to do so.

Treasury should adopt an exhaustive list and a participation safe harbor

In response to Question 41, SIFMA supports making the list of participation examples exhaustive, in particular with respect to the activities Treasury treats as “key steps in the issuance” process. In response to Question 43, SIFMA requests that Treasury adopt a safe harbor or exclusion under which DASPs and other third parties are not treated as knowingly participating in an issuer’s violation of Section 3(a) absent the knowing provision of substantial assistance integral to the unlawfulness of the issuance, as discussed above. The § 1523.3(c) reliance provision is narrow, and there is at present no safe harbor or exclusion for third parties with respect to participation in an unlawful issuance. A firm should not be deemed to knowingly participate in an unlawful issuance if it relies on published official lists or registers of the kind described previously, without actual contrary knowledge to the information in such lists or registers, and Treasury should similarly confirm the circumstances in which a market participant may conclusively rely on another’s representation that an issuance is lawful.

VI. Territorial Scope and the Offshore Safe Harbors

SIFMA supports Treasury's decision to adopt a party-location test to evaluate whether an issuance, offer, or sale is in the United States or to a person located in the United States, paired with safe harbors conditioned on a reasonable belief as to a party's location, reasonably designed policies, procedures, and controls, and the absence of U.S. targeting. That structure allows firms to build and supervise compliance against a diligence-and-controls standard. Our comments below address how that structure should be preserved and where it requires further definition.

Treasury should retain the location safe harbors and reject the per se alternative

Question 44 asks whether any issuance to a person located in the United States should be per se unlawful, with the issuer's knowledge and procedures relevant only to whether the criminal penalties in Section 3(f) attach. Question 64 asks whether any offer or sale by a DASP to a person located in the United States should be per se unlawful, with knowledge and procedures not relevant. SIFMA opposes both alternatives. Under either, a single recipient who had moved without informing an issuer or DASP or misrepresented its location would render the transaction unlawful, with no defense for controls that were reasonably designed and properly operated. Moreover, in the case of an unlawful issuance, Section 6(b)(5)(A) imposes a daily civil penalty on the issuer of a USD payment stablecoin, seemingly without regard to knowledge. More fundamentally, the alternatives would create a category of transactions that are unlawful but frequently not sanctioned, and whose status may be unknown to every market participant when they occur, a result that is not sustainable in capital markets. Whether a payment stablecoin was lawfully issued or distributed may have bearing on whether it may be held, pledged as collateral, or accepted in settlement, whether legal opinions can be delivered, and whether a regulated firm may continue to deal in it.

Compliance can be built and supervised against a diligence-and-controls standard, but not against an outcome the firm cannot fully control or even predict. Activity conceived of as strictly offshore would become effectively impossible, because a person located in the United States may have masked its participation, and responsible market participants' participation in cross-border payment stablecoin activity would likely be reduced due to the resulting uncertainty. Facts and circumstances, including the firm's diligence and controls, should remain relevant to whether the firm has violated the prohibitions, not only whether enforcement is warranted.

If Treasury does not retain the safe harbors provided in § 1523.2(c) and § 1523.3(e), it should at a minimum adopt a separate safe harbor or exclusion for cases in which a violation results from a counterparty's misrepresentation of its location or its failure to inform the firm that previous representations about its location are no longer accurate.

The final rule should expressly exclude incidental U.S. contacts

Because the location test asks only where the parties are located, a transaction between two non-U.S. parties remains inapplicable to Section 3 even when it is processed on U.S.-based servers or payment rails. That result, however, is based upon an inference from the definition of “located in the United States,” rather than a statement in the rule text, and it could be inconsistent with an interpretation that views a broader range of conduct as having a sufficient U.S. nexus for purposes of Section 3. In response to Question 35, SIFMA requests that Treasury add an express exclusion to the final rule for incidental U.S. contacts of this kind. SIFMA also opposes any broader U.S.-nexus standard of the kind Question 35 describes.

Treasury should address branches, subsidiaries, and other common institutional structures

The entity prong of the location test provides no branch, agency, or look-through treatment, leaving unaddressed the status of a foreign bank’s U.S. branch, a foreign subsidiary of a U.S. entity, a U.S.-organized fund managed offshore, and similar arrangements. SIFMA requests that Treasury address how these common structures are treated, and that it state expressly that a foreign subsidiary of a U.S. entity is not located in the United States. The final rule should not produce asymmetric results for U.S. and foreign banking organizations.

The treatment of investment funds and their managers requires particular attention. Many funds organized outside the United States are managed by U.S.-based investment advisers, and many U.S.-organized funds are managed from abroad. In response to Question 29, SIFMA requests that Treasury confirm that a fund organized outside the United States does not have its principal place of business in the United States solely because its investment adviser or other service providers are located here. Treasury should also confirm that an investment adviser acting on a discretionary basis for a fund or client is not itself the person acquiring the payment stablecoin. To address evasion concerns, Treasury could treat as located in the United States a vehicle formed principally for the purpose of acquiring payment stablecoins on behalf of persons located in the United States.

More generally, the final rule should provide an administrable attribution standard for transactions involving multiple offices. That standard should identify the relevant functions, such as customer solicitation, negotiation, execution, booking, and supervision, that are considered in determining whether or not a transaction has a sufficient U.S. nexus for the Section 3 prohibitions to apply, and exclude purely back-office, technological, risk-management, or administrative support. Without a clear standard, the entity test may leave internationally active banks uncertain how to classify transactions conducted across integrated global operations.

Treasury should specify what does not constitute targeting

Both safe harbors in § 1523.2(c) and § 1523.3(e) are conditioned on the absence of activity that “could be reasonably expected to have the effect of targeting” persons located in the United States. SIFMA

supports these location-based safe harbors as the baseline approach, with a Regulation S-based safe harbor available as an elective alternative, as discussed below. The targeting condition should therefore be defined so that the baseline safe harbors remain administrable on their own terms. On its face, that standard could reach global websites, English-language materials, and industry communications. In response to Questions 49 and 69, SIFMA requests that Treasury include in the rule an affirmative list of activities that do not constitute targeting, including legally required notices, factual communications to existing holders, processing of redemptions, ordinary custody, and technical support.

Treasury should also confirm that making information about a payment stablecoin generally available, including on a public website and in disclosure documents such as white papers or reserve reports required by the law of the issuer's home jurisdiction, does not constitute targeting, and that firms need not restrict access to such information by persons located in the United States. Such restrictions would serve no purpose under the Act and could in fact harm U.S. persons. Until July 18, 2028, DASPs may offer and sell foreign-issued payment stablecoins to persons in the United States subject to Section 3(b)(2), and, even after that date, peer-to-peer transactions and transactions by means of self-custody wallets will remain exempt from Section 3. As a result, persons in the United States may lawfully acquire and hold these payment stablecoins and therefore may have a legitimate basis to seek information about them.

For the same reason, and in response to Question 50, Treasury should confirm that secondary-market transfers to persons located in the United States do not cause a bona fide offshore issuance to be treated as an issuance in the United States, absent prearrangement or a plan to evade Section 3(a). Legends, click-through confirmations, and similar measures of the kind used under the SEC's Regulation S and Rule 135e under the Securities Act of 1933 should be recognized as evidence that activity is not directed at the United States, but should not be a condition of either safe harbor. A firm that elects to rely on a Regulation S-based safe harbor should instead apply the Regulation S concept of directed selling efforts, and the related guidance, in place of the targeting condition.

Treasury should preserve reverse solicitation and address anonymous trading

By treating an indication of willingness to sell in response to an unsolicited inquiry as an offer, § 1523.3(d)(3) would remove the reverse-solicitation relief firms rely on under other U.S. regimes with extraterritorial effect. The examples also do not address a firm displaying a quote on a global venue or responding to an anonymous request for quote, neither of which involves knowledge of the counterparty's location or any activity directed at the United States. In response to Questions 37 and 63, SIFMA requests that Treasury provide that reverse solicitation involving foreign-issued payment stablecoins does not violate the prohibitions, and confirm that neither displaying quotes on global venues nor responding to anonymous requests for quote constitutes an offer to a person located in the United States.

Section 3(h)(1) provides that Section 3 does not apply to any transaction by means of a software or hardware wallet that facilitates an individual's own custody of digital assets, and § 1523.4(c)(3) restates

that exemption nearly verbatim. The question the Proposal leaves open is whether the exemption also relieves an intermediary of obligations it would otherwise have if a transaction involves a self-custody wallet. Read literally, § 1523.4(c)(3) could apply to any sale by a DASP to a person located in the United States that settles to the purchaser's self-custody wallet. On that reading, an unsolicited request from a U.S. individual to purchase a stablecoin into a custodial account would result in an offer under § 1523.3(d)(3), while the same purchase for delivery to a self-custody wallet would fall outside Section 3 entirely. In response to Question 77, SIFMA requests that Treasury state whether it reads the exemption to extend to the intermediary's side of such a transaction and, if it does not, how the exemption should be read, given that the Act separately excludes self-custody wallet functions from the definition of a DASP.

Treasury should also provide guidance on the manner in which a DASP may introduce a payment stablecoin into a decentralized finance (DeFi) platform for use in liquidity pools, lending protocols, automated market makers, and other use cases, without knowing the counterparty's location. A DASP may do so, for example, when the activity will not result in an offer or sale consistent with the principle of same risk, same activity, same regulatory outcome. Furthermore, if the DASP does not act as agent of the issuer, the introduction of a payment stablecoin into a DeFi platform should also not be attributable to the issuer as issuance to U.S.-located persons.

Regulation S concepts should be available as an additional safe harbor, not a replacement

In response to Questions 45–50 and 65–70, SIFMA believes that any Regulation S-based approach should operate as an additional, non-exclusive safe harbor alongside §§ 1523.2(c) and 1523.3(e), rather than as a replacement for them. Regulation S depends on information that firms may not have in this market, at least initially. Whether a transaction is an offshore transaction turns in part on where the buy order originated, and whether directed selling efforts have occurred depends on a firm's ability to identify and monitor its distribution channels. At the same time, many SIFMA members already operate Regulation S controls, including controls keyed to where an institutional client's authorized personnel originate instructions. Under the Proposal alone, those firms would need to apply two different territorial standards across adjacent businesses. An elective Regulation S-based safe harbor would enable a firm to apply a single, familiar standard where it has the necessary information, while preserving the location-based safe harbors where it does not.

Furthermore, safe-harbor eligibility should be assessed separately for each participant in a transaction based on its role, information, conduct, and controls. An issuer's reliance on the Proposal's location-based safe harbor should not prevent a distributor or other intermediary in the same transaction from relying on an elective Regulation S-based safe harbor. Similarly, one participant's failure to qualify should not automatically disqualify another participant that independently satisfies an applicable safe harbor, absent other factors that constitute a violation of applicable requirements (such as the other participant evading GENIUS Act requirements or coordinating in the first participant's evasion of applicable

requirements). This participant-specific approach is particularly important in cross-border transactions involving multiple issuers, distributors, branches, custodians, and market makers.

VII. Key Definitions and the Overlap Between Issuers and DASPs

Treasury should clarify the threshold question of what is a payment stablecoin

The prohibitions in Section 3 presuppose that a firm can identify a payment stablecoin. SIFMA requests that Treasury address how a firm should treat an instrument with some but not all of the defining attributes of a payment stablecoin, and that it not treat as a violation a reasonable, good-faith determination by a firm that an instrument does not meet the definition. Treasury should also clarify when an instrument “is, or is designed to be, used as a means of payment or settlement” under Section 2(22)(A)(i). Section 3(g) addresses settlement use only in the negative, precluding particular uses of payment stablecoins not issued by PPSIs. Neither Section 2(22)(A)(i) nor Section 3(g) states affirmatively which payment or settlement uses bring an instrument within the definition. That leaves unresolved, for example, whether a dollar-denominated token used only to settle securities transactions is a payment stablecoin, assuming it satisfies the other parts of the Section 2(22) definition, and therefore whether the Section 3 prohibitions are applicable to the token.

Treasury should retain its interpretation that qualifying FPSIs may issue in the United States

In response to Question 33, SIFMA supports Treasury’s conclusion that a qualifying FPSI may issue payment stablecoins in the United States. That reading follows from Section 18(a), which by its terms disapplies the Section 3 prohibitions to a qualifying FPSI, and from Section 4(a)(12)(C), which contemplates that certain foreign issuers may issue payment stablecoins. A contrary interpretation would require issuance intended for U.S. persons to be routed through intermediaries or structured to occur nominally offshore, making the destination of newly issued tokens less transparent. It would also bar a qualifying FPSI that has satisfied a comparability determination and registered with the OCC from an activity a PPSI may conduct. Treasury’s reading is not only the correct interpretation but the only one that permits, over time, a degree of cross-border fungibility of payment stablecoins, which is in the broader interest of the market and consistent with the July 2025 report of the President’s Working Group on Digital Asset Markets.⁸

Core issuer activity should not generate duplicative DASP obligations

Because the Proposal would treat an issuer as a DASP, a PPSI is subject to the offer-and-sale restrictions in Section 3(b) with respect to every other issuer’s stablecoin it lists, distributes, or otherwise makes available. In response to Question 6, SIFMA requests that Treasury confirm how the two sets of obligations apply cumulatively to a firm acting as issuer and as custodian, settlement agent, or distributor.

⁸ President’s Working Group on Digital Asset Markets, Strengthening American Leadership in Digital Financial Technology (July 2025).

Treasury should clarify that the core issuance, direct distribution, and redemption of an issuer's own compliant stablecoin are governed principally by the issuer framework, including the prohibitions in Section 3(a), and do not create duplicative or circular DASP obligations, including under the prohibitions in Section 3(b), merely because those activities may also fit within the DASP definition. Treasury should identify when an issuer is acting in its issuing capacity and when it is performing a distinct DASP function. Section 3(b) should continue to apply to an issuer, but only when it deals in another issuer's stablecoin or provides a separately identifiable intermediary service.

This clarification is particularly important for qualifying FPSIs. Treasury's interpretation that an FPSI satisfying Section 18 may issue directly in the United States could be undermined if the same issuance were independently subject to overlapping Section 3(b) requirements. A foreign issuer acting with respect to its own token should not be required to conduct intermediary-style diligence on its own representations concerning its Section 18 status or lawful-order or reciprocal-agreement capabilities.

The definitions of "issue" and "issuer" should be refined

Question 23 asks whether either element of the "issuer" definition should be sufficient on its own. It should not. If a person could be an issuer solely by undertaking a redemption or repurchase obligation, a firm that agrees to buy back a stablecoin at par or operates a settlement facility could arguably be an issuer without issuing anything. Treasury should also clarify who must hold the "reasonable expectation" of stable value for that element to be met. Question 25, which asks whether a parent or brand provider that guarantees another entity's stablecoin should be considered an issuer, is of particular importance for consortium and white-label structures, and Treasury should address those structures expressly in the final rule. In particular, a bank that distributes a consortium or white-label payment stablecoin under its own brand, without minting or burning the stablecoin or undertaking its own obligation to redeem it, should not thereby become a separate issuer, so that a single payment stablecoin remains subject to a single set of issuer obligations, including a single reserve.

The scope of the "issue" and "issuer" definitions is important because it determines the scope of the Section 3 prohibitions and, with it, what an intermediary must be able to verify about the payment stablecoins in which it deals, including whether the tokens it receives were issued by a permitted issuer and represent claims the issuer is obligated to redeem. To allow intermediaries to make that determination from reliable information, SIFMA requests that Treasury add to the definitions of "issue" and "issuer" that these terms also require both minting a token (or directly causing a token to be minted) and making the first transfer of value out of the issuer's control into circulation with a transfer of that token to a holder following the holder's exchange of fiat currency for such token, including by crediting an account of a third party maintained by the issuer for the benefit of the third party. Internal movements, pre-positioning, and operational errors that have no effect on persons other than the issuer should not constitute issuance. To allow market participants to filter out these internal transactions, issuers should be

required to publish and maintain a list of issuer-controlled addresses that are not addresses at which the issuer may hold payment stablecoins for the benefit of third parties.

Relatedly, SIFMA supports treating tokens held in an issuer's treasury as not issued, which the Proposal notes is consistent with the exclusion of such tokens from the OCC's proposed "outstanding issuance value." Reported circulation should be defined the same way across all regulators. Issuers should exclude treasury-held, unreachable, and blacklisted tokens from reported tokens in circulation, and should disclose the related addresses so that any market participant can confirm that no unbacked claims are circulating. Affiliates of the issuer should be treated as third parties for this purpose, allowing an issuance to have occurred when stablecoins have been minted and transferred for value to an affiliate.

Additionally, SIFMA requests that Treasury clarify the "issue" and "issuer" definitions so that they do not capture banks or others acting as intermediaries, for example, by converting fiat currency to and from payment stablecoins. By engaging in these activities, intermediaries cannot reasonably be viewed as issuers. To ensure intermediaries do not inadvertently become issuers, Treasury should confirm that crediting an account does not cause intermediary activity to be treated as issuance, for example, where a bank is not the party creating or destroying the stablecoin but instead recording a stablecoin purchased by its customer from another party to that customer's account.

Treasury should also clarify requirements that apply when more than one issuer may issue a payment stablecoin and what it means to issue a payment stablecoin indirectly, which is a particular source of uncertainty for white-label models involving multiple persons that facilitate the issuance of a single stablecoin. Issuer and knowing participation concepts should also be clarified for structures where the same payment stablecoin is issued in the United States by a different legal entity than is the issuing entity in another jurisdiction.

This structure involves a single payment stablecoin being issued by multiple issuers, but with no two issuers issuing in the same jurisdiction. For example, the payment stablecoin may be issued by an issuer in the United States subject to the GENIUS Act and an issuer in the European Union subject to the European Union's Markets in Crypto-Assets Regulation. In this structure, both a DASP's ability to comply with Section 3(b) and a counterparty's risk assessment depend on knowing which entity issued the tokens it holds and which regulatory regime governs them. For any payment stablecoin issued as part of this structure, SIFMA requests that Treasury require appropriate attribution of each issuer's outstanding payment stablecoins, so that each token can be traced to the entity liable for it and the applicable regulatory regime.⁹

⁹ The structure described in this paragraph, frequently referred to as a "multi-issuer arrangement," may support legitimate cross-border models involving regulated issuers in different jurisdictions and may also raise a distinct set of questions. In a multi-issuer arrangement, each issued payment stablecoin has exactly one issuer, but the payment stablecoin may be issued by multiple issuers

Treasury should clarify that, for purposes of Section 3(a) and (f) of the Act, the obligation to redeem or repurchase in clause (i) of the issuer definition, and the stable value representation in clause (ii) of the issuer definition, are assessed separately for each issuer in respect of issuance occurring in its respective jurisdiction. The activity of one is not attributable to the other. This is necessary in the near term as FPSIs lack a path to obtain a comparability finding for their jurisdiction, and as other jurisdictions have yet to create comparability frameworks. Until mutual recognition becomes a staple of all major jurisdictions, multi-issuer structures may help avoid unnecessary fragmentation and support the use of USD payment stablecoins in cross-border transactions and capital markets.¹⁰

The DASP exemptions should be applied functionally

SIFMA reiterates the position in our ANPRM Letter that the carve-outs from the definition of DASP for distributed ledger protocols, liquidity pools, developers, and self-custody software should be applied narrowly and functionally, by reference to who controls the arrangement, who holds upgrade rights, and who is entitled to fees, rather than by reference to labels. That approach is consistent with the technology-neutral framework SIFMA has recommended, ensuring that a legally identifiable entity remains responsible for compliance and investor protection, as is the case for other technology providers.

These carve-outs determine who is subject to Section 3(b). They do not by their terms address Section 3(a) or Section 3(f), the latter of which applies to any person that knowingly participates in an unlawful issuance, whether or not that person is a DASP. Treasury should clarify how § 1523.2(d) applies to developers and operators of protocols and other software. Publishing or operating software that an issuer later uses in an unlawful issuance should not constitute participation absent coordination with the issuer to facilitate that issuance. Likewise, Treasury should clarify that a protocol operator enabling minting of a payment stablecoin onto its permissioned blockchain network that has permissioned U.S.-located as well as non-U.S. persons on the network would not knowingly participate in an unlawful issuance, if the understanding reached with the issuer is one in which primary issuance is limited to, and marketing of primary issuance targets only, non-U.S.-located persons on the network. Treasury should clarify that such an issuance would be lawful regardless of whether the issuer whitelists U.S.-located persons on that network purely to enable their participation in secondary market activity and in stablecoin uses, e.g., as collateral or settlement currency. Similarly, liquidity providers, validators, node operators, or operators of

and payment stablecoins issued by one of the issuers in the arrangement are fungible with payment stablecoins issued by the other issuers. As discussed above, Treasury should require a reliable attribution framework, which should identify each issuer's regulatory status and supported token contracts. Although the use of separate minter addresses may be one method, Treasury should not prescribe a single technological solution where equivalent attribution can be established through reliable legal, operational, accounting, or ledger-based records.

¹⁰ These goals are endorsed by Treasury in its joint statement with HM Treasury, U.S.-UK Joint Statement on Stablecoins (July 14, 2026), <https://home.treasury.gov/system/files/136/Stablecoinjointstatement.pdf>.

decentralized protocols should not be treated as participating in issuance solely because stablecoins are used in those systems.

SIFMA also requests that Treasury confirm the scope of the DASP definition for several common activities.

- First, managing reserves for a payment stablecoin issuer should not, by itself, constitute “participating in financial services relating to digital asset issuance” or otherwise bring the reserve manager within the DASP definition.
- Second, Treasury should distinguish accepting payment stablecoins as a form of payment from “exchanging digital assets for monetary value.” Permitting customers to pay in payment stablecoins is distinct from operating a stablecoin-fiat exchange service, and the former should not cause a person to be a DASP.
- Third, Treasury should confirm that DASP status is a legal-entity-specific determination, and that the prohibitions applicable to DASP activities do not apply to a DASP’s affiliates, subsidiaries, or portfolio companies that do not themselves engage in any activities of a DASP.

The definition of “digital asset” should be ledger-neutral

The statutory definition of “digital asset” refers to a “cryptographically secured distributed ledger,” and the Proposal does not address permissioned or private systems. SIFMA renews its request that Treasury confirm that the definition reaches systems offering equivalent transparency, security, and verifiability.

VIII. Wrapped Tokens and Cross-Chain Transfers

Cross-chain transfers that preserve the holder’s claim should not constitute issuance

SIFMA requests that Treasury confirm that a cross-chain transfer is not a new or further issuance, and that the bridge operator facilitating the cross-chain transfer is not an issuer, where (i) the holder retains a direct and enforceable claim against the original PPSI or qualifying FPSI, (ii) the underlying stablecoins remain segregated and unavailable for the bridge operator’s own use, (iii) the bridge operator does not assume an independent obligation to redeem the token for monetary value, and (iv) the arrangement does not otherwise alter the holder’s legal or economic rights as compared to direct ownership. That approach keeps issuer status tied to control over minting, burning, and the reserves, as discussed above, and avoids capturing participants acting as custodians and intermediaries in ordinary cross-chain transfers.¹¹ Similarly, SIFMA requests that where a PPSI or qualifying FPSI bridges tokens, e.g., by

¹¹ The OCC’s proposed rule contemplates that the transfer of a payment stablecoin from one distributed ledger to another may involve a new issuance of payment stablecoins, which the OCC would permit where necessary to facilitate the transfer without increasing net outstanding issuance. See Office of the Comptroller of the Currency, *Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency*, 91 Fed. Reg. 10,202 (Mar. 2, 2026) (proposed 12 C.F.R. § 15.11(g)(2)(i)). Whatever the treatment of such transfers for purposes of the OCC’s reserve and issuance requirements, SIFMA requests that Treasury clarify that a cross-

burning on a source chain and reminting on a destination chain, this action is not treated as a new issuance when the PPSI or FPSI is burning from, and minting into, either their own treasury account, or via direct interaction with a holder's wallet. To facilitate market participant knowledge of these structures, a PPSI or qualifying FPSI should be required to publish its official token contracts on each chain, and any token contract (such as one operated by a third-party bridge on the issuer's behalf) for which it maintains an obligation to redeem.

Treasury should address disclosure and evasion risks within wrapped tokens

Where a wrapper attached to a payment stablecoin creates a materially different claim against the wrapper provider than the one that was represented by the underlying payment stablecoin, Treasury may need to determine the treatment of that new wrapped payment stablecoin based on its own legal and economic characteristics. Treasury should not, however, automatically treat the wrapper provider as an issuer of the underlying payment stablecoin. Conversely, where the issuer of the underlying payment stablecoin, or a person acting on its behalf, controls the minting, redemption, and compliance functions of the wrapped token, for example by limiting the wrapped token to networks the issuer has approved and preserving the issuer's ability to block or freeze transfers, the wrapped token should be treated as the same payment stablecoin and not as a new issuance.

In determining whether to treat the wrapper provider as a separate issuer, SIFMA requests that Treasury consider if the creation, minting, or distribution of a wrapped payment stablecoin is a new issuance when the holder's rights run substantially against the person creating the wrapped token rather than against the original issuer. Indicative of that result are that the holder has no direct and enforceable claim against the original issuer; that the wrapper provider has discretion over the custody, use, rehypothecation, pledging, or disposition of the underlying stablecoins or reserves; or that the wrapped token's rights, obligations, risks, or redemption mechanics differ materially from those of the underlying payment stablecoin.

If Treasury does not treat a wrapper provider as a separate issuer in these circumstances, an intermediary that is not a PPSI could create stablecoin-like instruments for public circulation outside the Act's reserve, liquidity, capital, supervision, and customer-protection requirements. Wrapped tokens that shift the holder's claim to an intermediary expose holders to that intermediary's credit, operational, liquidity, and governance risk, including the risk of undisclosed rehypothecation or liquidation of the underlying stablecoins. SIFMA encourages Treasury to use its authority under Sections 3(d) and 13 of the Act to prevent the issuance of functionally similar wrapped tokens that lack protections equivalent to those under the Act, particularly where the difference between the wrapped token and the underlying payment stablecoin is not clearly and conspicuously disclosed before a holder acquires it or there is an

chain transfer meeting the conditions described above is not a new or further issuance for purposes of Section 3 of the Act, and does not cause the bridge operator or other person facilitating the transfer to be treated as an issuer or as knowingly participating in an unlawful issuance under Section 3(f).

indication that the wrapped arrangement would facilitate transactions, activities, or economic effects that are or may be inconsistent with the statutory design and implementing requirements of the GENIUS Act.¹²

IX. Additional Safe Harbor

Treasury should adopt a safe harbor for non-USD payment stablecoins

The definition of “payment stablecoin” does not specify a currency, so a euro-denominated stablecoin falls within it, yet such a stablecoin could not satisfy the Section 4(a) requirement that reserves be held almost exclusively in U.S. dollar-denominated assets. Firms therefore may be unable to determine whether such a stablecoin may lawfully be issued, offered, or distributed in the United States at all, except for the use of the Section 18(a) process, which remains uncertain absent Treasury rulemaking. In response to Question 75, SIFMA renews the request in our ANPRM Letter for a safe harbor for non-USD payment stablecoins that are backed by high-quality liquid assets denominated in the same currency and used for foreign exchange, cross-border payments, and settlement of non-USD tokenized securities.

* * *

SIFMA appreciates Treasury’s consideration of these comments and looks forward to further engagement with Treasury and other regulators on the implementation of the GENIUS Act. If you have any questions or would like to discuss these comments further, please contact Peter Ryan, Managing Director and Head of Digital Assets and International Policy, at (202) 962-7452 or pryan@sifma.org, or Micah Smith, Vice President, Digital Assets, at (212) 313-1329 or msmith@sifma.org.

Sincerely,



Kenneth E. Bentsen, Jr.
CEO and President

¹² Whether a wrapped token raises evasion concerns, and whether a wrapper provider should be treated as a separate issuer, should turn on a facts-and-circumstances analysis of the arrangement’s legal and economic characteristics, including those described above. Other types of tokens that are backed by payment stablecoins may raise different legal and regulatory considerations and, if they do not serve an equivalent economic function to a wrapped stablecoin, should be addressed separately, rather than through the analysis applicable to wrapped payment stablecoins. Additionally, to the extent Treasury relies on anti-evasion requirements to address risks posed by wrapped stablecoins, Treasury should confirm that a person that has taken reasonable steps to identify and avoid arrangements that would evade the Act is not viewed as engaged in evasion, and that these concepts do not expand criminal liability under Section 3(f) to third parties based on an issuance by another person, such as a wrapper provider. SIFMA notes that the proposals of the Federal payment stablecoin regulators would impose requirements directly on issuers, including to prohibit an issuer from engaging in activity intended to evade the requirements of Section 4 of the Act. SIFMA recommends that Treasury coordinate with the primary Federal and State payment stablecoin regulators with respect to prohibiting evasion of the requirements of the Act, to the extent evasion involves a PPSI.