June 9, 2026

Via Electronic Submission and Electronic Mail

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments, RIN 3064-AG19
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Comments@fdic.gov

**Re: Notice of Proposed Rulemaking, GENIUS Act Requirements and Standards for FDIC Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions; RIN 3064-AG19; 91 Fed. Reg. 18534 (April 10, 2026)**

Dear Ms. Jones:

The Independent Bankers Association of Texas ("IBAT") respectfully submits these comments in response to the notice of proposed rulemaking issued by the Federal Deposit Insurance Corporation (the "FDIC" or the "Agency") implementing certain requirements of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the GENIUS Act). IBAT represents independent community banks operating across the State of Texas. These institutions are the primary sources of credit for the small businesses, agricultural producers, and families in communities of all sizes. IBAT has also organized a consortium of community banks, in and outside of Texas, that are in the process of implementing a tokenized deposit pilot program ("DTX"). Accordingly, IBAT has a direct and substantial interest in any framework that governs how deposits, the foundation of community bank lending, may be represented, transferred, and insured in tokenized form.

IBAT writes in support of the proposed rule, and in particular in strong support of the Agency's proposed clarifications concerning the treatment of deposits in tokenized form and the deposit insurance treatment of payment stablecoin reserves. IBAT also writes to encourage the Agency to strengthen the prohibition on the payment of interest or yield in connection with payment stablecoins, an area in which, if left unaddressed, could weaken the deposit base on which community bank credit depends.

These comments are substantively informed by IBAT's direct experience through the DTX Tokenized Deposit consortium, a network of Texas community banks that has been developing a permissioned distributed ledger on which a participating bank's own deposit liabilities are represented in tokenized form. The structural and risk management features described below are drawn from materials prepared in support of the DTX network.

## I. Summary of IBAT's Position

As provided for more fully below, IBAT submits the following:

1. IBAT strongly supports the technology neutral principle the Agency proposes to codify in new 12 CFR 330.3(k) and in the amended definition of deposit account records at 12 CFR 330.1(e), and urges the Agency to adopt that broad principle as proposed without narrowing further;

2. IBAT asks the Agency to confirm that a token that represents the issuing bank's own deposit liability, that is redeemable at par, and that is recorded on the bank's books with the ledger reconciled to the bank's system of record, is a deposit under the Federal Deposit Insurance Act, and is neither a payment stablecoin nor a separate claim on a deposit;

3. IBAT explains, by reference to the DTX proposed architecture, why distributed ledger recordkeeping does not impair the Agency's ability to determine insurance coverage or to aggregate tokenized balances with traditional deposits;

4. IBAT urges the Agency to close the practical gaps in the interest and yield prohibition by defining the term holder and by confirming the breadth of the prohibition, as intended by Congress;

5. IBAT supports the Agency's proposed treatment of stablecoin reserve deposits as corporate deposits of the issuer without pass through coverage; and

6. IBAT asks the Agency to tailor implementation so that community banks may participate without disproportionate burden.

## II. The Proposed Rule Correctly Keeps Tokenized Deposits Within the Regulated Banking System

IBAT commends the Agency for recognizing, in the supplementary information accompanying the proposed rule, that tokenized deposits fund a bank's extensions of credit and are an integral part of the services provided by banks of all sizes. A tokenized deposit, unlike a payment stablecoin, keeps a customer's funds inside an insured depository institution, where those funds will support lending to the local economy. A regulatory framework that affords tokenized deposits clear and durable legal treatment advances, rather than undermines, the safety and soundness objectives that are memorialized in the Federal Deposit Insurance Act.

By confirming that banks may modernize their deposit infrastructure using distributed ledger technology without forfeiting the legal status or the insured character of those deposits gives community banks a credible path to compete in digital payments on terms that further preserve the deposit base. IBAT urges the Agency to retain and to reinforce this framing in the final rule.

## III. IBAT Supports the Technology Neutral Amendments (Proposed 12 CFR 330.3(k) and 330.1(e)) (Question 131)

IBAT strongly supports the Agency's proposal to codify the principle that the technology or type of recordkeeping an insured depository institution uses to record its deposit liabilities does not affect whether those liabilities constitute deposits. The statutory definition of deposit in section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) is, as the Agency notes, technology neutral on its face. A product that satisfies that definition is a deposit, and it should be treated no differently because it is recorded on a distributed ledger rather than in a traditional core system. As the Agency observes, a tokenized product that meets the statutory definition is afforded the same Federal deposit insurance coverage as a deposit that is not in tokenized form.

In response to Question 131, IBAT urges the Agency to adopt the broad, principle based formulation reflected in proposed 12 CFR 330.3(k) rather than a narrower amendment limited to tokenized deposits. The broad principle set-forth accommodates forms of recordkeeping that have not yet emerged, it avoids the need for repeated amendment as the technology evolves, and it places the analytical emphasis on whether the liability meets the statutory definition of deposit, rather than on the characteristics of any particular ledger. IBAT likewise supports the conforming amendment to the definition of deposit account records in proposed 12 CFR 330.1(e).

## IV. The Agency Should Confirm the Classification of a Tokenized Deposit That Represents the Issuing Bank's Own Deposit Liability (Questions 133, 134, and 138)

The single most important source of legal uncertainty for community banks considering tokenized deposit programs is the question the Agency raises in Question 138: when is a digital asset the tokenized deposit itself, and when is it instead a separate interest in, or claim on, a deposit that might be characterized as a payment stablecoin backed by tokenized deposits. IBAT respectfully urges the Agency to resolve this question in the final rule, and offers the DTX architecture as a concrete and representative fact pattern.

Under the DTX framework, a participating bank's own on-us deposit liabilities will be represented as tokens on a permissioned distributed ledger. The token is the bank's deposit liability expressed in tokenized form. It is not a claim issued by a separate entity, it is not collateralized by a pool of reserve assets, and it does not represent an interest in a deposit held by another party. The depositor relationship runs directly between the customer and the issuing bank, the token is redeemable by the issuing bank at par, and the issuing bank records the liability on its own books. The permissioned ledger functions as a representation of, and is reconciled to, the bank's system of record, which remains the authoritative ledger of the bank's deposit obligations.

Accordingly, deposits with the characterizations as described above, are in fact deposits under section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)). Further, these deposits are expressly excluded from the proposed definition of payment stablecoin in proposed 12 CFR 350.1(b)(17), which mirrors section 2(22) of the GENIUS Act. In response to Questions 133 and 134, IBAT supports the Agency adopting a defined term for tokenized deposit, together with a description of its key characteristics, so that community banks and their examiners may rely on a bright line. IBAT respectfully suggests that the defining characteristics should include the following: the instrument is the direct deposit liability of the issuing insured depository institution; the depositor relationship runs between the customer and the issuing institution; the instrument is redeemable by the issuing institution at par and on demand or in accordance with the deposit account terms; the issuing institution records the liability on its books and records; and the distributed ledger representation is reconciled to those books and records, which remain authoritative. An instrument that instead represents a claim against a party other than the institution holding the underlying deposit, or that is backed by a segregated pool of reserve assets and marketed as maintaining a stable value, falls outside this definition and should be analyzed under the payment stablecoin framework or other applicable law.

**V. Distributed Ledger Recordkeeping Does Not Impair Deposit Insurance Determination or Aggregation (Questions 137 and 139)**

In Question 137, the Agency asks what challenges tokenized deposits may present for blockchain and distributed ledger recordkeeping, particularly as to identifying owners of deposits and aggregating tokenized deposits with other traditional deposits at the time of an institution's failure. IBAT shares the Agency's view that the integrity of deposit account records is essential to the prompt and accurate determination of insurance coverage, and submits that a properly designed tokenized deposit program preserves that integrity.

As mentioned previously, the DTX architecture is intended to be instructive so that the participating bank's tokenized balances on the permissioned ledger are reconciled to the bank's ledger. Owner level information is maintained within the bank's records in the ordinary course of business. Because the bank's books and records remain authoritative and the ledger representation is reconciled to them, the Agency would be able to identify the owners of tokenized deposits and to aggregate those deposits with the owner's other deposits at the same institution in the same manner as for any traditional deposit.

Accordingly, IBAT asks the Agency to confirm that distributed ledger records maintained in the ordinary course of business, together with the institution's books and records, satisfy the deposit account records standard for purposes of deposit insurance determination, and that the use of distributed ledger technology does not impose any additional substantive requirement beyond those applicable to traditional deposits. With respect to Question 139, IBAT does not believe that wholesale revision of the pass through rules is necessary to accommodate tokenized deposits that are the direct liabilities of the issuing institution. To the extent the Agency considers refinements to account titling or recordkeeping expectations, IBAT urges that any such refinements be principle based, be compatible with reconciled ledger architectures of the kind DTX will employ, and avoid prescriptive technical mandates that would disadvantage smaller institutions.

The Agency should explicitly state that a tokenized deposit should be presumptively treated as a deposit where:

(1) legal liability remains with the issuing bank;

(2) the customer relationship is direct;

(3) redemption at par is guaranteed; and

(4) core system reconciliation is continuous.

## VI. Programmability and Smart Contracts Do Not Alter the Legal Character of a Deposit (Question 135)

In Question 135, the Agency asks how the evolving capabilities of tokenized deposit products, including the use of smart contracts, might alter the underlying nature of a bank's liability. IBAT's position is that programmability is a feature of the recordkeeping and transfer mechanism, not of the underlying obligation. So long as the instrument remains the direct deposit liability of the issuing institution, redeemable at par, and so long as the depositor relationship and the institution's obligation are preserved, the addition of programmable functionality such as conditional transfer logic or automated settlement does not convert the deposit into something else. IBAT asks the Agency to confirm this principle, while acknowledging that the Agency may appropriately expect institutions to maintain controls over smart contract development, testing, and change management.

## VII. The Agency Should Close the Practical Gaps in the Interest and Yield Prohibition (Questions 13, 21, 22, 23, and 24)

IBAT supports the prohibition in proposed 12 CFR 350.3(b)(4), which would implement section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)), on the payment by a permitted payment stablecoin issuer of any interest or yield solely in connection with the holding, use, or retention of a payment stablecoin, and IBAT supports the rebuttable presumption the Agency proposes to apply to arrangements involving affiliates and related third parties. As drafted, however, the prohibition leaves open avenues by which yield economically equivalent to interest may be delivered to the persons who hold payment stablecoins, and IBAT urges the Agency to close those avenues in the final rule. If nonbank payment stablecoins can be made to function as interest bearing deposit substitutes, the predictable consequence is deposit disintermediation and a contraction of the credit that community banks extend to their communities, a dynamic the nation has experienced before when yield seeking behavior migrated outside the regulated deposit system.

First, in response to Question 13, IBAT urges the Agency to define the term payment stablecoin holder, which the GENIUS Act leaves undefined. The definition should make clear that, where a payment stablecoin is held in a custodial or hosted wallet maintained by an exchange or other intermediary, that intermediary is a holder for purposes of the prohibition. Without such a definition, the prevalent three-party arrangement, in which an issuer shares reserve income with an exchange that in turn pays its customers a reward for maintaining balances, may be structured to fall outside the prohibition even though it delivers yield to the persons holding the coin. Defining holder to include the custodial intermediary would ensure that the prohibition reaches the arrangement through which yield is in fact delivered. The final rule should clarify that arrangements structured to transfer reserve income—directly or indirectly—to stablecoin users will be deemed evasion of the statutory prohibition.

Second, in response to Questions 21 and 22, IBAT supports retaining the affiliate and related third party presumption and asks the Agency to construe it broadly. In particular, the category of a related third party that offers to pay interest or yield to payment stablecoin holders as a service should be read to capture an exchange or platform that operates a rewards or loyalty program funded, directly or indirectly, by reserve income or by a marketing or distribution payment from the issuer, regardless of how the program is labeled. The Agency should make clear that an issuer may not accomplish indirectly, through a distribution or marketing payment that is passed through to holders, what it is forbidden to do directly.

Third, in response to Question 23, IBAT urges the Agency to confirm that the phrase interest or yield, whether in cash, tokens, or other consideration, is to be applied according to economic substance rather than form. The line the Agency should draw is between consideration that rewards the holding of balances, which is yield by another name, and consideration that is genuinely incidental to a discrete transaction.

Fourth, in response to Question 24, IBAT submits that the economic and market consequences of a narrow prohibition, one that reaches only the issuer and not the affiliates, exchanges, and platforms that in practice deliver yield to holders, would be materially adverse. A narrow prohibition would permit the deposit substitute economics that the GENIUS Act sought to foreclose, with the attendant risk of deposit outflows from community banks and a corresponding reduction in credit availability for small businesses and farmers. A broader and clearly drawn prohibition, by contrast, would preserve the role of the payment stablecoin as a payment instrument rather than an investment, consistent with the structure and purpose of the Act.

IBAT further notes that any rulemaking in this regard must not disadvantage the insured depositories participating in digital asset related activities, including stablecoin, that will result in disparate treatment of insured depositories v. their nonbank/uninsured counterparts. The Agency needs to recognize that any yield-bearing stablecoin structures may accelerate migration of core deposits, increasing reliance on non-core funding and elevating liquidity risk profiles for community banks.

**VIII. IBAT Supports the Treatment of Stablecoin Reserve Deposits as Corporate Deposits Without Pass Through Coverage (Proposed 12 CFR 330.11(a)(3)) (Question 125)**

IBAT supports the Agency's proposal to clarify that deposits placed at an insured depository institution as reserves backing a payment stablecoin would be insured to the permitted payment stablecoin issuer as corporate deposits, aggregated with the issuer's other deposits at the same institution and subject to the standard maximum deposit insurance amount, and would not be insured to payment stablecoin holders on a pass through basis. This treatment is the best reading of the GENIUS Act, which expressly provides that payment stablecoins are not subject to Federal deposit insurance and prohibits representations to the contrary (12 U.S.C. 5903(e)).

**IX. Implementation Should Be Tailored to Preserve Community Bank Participation**

Finally, IBAT asks the Agency to remain attentive to the cumulative compliance burden the framework imposes, and to tailor that burden to the size, complexity, and risk profile of the institution. The community banks that IBAT represents keep the deposits at the heart of this rulemaking back into the insured banking system, but they do so with limited compliance resources. IBAT urges the Agency, wherever consistent with safety and soundness, to leverage existing reporting channels such as the Consolidated Reports of Condition and Income, to avoid duplicative reporting, and to calibrate any new requirements so that participation in tokenized deposit and related programs remains realistic for institutions that are not among the largest. The DTX shared responsibility model, under which certain risk management, validation, and documentation functions are provided at the consortium level for each participating bank to review, adopt, and oversee, illustrates how community banks can meet rigorous supervisory expectations efficiently, and IBAT encourages the Agency to recognize and accommodate such consortium based approaches. Without calibrated requirements, smaller institutions may face disproportionate compliance costs related to validator oversight, smart contract controls, and reconciliation processes.

## X. Conclusion

IBAT appreciates the opportunity to comment on this important proposal and commends the Agency for advancing a framework that channels digital asset innovation through insured depository institutions rather than around them. IBAT supports the proposed clarifications concerning tokenized deposits and reserve deposits, and respectfully urges the Agency to adopt the refinements described above, in particular by confirming the classification of bank issued tokenized deposits and by closing the practical gaps in the interest and yield prohibition. IBAT and the DTX consortium stand ready to serve as a resource to the Agency as the rulemaking proceeds.

Please do not hesitate to contact the undersigned with any questions concerning these comments.

Respectfully submitted,

/s/

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