Independent Bankers Association of Texas

May 1, 2026

Chief Counsel's Office
Attention: Comments Processing
Office of the Comptroller of the Currency
400 7th Street, SW, Suite1E-216
Washington, DC 20219

Re: Proposed Rulemaking on the Implementation of the GENIUS Act; Docket ID OCC-2025-0372; RIN 1557-AF41

Dear Counselor,

The Independent Bankers Association of Texas ("IBAT") appreciates the opportunity to comment on the Office of the Comptroller of the Currency's ("OCC") Notice of Proposed Rulemaking ("NPRM") regarding the implementation of the GENIUS Act. As a representative of banks dedicated to serving communities across Texas, we support the goal of creating a clear federal framework for payment stablecoins. However, we have significant concerns regarding certain provisions that may inadvertently disadvantage traditional community banks or create unmanageable compliance burdens.

SUMMARY: The Office of the Comptroller of the Currency (OCC) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.

Texas community bankers understand that stablecoin is generally understood to be a digital asset designed to maintain a stable value relative to the U.S. dollar and intended to facilitate payments and settlement over digital payment rails and <u>not</u> as an investment vehicle. When appropriately designed and supervised, stablecoins could support faster and more efficient payments and broaden access to modern payment functionality.

Prohibition on Yield and the "Rebuttable Presumption"

We support the prohibition on "rewards" or "yield" or similar economic benefits offered by or thru stablecoin issuers or where stablecoins are held or traded. That prohibition should be broadly defined because from the perspective of the stablecoin holder, <u>any</u> incentive is indistinguishable from the payment of interest on an account. The solution to that is to define or interpret "interest" to include any payment, credit, rebate, reward, or other consideration <u>tied</u> to the amount of stablecoins held and/or the duration of holding.

However, while we understand the GENIUS Act's statutory prohibition on paying interest or yield to stablecoin holders, the OCC should clarify what constitutes a "rebuttable presumption" of a violation when a bank enters arrangements with affiliates or third parties. This presumption potentially shifts the burden of proof onto the bank to demonstrate that standard, competitive service-level agreements (SLAs) or marketing partnerships are not "disguised yield."

The presumption is overly broad and may unintentionally penalize <u>ordinary</u> bank activities simply because an affiliate or third-party is involved in issuing or holding stablecoin. The OCC should clarify that standard banking services—such as loyalty programs, cross-selling discounts, or fee waivers—do not trigger this "rebuttable presumption," provided they are <u>not</u> directly tied to the passive holding of the stablecoin balance and are <u>not</u> a means to benefit stablecoin holders.

Additionally, stablecoin issuers should be required to provide clear and conspicuous disclosures that stablecoins are not FDIC insured, are not bank deposits and may carry different risk profiles than traditional deposits accounts.

Operational Backstop and Capital Requirements

The proposal requires Permitted Payment Stablecoin Issuers ("PPSIs") to maintain an operational backstop equal to 12 months of operating expenses in cash or near-cash assets.
For a community bank operating a stablecoin subsidiary, this requirement is overly punitive when compared to the capital requirements for traditional deposit activities. This "trapped capital" limits Texas community bank's ability to deploy funds into local community lending.

The NPRM may have the unintended consequence of discouraging community banks from issuing or even experimenting with stablecoin because of excessive capital friction. The OCC should provide a "Community Bank "Tier" or a scaling factor that recognizes the existing robust capital and liquidity oversight of the parent insured depository institution.

Custody and Reserve Management

The NPRM imposes strict requirements on the management of reserve assets, including a potential requirement for a reserve asset buffer. If the OCC mandates a buffer in excess of 1:1, it could make the stablecoin business model unviable for smaller institutions. Furthermore, the exclusion of certain high-quality liquid assets that community banks traditionally hold could force Texas community banks into a narrow range of assets (like short-term Treasuries), increasing concentration risk.

The NPRM could inadvertently weaken community bank funding and local credit creation. We urge the OCC to align reserve asset eligibility with existing HQLA standards and to allow community banks to hold reserves in the form of deposits, consistent with safe and sound banking practices.

The OCC must build a practical framework for payment stablecoin issuance from the beginning, with standardized capital floors and hard structural guardrails rather than deferring key questions to supervisory discretion or future guidance. The OCC should provide a standardized, objective capital methodology that ensures transparency and consistent standards across issuer types. Bank-affiliated issuers operate under clear capital requirements from day one; the final rule should establish a framework for PPSIs that reflects the same rigor and clarity, appropriately calibrated to the risks presented by different PPSI business models.

Regulatory Tailoring and De Novo Licensing

The GENIUS Act allows for the creation of nonbank PPSIs and national trust banks to issue stablecoins. We are concerned that a "one-size-fits-all" supervisory approach will favor large, tech-heavy nonbank entities that can absorb high compliance costs, while pricing out community banks from the digital asset space.

We request that the OCC implement a tiered supervisory framework that accounts for the size and risk profile of the issuer, ensuring that community banks can remain competitive in providing digital payment solutions to their customers.

Community banks are the backbone of the American economy. As we move toward a digital-first financial system, it is vital that the implementation of the GENIUS Act provides a level playing field for banks of ALL sizes. We urge the OCC to refine these rules to avoid redundant capital burdens and to provide clearer "safe harbors" for legitimate banking activities.

Thank you for your consideration of our views.

Sincerely,

/s/

Christopher L. Williston VI
President and CEO
Independent Bankers Association of Texas (IBAT)