Statement by Acting Chairman Travis Hill

Proposed Rule Regarding Approval Requirements for Issuance of Payment Stablecoins by Subsidiaries of FDIC-Supervised Insured Depository Institutions

December 16, 2025

In July, President Trump signed into law the GENIUS Act,[1] which established a framework for the issuance of payment stablecoins in the United States.[2] Under Section 5 of the GENIUS Act, any insured depository institution (IDI) that seeks to issue payment stablecoins through a subsidiary is required to submit an application to its primary Federal payment stablecoin regulator.[3] Once any such application is approved, the permitted payment stablecoin issuer (PPSI) may engage in the limited range of activities authorized by the statute.[4]

Today, the FDIC Board is considering a proposed rule that would establish procedures for FDIC-supervised institutions that seek to issue payment stablecoins through a subsidiary pursuant to the GENIUS Act. Under the proposal, the FDIC would adopt a tailored application process that would enable the FDIC to evaluate the safety and soundness of an applicant's proposed activities based on the statutory factors[5] while minimizing the regulatory burden on applicants.

This proposed rule is the FDIC's first action to implement the GENIUS Act. In the months ahead, we expect to issue a proposed rule to establish the statutorily mandated capital, liquidity, and risk management requirements for subsidiaries of FDIC-supervised institutions that are approved to be PPSIs,[6] among other GENIUS Act-related workstreams. We will also continue to explore ways to provide regulatory clarity regarding activities related to digital assets and tokenized deposits more broadly.

I would like to thank the FDIC staff for their work on this proposed rule, and I look forward to reviewing the comments.

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[1] Pub. L. No. 119-27, 139 Stat. 419 (codified at 12 U.S.C. 5901-5916).

[2] A payment stablecoin is defined as a digital asset that is, or is designed to be, used as a means of payment or settlement and the issuer of which (i) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (ii) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.

[3] 12 U.S.C. 5904(a). The FDIC is the primary Federal payment stablecoin regulator with respect to any subsidiary of an IDI that is a State-chartered insured bank that is not a member of the Federal Reserve System or a State-chartered savings association (each, an "FDIC-supervised institution"). 12 U.S.C. 1813(q).

[4] 12 U.S.C. 5903(a)(7). A PPSI may only (i) issue payment stablecoins, (ii) redeem payment stablecoins, (iii) manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with State and Federal law, (iv) provide custodial or safekeeping services for payment stablecoins, required reserves, or private keys of payment stablecoins, and (v) undertake other activities that directly support any of the activities describes in (i) through (iv).

[5] 12 U.S.C. 5904(c).

[6] 12 U.S.C. 5903(a)(4).