

Banking and Finance Law Daily Wrap Up, FINANCIAL TECHNOLOGY—Banking groups urge clarity on stablecoin identification rule, (Aug. 26, 2026)

Banking and Finance Law Daily Wrap Up

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The Bank Policy Institute and The Clearing House Association are asking FinCEN and four federal banking agencies to clarify how proposed customer identification requirements for payment stablecoin issuers apply to secondary-market activity and to redemption transactions.

The Bank Policy Institute and The Clearing House Association [urged](#) the Financial Crimes Enforcement Network (FinCEN), the Office of the Comptroller of the Currency, the Fed, the Federal Deposit Insurance Corporation, and the National Credit Union Administration to clarify the scope of customer identification program obligations for permitted payment stablecoin issuers, in a [comment letter](#) filed Aug. 21, 2026, on a proposed rule implementing the GENIUS Act (see [Banking and Finance Law Daily](#), June 18, 2026). The associations said they generally support the proposed framework but asked the agencies to address gaps involving secondary-market intermediaries, redemption timing, and overlapping definitions of “customer” and “account.”

Secondary-market obligations. The letter said the proposal applies only to primary-market transactions between issuers and customers, leaving open how customer identification obligations apply to secondary-market actors such as digital asset service providers, exchanges, and custodians. The associations said FinCEN has recognized that most illicit activity involving stablecoins occurs on the secondary market. They noted that many secondary-market actors are regulated as money services businesses, which under existing rules are not subject to formal customer identification requirements, unlike banks and other financial institutions covered by the proposal. The associations recommended that FinCEN, through additional guidance or a separate rulemaking, clarify that secondary-market actors maintaining account-like relationships with customers are subject to customer identification obligations comparable to those imposed on issuers.

Redemption timing. The letter addressed a related proposed rule requiring issuers to complete redemption within two business days of a request. The associations said that timeline could conflict with the time needed to complete customer identification review for a stablecoin holder with no prior relationship to the issuer. They asked the agencies to clarify that redemption deadlines may be tolled or extended for the time reasonably necessary to complete required compliance reviews, particularly during periods of high redemption volume.

Onboarding standards. The associations asked the agencies to confirm that an issuer may decline to onboard a stablecoin holder as a customer and may decline to redeem the stablecoin or provide other services, if the holder does not satisfy the issuer’s compliance and onboarding standards. The letter said this authority is necessary because customer identification review may show that a prospective customer cannot be identified or verified, presents indicia of suspicious activity, or otherwise requires enhanced due diligence before a transaction can proceed.

Definitional clarity. The letter said the proposed definitions of “customer” and “account” are circular because each term references the other and asked the agencies to revise the definition of “account” so that it applies only when an issuer provides the enumerated services to another party. The associations said the change would prevent third-party vendors, such as reserve managers, from being treated as an issuer’s customers. The letter also asked the agencies to remove a proposed requirement that issuers collect a legal entity customer’s date of formation, saying no existing

customer identification rule includes that requirement and the proposal did not explain why it is needed.

Other industry comments. The American Bankers Association filed a separate comment letter Aug. 24, 2026, urging the agencies to remove a proposed “formal relationship” limit on when customer identification obligations attach and to require digital exchanges to collect and retain customer identifying information (see [Banking and Finance Law Daily](#), Aug. 24, 2026). The Blockchain Association said it supports the proposal’s core design, including its decision to limit customer identification obligations to primary-market relationships, but asked the agencies to allow issuers to use modern and interoperable verification methods. The Independent Community Bankers of America said the final rule should hold issuers to bank-equivalent customer identification, verification, and record-keeping standards and should not permit reduced compliance requirements for nonbank issuers (see [Banking and Finance Law Daily](#), Aug. 25, 2026).

Companies: American Bankers Association; Bank Policy Institute; Blockchain Association; Independent Community Bankers of America; The Clearing House Association

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