Banking and Finance Law Daily Wrap Up, FINANCIAL TECHNOLOGY—Banking associations comment on FDIC's AML/CFT proposed rule, (Aug. 5, 2026)

Banking and Finance Law Daily Wrap Up

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The American Bankers Association, Bank Policy Institute, and Clearing House support the agency's efforts to develop a clear sanctions framework for permitted payment stablecoin issuers.

Banking trade associations have commented on a notice of proposed rule (NPRM) issued by the Federal Deposit insurance Corporation on June 5, 2026, setting Bank Secrecy Act (BSA) and sanctions compliance standards for permitted payment stablecoin issuers (PPSIs) supervised by the agency under the GENIUS Act (see *Banking and Financial Daily*, May 26, 2026). The proposed rule would require such PPSIs to comply with applicable anti-money-laundering and countering the financing of terrorism (AML/CFT) requirements, economic sanctions rules, reporting obligations, and customer-identification standards, while also establishing a supervisory and enforcement framework for AML/CFT program deficiencies.

In its letter, the American Bankers Association (ABA) supports the FDIC's "sensible approach" to burden reduction and regulatory consistency, but reiterates their earlier recommendations made on a separate rulemaking proposal by Treasury's Office of Foreign Assets Control (OFAC) and its Financial Crimes Enforcement Network (FinCEN) on the same matter. In a joint letter by the Bank Policy Institute and The Clearing House (BPI/CH), the associations also support the FDIC's proposed AML/CFT requirements but are concerned about the "inappropriately short and fragmented comment period." BPI/CH also gave specific responses to questions posed by the agency in its NPRM.

The FDIC's proposal supplements the FDIC's April 2026 proposed rule implementing GENIUS Act requirements for PPSIs (see *Banking and Finance Law Daily*, Apr. 8, 2026). Also in April of 2026, an NPRM titled, "Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements," was proposed by FinCEN and OFAC. The NPRM being commented on by the banking associations supplements that earlier NPRM proposed by FDIC and effectively requires FDIC-regulated PPSIs to comply with the anti-illicit finance program requirements proposed in the FinCEN/OFAC NPRM. The Office of the Comptroller of the Currency (OCC) also took the same approach by adopting the FinCEN/OFAC NPRM in its separate June 24, 2026, proposal (see *Banking and Finance Law Daily*, June 23, 2026).

ABA. "ABA supports FDIC's sensible approach to burden reduction and regulatory consistency—namely requiring compliance by PPSIs with the regulations jointly promulgated by FinCEN and OFAC as fully satisfying FDIC's requirement to issue regulations implementing 'BSA and sanctions compliance standards' pursuant to the GENIUS Act," writes the ABA in its comment letter. However, the association added a caveat: ". . . provided ABA's recommendations to amend the proposal are adopted." The association then reiterated its earlier FinCEN/OFAC recommendations. These include adoption of an examination framework under which all categories of PPSIs are subject to equivalent BSA regulation and examined for AML/CFT and sanctions compliance by the same federal banking agencies. Next, ABA recommends that "deemed compliance" logic should be applied to PPSI subsidiaries of insured depository institutions to allow them to rely on their parent bank's enterprise-wide AML/CFT program. Third, ABA recommends that the final rule should expressly confirm that it imposes obligations solely on PPSIs and does not reach reserve custodian banks or others providing services to PPSIs. Finally, ABA recommends that key terms, such as "block," "freeze," "burn," "reject," seize," and "account," be defined.

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BPI/CH. In their letter, BPI/CH reiterate their concern expressed in previous comment letters that "commenters have not been given a meaningful opportunity to evaluate the numerous interdependent proposals implementing the GENIUS Act either individually or comprehensively." They also again called for federal payment stablecoin regulators and other relevant agencies to coordinate their rulemaking before finalizing any rules "to avoid unintended policy consequences, unworkable or incongruous requirements, and regulatory arbitrage opportunities."

In general, BPI/CH supports the FDIC's proposal to require FDIC-supervised PPSIs to meet the same obligations established by FinCEN and OFAC in their proposal. They also support the requirement that agencies consult with FinCEN before taking any significant AML/CFT supervisory action. They also agree that a PPSI should be able to share confidential information with FinCEN to facilitate the consultation. "However, in no case should a PPSI be required to seek prior approval, obtain a 'no-objection,' or provide advance notice before sharing such information with FinCEN," they add. The associations also support the FDIC's proposed language indicating that a PPSI will not be subject to AML/CFT enforcement action except with respect to a significant or systemic failure to implement an effective AML/CFT program. However, they note that heightened supervisory attention may be appropriate during initial operation, particularly for issuers that do not rely on AML/CFT program services provided by an entity supervised by a federal banking agency.

In response to specific questions posed by the FDIC in its NPRM, BPI/CH recommended that the FDIC coordinate with FinCEN and other primary federal stablecoin regulators to ensure the agencies adopt the same key definitions and standards for the proposed supervisory and enforcement framework "to help ensure consistency and transparency." They also recommend that agencies and regulators make clear that supervisors and examiners evaluating PPSI AML/CFT compliance approach all PPSIs equally and not hold PPSI subsidiaries of insured depository institutions to a higher standard than other PPSIs. BPI/CH also answered that they did not think the proposed consultation process should include an asset threshold or be optional. They also recommend that the final rule should clarify that the consultation framework is not intended to result in duplilcative supervisory or enforcement actions. The associations concluded, "We . . . emphasize again the importance of coordination among FinCEN and the primary Federal payment stablecoin regulators to implement materially similar consultation processes, including by adopting the same definitions of relevant terms, to help ensure that the consultation process is established and oeprated consistently across all relevant federal agencies."

Companies: American Bankers Association; Bank Policy Institute; The Clearing House

RegulatoryActivity: BankSecrecyAct BankingOperations Blockchain FinancialIntermediaries FinTech

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