

A 30-day comment period is provided to allow interested persons to respond to this proposal. All written comments received in response to this proposed rule by the date specified will be considered prior to finalizing this action.

#### List of Subjects in 7 CFR Part 1210

Administrative practice and procedure, Advertising, Agricultural research, Consumer protection, Marketing agreements, Reporting and recordkeeping requirements, Watermelon.

For the reasons set forth in the preamble, the Agricultural Marketing Service proposes to amend 7 CFR part 1210 as follows:

#### PART 1210—WATERMELON RESEARCH AND PROMOTION PLAN

■ 1. The authority citation for part 1210 continues to read as follows:

**Authority:** 7 U.S.C. 4901–4916 and 7 U.S.C. 7401.

#### Subpart C—Rules and Regulations

■ 2. Section 1210.501 is revised to read as follows:

##### § 1210.501 Realignment of districts.

In accordance with § 1210.320(c) of the Plan, the districts shall be as follows:

(a) \* \* \*

(b) *District 2*—The States of Alabama, Georgia, and South Carolina.

(c) *District 3*—The States of Arkansas, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, Tennessee, and Texas.

(d) \* \* \*

(g) *District 5*—The States of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.

■ 3. Section 1210.502 is revised to read as follows:

##### § 1210.502 Board members.

The Board consists of 10 producers, 10 handlers, seven importers, and one public member appointed by the Secretary.

**Erin Morris,**

*Administrator, Agricultural Marketing Service.*

[FR Doc. 2025–18232 Filed 9–18–25; 8:45 am]

**BILLING CODE P**

#### DEPARTMENT OF THE TREASURY

##### 12 CFR Chapter XV, 31 CFR Subtitles A and B

[TREAS–DO–2025–0037]

RIN 1505–ZA10

#### GENIUS Act Implementation

**AGENCY:** Department of the Treasury.

**ACTION:** Advance notice of proposed rulemaking.

**SUMMARY:** The Department of the Treasury (Treasury) is issuing this advance notice of proposed rulemaking (ANPRM) to solicit public comment on questions relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. The GENIUS Act tasks Treasury (and various other federal agencies) with issuing regulations that encourage innovation in payment stablecoins while also providing an appropriately tailored regime to protect consumers, mitigate potential illicit finance risks, and address financial stability risks. Through this ANPRM, Treasury is seeking public comment on potential regulations that may be promulgated by Treasury, including regarding regulatory clarity, prohibitions on certain issuances and marketing, Bank Secrecy Act (BSA) anti-money laundering (AML) and sanctions obligations, the balance of state-level oversight with federal oversight, comparable foreign regulatory and supervisory regimes, and tax issues, among other things. Treasury is seeking comment on all aspects of the ANPRM from all interested parties and also requests commenters to identify other issues that Treasury should consider.

**DATES:** Comments on this ANPRM must be received on or before October 20, 2025.

**ADDRESSES:** Written comments may be submitted through one of two methods:

- *Electronic Submission:* Comments may be submitted electronically through the Federal Government eRulemaking portal at <https://www.regulations.gov>.
- *Mail:* Send to U.S. Department of the Treasury, Attention: Office of General Counsel, 1500 Pennsylvania Avenue NW, Washington, DC 20220.

We encourage comments to be submitted via <https://www.regulations.gov>. All comments should be captioned with “GENIUS Act Implementation Comments.” Please include your name, organizational affiliation, address, email address, and telephone number in your comment. All comments received, including attachments and other supporting

materials, will be part of the public record and subject to public disclosure. Do not submit any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

**FOR FURTHER INFORMATION CONTACT:** Tian Huang and Shane Shannon, Counselors to the General Counsel; Christina Lee, Senior Counsel; Degi Altantuya, Frank Colleluori, Brendan Costello, Matan Neuman, Carol Rodrigues, and David Wertime, Attorney-Advisors, Office of the General Counsel, *OGC\_GeniusAct@Treasury.gov*, 202–622–0480, Department of the Treasury, 1500 Pennsylvania Ave. NW, Washington, DC 20220.

#### SUPPLEMENTARY INFORMATION:

##### I. Background and Authority

The GENIUS Act, enacted on July 18, 2025, provides a comprehensive framework for the federal regulation of payment stablecoins.<sup>1</sup> As defined in the GENIUS Act, a payment stablecoin is a digital asset<sup>2</sup> (i) that is, or is designed to be, used as a means of payment or settlement and (ii) the issuer of which is obligated to convert, redeem, or repurchase for a fixed amount of monetary value and represents or creates the reasonable expectation that it will maintain a stable value relative to a fixed amount of monetary value.<sup>3</sup> U.S. dollar-denominated (USD) stablecoins seek to combine the accessibility and frictionless use of digital assets with the stability and benefits of a USD-based financial system.<sup>4</sup>

Under the GENIUS Act, only permitted payment stablecoin issuers (PPSIs) may issue a payment stablecoin in the United States, subject to certain exceptions and safe harbors.<sup>5</sup> Further, beginning on July 18, 2028, digital asset service providers<sup>6</sup> may not offer or sell

<sup>1</sup> Public Law 119–27.

<sup>2</sup> The term “digital asset” means any digital representation of value that is recorded on a cryptographically secured distributed ledger. *Id.* at sec. 2(6).

<sup>3</sup> See section 2(22) of the GENIUS Act for the full definition of a payment stablecoin. National currencies, deposits (including deposits recorded using distributed ledger technology), and securities are not considered payment stablecoins.

<sup>4</sup> See generally President’s Working Group on Digital Asset Markets, Strengthening American Leadership in Digital Financial Technology (2025) at 88, <https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf>.

<sup>5</sup> Sec. 3(a), Public Law 119–27.

<sup>6</sup> The term “digital asset service provider” means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of (i) exchanging digital assets for monetary value; (ii) exchanging digital assets for other digital assets; (iii) transferring digital assets to a third party; (iv)

Continued

a payment stablecoin to any person in the United States unless the payment stablecoin is issued by a PPSI or issued by a foreign payment stablecoin issuer (FPSI) that meets certain requirements.<sup>7</sup> The GENIUS Act provides three primary categories of PPSIs, all of which must be formed in the United States: (i) a subsidiary of an insured depository institution; (ii) a federal qualified payment stablecoin issuer; or (iii) a state qualified stablecoin issuer.<sup>8</sup>

The GENIUS Act vests Treasury with various authorities and responsibilities, including express authority to issue regulations to carry out the GENIUS Act.<sup>9</sup> For example, Treasury is tasked with implementing limitations on the issuance of payment stablecoins in the United States,<sup>10</sup> as well as issuing rules establishing broad-based principles for determining whether a state-level regulatory regime is substantially similar to the federal regulatory framework.<sup>11</sup> The GENIUS Act calls on Treasury to issue regulations implementing the requirement that PPSIs are “subject to all Federal laws applicable to a U.S. financial institution located in the United States relating to economic sanctions, prevention of money laundering, customer identification and due diligence.”<sup>12</sup> Treasury is also tasked with determining whether a foreign country’s regulatory and supervisory regime is comparable to the U.S. framework established through the GENIUS Act, which would allow certain payment stablecoins issued by an FPSI to be offered or sold in the United States, subject to certain additional conditions.<sup>13</sup>

In addition, the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC) (collectively, the Primary Federal Payment Stablecoin Regulators) are generally tasked with implementing capital and liquidity requirements applicable to PPSIs,<sup>14</sup> and establishing a

process and framework for the licensing, regulation, examination, and supervision of PPSIs,<sup>15</sup> as well as associated regulations governing depository institutions that hold stablecoin reserves or otherwise participate in payment stablecoin activities,<sup>16</sup> among other directives.

Under the GENIUS Act, the Secretary of the Treasury chairs the Stablecoin Certification Review Committee (SCRC), an interagency committee that also includes the Chair of the FRB (or the Vice Chair for Supervision, if delegated by the FRB Chair) and Chair of the FDIC.<sup>17</sup> State qualified payment stablecoin issuers (of payment stablecoins with consolidated total outstanding issuance of up to \$10 billion) generally may opt for state regulation so long as the state regime is substantially similar to the federal regime and the SCRC has approved the state-level regulatory regime upon determining that it meets or exceeds the standards and requirements set forth in Section 4(a) of the GENIUS Act.<sup>18</sup>

While not addressed in the GENIUS Act, Treasury also has responsibility for federal income tax policy with respect to payment stablecoins, as part of its general responsibility for developing and implementing federal tax policies and programs.

## II. Scope

This ANPRM solicits public comments on topics and questions organized in six main categories: Stablecoin Issuers and Service Providers, Illicit Finance, Foreign Payment Stablecoin Regimes, Taxation, Insurance, and Economic Data. While this ANPRM invites comment on any aspect of the GENIUS Act, each section below includes specific questions. Commenters are not expected to respond to every question. Treasury generally expects to invite further public comment on proposed regulations before adopting any final regulations.

This ANPRM generally seeks information on topics that may be the subject of regulations issued by Treasury under the GENIUS Act to fulfill its responsibilities, including as chair of the SCRC. For administrative purposes, commenters should direct to other relevant agencies any comments on specific topics assigned by the GENIUS Act to other agencies, rather than include those comments in

response to this ANPRM. However, commenters are encouraged to identify, in their comments in response to this ANPRM, areas where Treasury’s regulations may overlap with or directly implicate the regulations assigned to other state or federal agencies.

As discussed further below, on August 18, 2025, Treasury issued a request for comment (RFC) relating to innovative methods, techniques, and strategies that financial institutions use, or have the potential to use, to detect illicit finance related to digital assets pursuant to Section 9 of the GENIUS Act.<sup>19</sup> Comments submitted in response to the RFC should not be submitted in response to this ANPRM.

## III. Stablecoin Issuers and Service Providers

### A. Issuance and Treatment of Payment Stablecoins

The GENIUS Act tasks Treasury with issuing regulations to implement Section 3 of the GENIUS Act.<sup>20</sup> That section, which is intended to have extraterritorial effect,<sup>21</sup> provides that it shall be unlawful for any person other than a PPSI to issue a payment stablecoin in the United States.<sup>22</sup> However, the GENIUS Act provides that Treasury may issue regulations providing safe harbors from this general limitation that are: (i) consistent with the purposes of the GENIUS Act; (ii) limited in scope; and (iii) apply to a *de minimis* volume of transactions, as determined by Treasury.<sup>23</sup> Treasury may also provide limited safe harbors if it determines that unusual and exigent circumstances exist.<sup>24</sup> Knowing participation in a violation of Section 3 can result in a fine of not more than \$1 million for each violation or imprisonment for up to five years, or both.<sup>25</sup>

1. *What topics should any regulations to effectuate Section 3(a), including the associated penalties, address?*

2. *Should Treasury issue regulations providing for safe harbors from Section 3(a)? If so, what factors should Treasury consider in adopting these regulations? Would it be better to observe the operation of Section 3(a) for a period of time before considering safe harbors, or are safe harbors necessary as soon as Section 3(a) becomes operational?*

<sup>19</sup> Request for Comment on Innovative Methods To Detect Illicit Activity Involving Digital Assets, 90 FR 40148 (Aug. 18, 2025).

<sup>20</sup> Public Law 119–27 at sec. 3(d).

<sup>21</sup> *Id.* at sec. 3(e).

<sup>22</sup> *Id.* at sec. 3(a).

<sup>23</sup> *Id.* at sec. 3(c)(1).

<sup>24</sup> *Id.* at sec. 3(c)(2).

<sup>25</sup> *Id.* at sec. 3(f).

acting as a digital asset custodian; or (v) participating in financial services relating to digital asset issuance. *Id.* at sec. 2(7).

<sup>7</sup> An FPSI is defined as an issuer of a payment stablecoin that is organized under the laws of or domiciled in a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, and is not a PPSI. *Id.* at sec. 2(12). See *id.* at sec. 3(b) and 18.

<sup>8</sup> *Id.* at sec. 2(23).

<sup>9</sup> *Id.* at sec. 13.

<sup>10</sup> *Id.* at sec. 3(c)–(d).

<sup>11</sup> *Id.* at sec. 4(c)(2).

<sup>12</sup> See, e.g., *id.* at sec. 4(a)(5).

<sup>13</sup> See *id.* at sec. 18(a)–(b).

<sup>14</sup> See *id.* at sec. 4(a)(4)(A).

<sup>15</sup> See, e.g., *id.* at sec. 4(b); 4(h)(1); 5(a)(1)(B); 5(a)(2); 5(g).

<sup>16</sup> See, e.g., *id.* at sec. 4(a)(1)(A)(ii); 4(a)(4)(C)(iv); 16.

<sup>17</sup> See *id.* at sec. 2(27).

<sup>18</sup> See *id.* at sec. 4(c).

3. Is the scope of the term “payment stablecoin” sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?

Section 3(b) of the GENIUS Act provides that, beginning three years after the enactment of the GENIUS Act (July 18, 2028), it shall generally be unlawful for a digital asset service provider to offer or sell a payment stablecoin to a person in the United States unless the stablecoin is issued by a PPSI.<sup>26</sup> Section 3(e) provides that these provisions are intended to have extraterritorial effect if conduct involves the offer or sale of a payment stablecoin to a person located in the United States.

4. Is the scope of the term “digital asset service provider” sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?

5. Is the extraterritorial application sufficiently clear as stated in the GENIUS Act? If not, what additional clarification should be provided?

Section 3(g) of the GENIUS Act provides that a payment stablecoin not issued by a PPSI shall not be: (i) treated as cash or as a cash equivalent for accounting purposes; (ii) eligible as cash or as a cash equivalent margin and collateral for certain regulated entities; or (iii) acceptable as a settlement asset to facilitate certain wholesale payments.

6. How should payment stablecoins not issued by a PPSI be treated for accounting purposes under Section 3(g)(1)?

7. Are any regulations or guidance necessary to clarify any aspects of this treatment provision?

Section 3(h) of the GENIUS Act provides that the following transactions are exempt from the prohibitions in Section 3: (i) the direct transfer of digital assets between two individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary; (ii) any transaction involving the receipt of digital assets by an individual between an account owned by the individual in the United States and an account owned by the individual abroad that are offered by the same parent company; or (iii) any transaction by means of a software or hardware wallet that facilitates an individual’s own custody of digital assets.

8. Are any regulations or guidance necessary to clarify the scope of these exempted transactions?

9. Are there any other terms in Section 3 that would benefit from

additional clarification or interpretation?

#### B. Requirements for Issuing Payment Stablecoins

Section 4(a)(1)(A) of the GENIUS Act establishes reserve requirements for stablecoins. Under Section 4(a)(1)(C) of the GENIUS Act, a PPSI is required to publish the monthly composition of the issuer’s reserves, containing (i) the total number of outstanding payment stablecoins issued by the issuer, and (ii) the amount and composition of its reserves, including the average tenor and geographic location of custody of each category of reserve instruments. Section 18(a)(3) of the GENIUS Act requires an FPSI to hold reserves in a U.S. financial institution sufficient to meet liquidity demands of U.S. customers, unless otherwise permitted under a reciprocal arrangement, among other requirements.

10. Are any regulations or guidance necessary to clarify the scope of the reserve requirements in Section 4(a) or the requirement to publish the composition of the reserves?

11. How will FPSIs determine the liquidity demands of U.S. customers in such a way that will be sufficient to maintain compliance with the obligation to hold reserves in U.S. financial institutions as set forth in Section 18(a)(3)?

12. Are any regulations necessary to clarify requirements related to the holding of reserve assets? In particular, is additional clarity necessary regarding the extent to which reserve assets are required to, or should, be held in custody?

13. How do market participants currently meet existing jurisdictional reserve requirements to minimize settlement or liquidity risk across jurisdictions that may require local custody of such reserve assets?

Section 4(a)(11) of the GENIUS Act prohibits PPSIs and FPSIs from paying the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

14. Should any regulations be issued to clarify the meaning of “pay,” “interest,” “yield,” “solely,” or otherwise clarify the scope of Section 4(a)(11)? In particular, should any regulations be issued to clarify whether, and to what extent, any indirect payments are prohibited?

Section 4(a)(9) of the GENIUS Act prohibits a PPSI from marketing a payment stablecoin in such a way that a reasonable person would perceive the

payment stablecoin to be (i) legal tender, (ii) issued by the United States, or (iii) guaranteed or approved by the government of the United States. Abbreviations directly relating to the currency to which a payment stablecoin is pegged, such as “USD,” are exempt from these prohibitions.

15. Are any regulations or guidance necessary to clarify the scope or application of these provisions, including whether other terms used by PPSIs may be deceptive?

Under Section 4(a)(12) of the GENIUS Act, certain non-financial companies may not issue payment stablecoins unless the SCRC unanimously votes to make certain findings, including that it will not pose a material risk to the safety and soundness of the U.S. banking system, the financial stability of the United States, or the Deposit Insurance Fund. Section 4(a)(12)(D) directs the SCRC to issue an interpretive rule clarifying the non-financial company restrictions.

16. What additional clarification is necessary on the scope or application of these restrictions?

17. What factors should the SCRC consider in making a finding that, if a non-financial company issues payment stablecoins, it will not pose a material risk to the safety and soundness of the U.S. banking system, the financial stability of the United States, or the Deposit Insurance Fund? Are there any factors that should be excluded from consideration?

Under Section 4(c)(2) of the GENIUS Act, Treasury is required to establish broad-based principles for determining whether a state-level regulatory regime is substantially similar to the federal regulatory framework under the GENIUS Act.

18. What broad-based principles should be considered in determining whether a state-level regime is “substantially similar” to the federal regulatory framework? Are there any principles that should be excluded from consideration?

19. How is a determination that a state-level regime is “substantially similar” to the federal regulatory framework, as described in Sections 4(c)(1) and (2) of the GENIUS Act, similar to or different from a determination that a state-level regime “meets or exceeds the standards and requirements” for issuing payment stablecoins, as described in Section 4(c)(5)?

Section 4(e)(3) of the GENIUS Act provides that it shall be unlawful to market a product in the United States as a payment stablecoin unless the product is issued pursuant to the GENIUS Act,

<sup>26</sup> The statute contemplates potential exceptions for FPSIs that meet certain requirements, which are addressed in subsequent sections of this ANPRM.

and that knowing and willful violations may lead to a fine by Treasury of not more than \$500,000 for each such violation.

20. To what extent does this prohibition overlap with (i) the prohibitions in Section 3, (ii) the prohibition on the use of deceptive names in Section 4(a)(9), or (iii) the prohibition on misrepresentation of insured status in Section 4(e)(2)?

21. Are any regulations or guidance necessary to clarify or implement this provision, including how the number of violations will be determined under Section 4(e)(3)(C)?

22. Are there any other terms in Section 4 that would benefit from additional clarification or interpretation?

#### IV. Illicit Finance

The GENIUS Act includes provisions relating to the detection and prevention of illicit finance in the digital asset sector.<sup>27</sup> In accordance with Section 9 of the GENIUS Act, on August 18, 2025, Treasury published in the **Federal Register** an RFC seeking input on innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have potential to use, to detect illicit activity. Treasury will consider comments submitted in response to either the RFC or this ANPRM, so commenters need not, and should not, resubmit any RFC comments in response to this ANPRM. In addition to topics addressed in the RFC, Treasury now requests comment on the following topics relating to illicit finance.

Section 4(a)(5) of the GENIUS Act subjects PPSIs to “all Federal laws applicable to financial institutions located in the United States relating to economic sanctions, prevention of money laundering, customer identification and due diligence,” and directs Treasury to issue implementing regulations, including related to effective programs for AML and sanctions, monitoring and reporting suspicious activity, and technical capabilities and policies and procedures to block, freeze, and reject impermissible transactions.<sup>28</sup>

23. What should Treasury consider when promulgating regulations implementing Section 4(a)(5), including AML and sanctions programs, monitoring and reporting suspicious activity, and customer identification and due diligence? What, if any, unique features of PPSIs should Treasury consider?

24. What should Treasury consider when promulgating a regulation implementing Section 4(a)(5)(A)(iv)? How do payment stablecoin issuers anticipate implementing technical capabilities, policies, and procedures to block, freeze, and reject specific or impermissible transactions that violate federal or state laws, rules, or regulations, including transactions involving the secondary market, such as those that involve sanctioned persons or countries?

Section 4(a)(6)(B) of the GENIUS Act provides that a PPSI may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order.<sup>29</sup>

25. What, if any, regulations or guidance would help clarify the obligations in Section 4(a)(6)(B) to have the technological capability to comply, and to comply, with any lawful order?

The GENIUS Act establishes that foreign issuers of payment stablecoins must comply with lawful orders and, if they fail to do so, Treasury can designate the issuer as noncompliant, resulting in a prohibition on digital asset service providers facilitating secondary market trading of the foreign issuer’s payment stablecoin.<sup>30</sup> Treasury can issue licenses and waivers and is directed to specify the criteria that a noncompliant foreign issuer must meet for Treasury to determine that an issuer is no longer noncompliant.<sup>31</sup>

26. What factors should Treasury consider in determining whether a noncompliant FPSI has cured its noncompliance in accordance with Section 8(b)(3)? What kinds of evidence or commitments should Treasury require?

27. What else should Treasury consider in promulgating a regulation related to Section 8 of the GENIUS Act, including its ability to issue licenses and waivers?

28. In the economic sanctions context, lawful orders will include sanctions designations. The persons and property subject to blocking will be identified with reasonable particularity by the publication of identifying information for such persons and property on Treasury’s Office of Foreign Assets Control’s Specially Designated Nationals List. If regulation or guidance is promulgated, what kind of considerations and provisions should it include to clarify the requirement to comply with lawful orders in the economic sanctions context?

<sup>29</sup> See *id.* at sec. 4(a)(6)(B).

<sup>30</sup> See *id.* at sec. 8.

<sup>31</sup> See *id.* at sec. 8(b); 8(c).

#### V. Foreign Payment Stablecoin Issuers

The GENIUS Act allows an FPSI to offer, sell, or otherwise make available a payment stablecoin in the United States under certain circumstances. To implement this framework, the GENIUS Act authorizes Treasury to determine whether a foreign<sup>32</sup> regime for the regulation and supervision of payment stablecoins is comparable to the requirements established under the GENIUS Act, allowing certain payment stablecoins issued by an FPSI operating under that foreign regime to be offered or sold in the United States, subject to certain additional conditions.<sup>33</sup> Some foreign jurisdictions may not have legal definitions for either a “payment stablecoin” or a “payment stablecoin issuer.”

##### A. Comparability

29. For the purpose of identifying existing foreign payment stablecoin regulatory and supervisory regimes, are there certain characteristics of a “payment stablecoin” recognized in the market that differ from how this term is defined in the GENIUS Act?

30. Are there foreign payment stablecoin regulatory or supervisory regimes, or regimes in development, that may be comparable to the regime established under the GENIUS Act? Are there foreign regimes that are in effect, or in development, that materially differ from the regime under the GENIUS Act?

31. What types of differences from the regime under the GENIUS Act, if any, could create market frictions in international digital assets activity?

32. As Treasury identifies factors for determining whether a foreign jurisdiction has a regulatory and supervisory regime that is comparable to the requirements established under the GENIUS Act, including standards for issuing payment stablecoins provided in Section 4(a), what specific factors should Treasury consider, including factors that should disqualify a foreign jurisdiction from being determined to be comparable? Are there factors that should be excluded from consideration?

33. To what extent should Treasury consider a foreign jurisdiction’s willingness and ability to enforce the prohibitions in Sections 4(a)(9), 4(e)(2), and 4(e)(3), as related to misrepresentations of U.S. government support or that of the foreign government, as a factor in comparability determinations under Section 18(b)?

<sup>32</sup> References in this ANPRM to “foreign” regimes also include those of U.S. territories, Puerto Rico, Guam, American Samoa, and the U.S. Virgin Islands. See *id.* at sec. 18(a)(1).

<sup>33</sup> See *id.* at sec. 18.

<sup>27</sup> See, e.g., *id.* at sec. 4(a)(5); 8; 9.

<sup>28</sup> See, e.g., *id.* at sec. 4(a)(5).

**B. Reciprocity**

34. How should Treasury interpret “interoperability” in Section 18(d)(1)(C), describing “interoperability with U.S.-dollar denominated payment stablecoins issued overseas?” What technical, legal, regulatory, or other measures are most relevant for interoperability? To what extent should compliance with any interoperability standards issued under Section 12 be required under reciprocal arrangements or other agreements entered into under Section 18(d)?

**C. FPSIs**

35. What information should U.S. authorities require from a FPSI registered under Section 18(c), and in what format(s) should such information be made available, to ensure that U.S. customers understand how to demand timely redemption of the instrument?

36. Are any regulations or guidance necessary to clarify the prohibition on offers and sales of payment stablecoins issued by foreign issuers in the United States under Section 3(b)(2) of the GENIUS Act, including the requirement that an FPSI have the “technological capability” for compliance?

**VI. Taxation**

The GENIUS Act does not address the federal income tax characterization of payment stablecoins or any other issues relevant to the application of the Internal Revenue Code to payment stablecoin transactions. The characterization of a financial instrument or other asset for federal income tax purposes in many cases determines or affects how it is taxed. For example, if payment stablecoins were treated as debt instruments for federal income tax purposes, they could be subject to various tax rules governing bonds or securities.<sup>34</sup>

37. To what extent would guidance from the IRS on the classification of payment stablecoins be necessary or helpful to taxpayers?

38. What other topics, if any, should any such tax guidance address? Which issues should be the highest priority items to address?

**VII. Insurance**

The following questions are intended to assist Treasury in evaluating how the GENIUS Act and its implementation may affect the insurance industry.

39. How should implementation of the GENIUS Act take into account insurance industry practices related to payment stablecoins, the development of insurance markets related to payment stablecoins, the activities of domestic and foreign insurers and reinsurers regarding payment stablecoins, and the provision of insurance coverages relevant to payment stablecoins?

40. How should GENIUS Act implementation take into account the types and amounts of insurance coverage that should be purchased by PPSIs or FPSIs?

41. What should Treasury consider regarding the possibility of insurers acting as PPSIs, FPSIs, or digital asset service providers, including with respect to insurance reserving practices and regulatory requirements?

42. What other topics should Treasury consider with respect to the impact of the GENIUS Act and its implementation on the insurance industry? Which issues should be the highest priority items for Treasury to consider?

**VIII. Economic Data**

The following questions are intended to assist Treasury in analyses that it may perform regarding the potential costs and benefits of certain regulations related to the GENIUS Act.

**A. Costs**

43. What are the estimated one-time and ongoing costs for PPSIs and FPSIs to comply with the requirements under the GENIUS Act, including licensing, disclosure, and AML and sanctions program requirements?

44. What are the expected legal and enforcement costs for PPSIs and FPSIs associated with GENIUS Act compliance, including litigation-related expenses?

45. What are the potential costs associated with registration under state regimes as compared to federal regimes, including any administrative burdens or impacts on innovation?

**B. Benefits**

46. What are the potential advantages of registering under state regimes compared to federal regimes, particularly in terms of administrative efficiency and support for innovation?

47. The GENIUS Act establishes federal safeguards to protect consumers. How should the economic benefits of consumer protection be measured?

48. How do you expect illicit finance activity involving payment stablecoins and efforts to combat that activity to change due to GENIUS Act requirements for PPSIs related to AML and sanctions?

49. What are the economic benefits of aligning U.S. stablecoin rules with foreign regimes (e.g., reduced friction and increased access)?

50. What is the estimated improvement in compliance efficiency and market participation due to clearer regulatory guidance as compared to the environment before the enactment of the GENIUS Act?

51. What is the projected impact of regulatory clarity on startup formation, venture investment, and product innovation?

52. What is the estimated impact from the adoption of payment stablecoins on transaction, processing, and settlement fees, failure rates, and timelines, as compared to existing payments systems?

53. What is the estimated impact of PPSIs and FPSIs on the demand for Treasury securities, repurchase agreements and reverse repurchase agreements that are eligible reserve assets under Sec. 4(a)(1)(A)?

**IX. Other Topics**

54. Are any regulations or guidance necessary to address risks associated with the resolution of a bankrupt or failed PPSI, including those that may have stablecoins in international circulation?

55. What types of conflicts of interest might arise for stablecoin issuers, and what safeguards might enable stakeholders to be confident in a fair market?

56. Which of the topics addressed in this ANPRM are most critical for establishing the GENIUS Act regulatory framework? Are there any other factors Treasury should consider in sequencing and prioritizing these rulemakings?

57. Are there other topics not addressed in this ANPRM that should be considered in future Treasury rulemakings?

58. What is the projected impact of regulatory clarity on demand for payment stablecoins?

**X. Regulatory Planning and Review**

This ANPRM is a significant regulatory action under Executive Order 12866. It has been reviewed by the Office of Management and Budget.

**Rachel Miller,**

*Executive Secretary, U.S. Department of the Treasury.*

[FR Doc. 2025–18226 Filed 9–18–25; 8:45 am]

**BILLING CODE 4810-AK-P**

<sup>34</sup> For a discussion of issues relating to the tax characterization of payment stablecoins, see Strengthening American Leadership in Digital Financial Technology, Chapter VII (Taxation), available at <https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf>.