June 9, 2026

Via Electronic Submission

Jennifer M. Jones, Deputy Executive Secretary
Attention: Comments—RIN 3064–AG19
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions, RIN 3064–AG19

Dear Ms. Jones,

Attion Consulting LLC ("Attion") appreciates the opportunity to comment on the Federal Deposit Insurance Corporation's ("FDIC") Notice of Proposed Rulemaking implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act ("GENIUS Act"). Establishing clear requirements and standards for payment stablecoins issued by subsidiaries of FDIC-supervised insured depository institutions ("IDIs") is an important step toward supporting responsible financial innovation while maintaining the safety and soundness of the U.S. banking system.

Attion is a strategic advisory firm focused on financial services institutions, with work centered on licensing strategy, regulatory frameworks, and operating model design for regulated financial platforms. Prior to founding Attion Consulting, I spent roughly two decades working on the design and growth of non-interest-bearing deposit franchises at commercial banks, including roles at Republic National Bank of New York and Signature Bank. My work included structuring middle market and institutional deposit relationships, including escrow, control account, and fiduciary arrangements, and operating within regulatory frameworks governing deposit pricing, incentive structures, and bundling.

These perspectives inform the observations below regarding customer confidence in modern payment systems, the administration of deposit insurance, and the integration of payment stablecoins and tokenized deposits within the regulated banking system.

Activities
(Proposed § 350.3)

Attion supports the GENIUS Act prohibition on interest or yield solely in connection with the holding, use, or retention of a payment stablecoin. The prohibition firmly establishes payment stablecoins as transaction instruments and prevents them from functioning as deposit substitutes or savings vehicles, consistent with longstanding banking policy distinctions between payment instruments and savings or investment products.

The language in the proposed rule adequately implements the GENIUS Act prohibition, but the statutory language raises definitional questions about terms such as "interest," "yield," and "solely in connection with holding, use, or retention," which creates a need for interpretive clarity.

The banking industry previously addressed similar questions under the historical Regulation Q framework, which prohibited the payment of interest on demand deposit accounts. Over decades, regulators developed nuanced guidance distinguishing prohibited interest payments from permissible promotional or service-related incentives, including the well-known "free toaster" promotional programs, bundled service offerings, and other non-cash marketing incentives. Similar interpretive questions may arise in connection with loyalty programs, merchant incentives, or payment-related rewards associated with payment stablecoins.

Attion does not propose readopting Regulation Q itself, which ultimately proved inflexible as financial markets evolved. Rather, Attion encourages the FDIC to adopt principles-based guidance that utilizes the historical interpretations that emerged from Regulation Q to establish clear standards. Adopting historical guidance related to what constitutes interest or yield will ground the FDIC's interpretations in historical norms and will close off pathways both for potential evasion and for allegations that rulemaking is biased in the direction of one group of market participants over another. Additionally, Attion proposes that the FDIC adopt two distinct aspects of the historical Regulation Q in the proposed rule: (1) language specifying that the waiver of service fees is not interest, and (2) language specifying that premium incentives do not constitute interest.

Question 19: Are there additional steps the FDIC should take to ensure representations and disclosures by PPSIs are clear and minimize the risk of consumer confusion? Should the FDIC require PPSIs to provide specific disclosures or statements? Should the FDIC provide examples of specific representations that would be prohibited under proposed § 350.3(b)?

> Attion encourages the FDIC to establish safe harbors for payment stablecoin disclosures that emphasize clarity and brevity. Via a combination of iconography and short statements, an appropriate disclosure should state: (1) that the token is issued by a PPSI, (2) that the token is not FDIC insured, (3) the name of the issuer (or white label provider, if applicable), (4) the identity of the primary regulator, and (5) a warning, if applicable, that transactions using the token are irreversible. The content and format of this disclosure should be harmonized across all primary payment stablecoin regulators.
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> PPSIs should provide a fuller set of disclosures on their primary user interfaces and webpages.

Question 20: Is any further clarity needed regarding the prohibition on the use of deceptive names, marketing, and representations in proposed § 350.3(b)(1) through (3)?

> The FDIC should coordinate with other primary Federal payment stablecoin regulators and issue FILs that provide additional clarity on deceptive names, marketing, and representations as the market for regulated payment stablecoins develops. Attion urges

caution in overloading customers with disclosure text and is particularly concerned about overemphasis on disclosures that a payment stablecoin is not "legal tender." Customers may misinterpret this term, which could create confusion about whether a payment stablecoin is valid consideration in transactions and commercial contracts.[1]

Question 21: Is it appropriate for the FDIC to apply the GENIUS Act's prohibition on paying interest or yield to affiliates and related third parties? Are there alternatives the FDIC should consider?

Attion proposes that the FDIC adopt the language of 12 C.F.R. § 217.3 (2009) in its formulation of the prohibition language in proposed § 350.3(b), specifying that PPSIs may not "directly or indirectly, by any device whatsoever, pay" the holder of any payment stablecoin any form of interest or yield.

Question 22: Should the FDIC include a rebuttable presumption regarding the payment of interest or yield by an affiliate or related third party? If so, should the FDIC provide additional clarity on how the presumption could be rebutted?

The rebuttable presumption language of proposed § 350.3(b)(4)(iii) should be eliminated. PPSIs with questions about what constitutes impermissible interest or yield should inquire with the FDIC.

Question 23: Should the prohibition on interest and yield in proposed § 350.3(b)(4) clarify the terms ''pay,'' ''interest,'' ''yield,'' ''solely,'' or any other terms? If so, what clarifications would be helpful? What types of rewards, if any, should or should not be subject to the prohibition?

Attion encourages the FDIC to adopt language in the rule specifying that the waiver or absorption of service fees is not a payment of interest or yield. The following model text, derived from 12 C.F.R. § 217.2 (2009), is supplied for the FDIC's consideration: "a permitted payment stablecoin issuer's absorption of expenses incident to providing a permitted activity or its forbearance from charging a fee in connection with such a service is not considered a payment of interest or yield."

Attion also encourages the FDIC to adopt language specifying that premium incentives are not interest or yield paid solely in connection with the holding or use of a payment stablecoin. The following model text, derived from 12 C.F.R. § 217.101 (2009), is supplied for the FDIC's consideration:

[1] See Daniel Schwarcz et al., Read But Not Understood (2025); Tess Wilkinson-Ryan, The Perverse Consequences of Disclosing Standard Terms, 103 Cornell L. Rev. 117 (2017); Oren Bar-Gill & Kevin E. Davis, The Law, Economics and Psychology of Consumer Misperceptions (2010). Collectively, this literature suggests that legal disclosures and terminology do not invariably improve consumer understanding and, in some circumstances, may create consumer confusion.

> "Premiums, whether in the form of merchandise, credit, or cash, given by a permitted payment stablecoin issuer to a customer will be regarded as an advertising or promotional expense rather than a payment of interest if:
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> (1) The premium is given to a customer only at the time of the opening of a new account or an addition to an existing account; and
>
> (2) The value of the premium or, in the case of articles of merchandise, the total cost (including taxes, shipping, warehousing, packaging, and handling costs) does not exceed a de minimis amount set by the FDIC and adjusted for inflation on an annual basis."

Question 28: Is the proposed prohibition on providing credit to customers to purchase payment stablecoins appropriate? If so, should the prohibition be modified in any way? Should it be narrower or broader? If not, are there alternatives to achieve the intended objective or ensuring reserve assets achieve the intended resiliency? Are there any other activities that the FDIC should expressly prohibit as not being permissible and not in direct support of the core activities of issuance, redemption, managing reserves, and providing certain safekeeping and custody services?

Attion encourages the FDIC to clarify whether the prohibition on providing direct or indirect credit to customers for the purchase of a payment stablecoin applies when a customer's payment stablecoin transaction results in an overdraft at the parent IDI. For example, a payment stablecoin transaction may be initiated through a consumer or commercial demand deposit account and, due to timing differences or other operational factors, cause the account to become overdrawn.

If the prohibition applies in these circumstances, Attion requests that the FDIC clarify whether the overdraft may be resolved in accordance with the IDI's existing overdraft policies and procedures or whether the prohibited credit must be addressed through alternative means.

Redemptions
(Proposed § 350.5)

Question 71: Has the FDIC appropriately defined ''timely'' for purposes of redemption in proposed § 350.5(b)(1) as not exceeding two business days? If not, what may be a more appropriate timeframe? For example, should the FDIC consider other timeframes ranging from less than one calendar day to seven calendar days? Should ''timely'' be defined to scale with the liquidity of specific required reserve assets or with other factors? How should the definition of ''timely'' appropriately balance considerations of price stability and run risk?

The FDIC should consider the implications of the two-day redemption window established in proposed § 350.5(b)(1) for institutional payment acceptance. Institutional payees often operate under internal frameworks governing liquidity management, risk management procedures, settlement policies, and internal control requirements. These

frameworks may also incorporate audit obligations and contractual payment terms. Establishing a redemption timeframe longer than same-day settlement may create a divide between transmission finality and economic finality for payees.

Payment stablecoins add value to the current range of payment options because of their speed and global transmission capabilities. Importantly, these capabilities could enable smaller banks to compete more effectively with the payment infrastructure and geographic reach of larger institutions. Some commentators may point to the fact that direct redemption is not the only, and may not even be the primary, liquidation method for payment stablecoins. Payment stablecoins do benefit from secondary markets, which are not available for most traditional payment instruments and may allow economic finality through off-ramping prior to expiration of the permissible redemption window. However, the availability of secondary markets may not be determinative when evaluated through institutional risk management frameworks and may not suffice in contexts where the incentives for 24/7 wallet monitoring and liquidation are limited.

While Section 3(g) of the GENIUS Act makes it possible that payment stablecoins may be treated as cash equivalents under generally accepted accounting principles, it is not yet clear how institutional payees will treat payment stablecoins in their accounting policies and internal risk frameworks. A permissible multi-day time lag between transmission and redemption might create friction in situations where immediate settlement is required to satisfy legal or contractual obligations. Attion offers this observation for the FDIC's consideration and proposes that timely redemption should occur within 24 hours.

Question 73: Should the FDIC require a permitted payment stablecoin issuer to include in its redemption policy an automated, emergency safety mechanism, commonly known as a ''circuit breaker,'' designed to pause trading, redemptions, or minting when extreme price volatility or a de-pegging event occurs?

No. The condition and fair market value of the reserve should be the primary basis for determinations of whether pauses in trading, redemptions, or minting are appropriate. Secondary market prices may serve as useful indicators of market perceptions regarding reserve quality or liquidity conditions, but they should not automatically trigger constraints on business activities. Proposed § 350.5(a) requires PPSIs to clearly disclose their redemption policies. As long as customers can redeem stablecoins against the reserve at par, standard business operations should be permitted.

Question 77: Should the FDIC impose any additional rules addressing minimum amounts for redemption? For example, should the FDIC prohibit any redemption minimums or set the minimum at some point other than one payment stablecoin?

The FDIC should impose a rule that there is no minimum amount for redemption, as redemption at par is a core feature supporting confidence in payment stablecoins.

Question 78: Should the FDIC include in proposed § 350.5(c) a provision permitting a PPSI to make exceptions to its redemption policy or refuse a redemption request in the event of fraud?

Should a PPSI be able to pause or refuse redemption in any other scenarios like a cyber-attack or idiosyncratic market events? If the FDIC permits exceptions or refusals to timely redemption for cases of fraud, cyberattack or market events, how should the FDIC design or limit the exception so that the purpose of the timely redemption provision is not thwarted?

The FDIC should include a provision permitting PPSIs to decline or pause redemptions where there is a reasonable basis to suspect fraud, unauthorized activity, or a cybersecurity incident. However, any such exception should be limited to the period reasonably necessary to investigate the matter and determine the appropriate disposition of the assets. The FDIC should avoid importing consumer protection frameworks designed for traditional deposit accounts but should ensure that temporary freezes do not become indefinite restrictions on access to customer funds.

Risk Management
(Proposed § 350.6)

Question 80: Are the risk management standards included in proposed § 350.6 appropriate? Are there any the FDIC should remove or modify? Are there any risk management standards the FDIC should add?

The risk management standards included in proposed § 350.6 are generally appropriate. However, Attion suggests that the FDIC consider whether communications resilience should be incorporated into operational resilience expectations for PPSIs.

In the Supplemental Information, the FDIC explains that many of the proposed standards are adapted from Appendix A to Part 364. Attion notes that the FDIC's existing Social Media: Consumer Compliance Risk Management Guidance (FIL-56-2013) does not appear to fall under Appendix A to Part 364 and therefore does not appear to have been incorporated into the proposed framework. Attion believes this is generally appropriate because many of the consumer compliance risks addressed in FIL-56-2013 may not be applicable to payment stablecoins under the GENIUS Act.

However, payment stablecoin activities may compress institutional response windows during operational, liquidity, cybersecurity, or confidence events. Communications disseminated through social media and other digital channels can influence customer behavior and redemption activity in real time. As a result, communications readiness may be an important component of broader operational resilience and business continuity planning.

Attion does not recommend prescriptive social media governance requirements at this time. Instead, the FDIC should consider whether principles-based expectations regarding escalation protocols, customer communication processes, misinformation response, and operational coordination during periods of stress should be incorporated into supervisory expectations for PPSIs.

Question 82: Should the risk management standards under proposed § 350.6(a) provide for clear management roles, responsibilities, and accountability? Should the standards include any requirements for the PPSI's board of directors and senior management to maintain appropriate competence and experience relevant to its activities? If so, should any standards regarding competence and experience be similar to the considerations set forth in section 5(c)(3) of the GENIUS Act?

Attion supports risk management standards requiring clear management roles, responsibilities, and accountability, and appropriate competence and experience at the board and senior management levels. However, competence and experience should be evaluated holistically and should recognize relevant transferable skills from banking, payments, technology, cybersecurity, digital asset operations, risk management, and other disciplines. The FDIC should avoid frameworks that place disproportionate emphasis on any single type of prior experience.

Question 84: Are the restrictions on insider and affiliate transactions in proposed § 350.6(a)(5) appropriate? What modifications, if any, are warranted? Should there be similar restrictions applied to transactions with the parent IDI? Should there be limitations on the ability of a parent IDI to ''bail out'' a subsidiary PPSI during stress? What are the pros and cons of permitting such actions? Should the requirements include any prescriptive qualitative or quantitative limits? Should certain transactions require approval by the board of directors?

The restrictions on insider and affiliate transactions in proposed § 350.6(a)(5) are generally appropriate. Attion does not recommend applying similar restrictions to transactions between a PPSI and its parent IDI and does not support limitations on a parent IDI's ability to provide capital, liquidity, operational, or other support to a PPSI subsidiary during periods of stress, provided such support can be provided in a safe and sound manner. As a practical matter, uncertainty regarding a parent bank's willingness or ability to support a PPSI subsidiary could create broader confidence concerns affecting both the PPSI and the parent institution.

Attion does not recommend prescriptive quantitative limits. The FDIC may wish to consider whether material affiliate transactions should be subject to appropriate board oversight, but the rule should avoid creating approval requirements that are overly broad or operationally burdensome.

Deposit Insurance Coverage

Question 126: If payment stablecoin reserves were eligible for pass-through deposit insurance, to what extent would PPSIs satisfy pass-through requirements, either today or in the future? Should the requirements be tailored for PPSIs in any way, and if so, how?

If payment stablecoin reserves were eligible for pass-through deposit insurance, PPSIs may be able to satisfy certain recordkeeping requirements associated with coverage. However, payment stablecoins present aggregation issues that are more complex than many traditional pass-through arrangements. Attion believes that meaningful tailoring

may require the creation of a separate ownership category for payment stablecoin reserve interests. Even if such a category were created, challenges would remain in accurately communicating coverage outcomes and managing customer expectations.

Aggregation issues associated with pass-through insurance are not unique to payment stablecoins. Traditional fiduciary and agency arrangements routinely provide pass-through coverage where an account holder maintains funds on behalf of multiple beneficial owners and records each beneficial owner's interest, even though the account holder may not know whether aggregation with other deposits will result in uninsured funds. However, many traditional pass-through arrangements are temporary in nature, involve a limited set of counterparties, or otherwise present fewer practical aggregation challenges. For example, funds held in an IOLA/IOLTA account as earnest money in connection with a home purchase are generally held for a defined period of time, and the beneficial owner may be aware of the institution at which the funds are maintained. Similarly, settlement proceeds associated with litigation are not held indefinitely before distribution to beneficiaries and are often only held at an IDI as insured deposits immediately prior to distribution.

Payment stablecoin reserves could create a materially different situation. A single stablecoin holder may maintain positions in multiple payment stablecoins issued by different PPSIs, while multiple PPSIs may hold reserve deposits at the same insured depository institution. If pass-through insurance were available, each issuer would only know the beneficial owner's interest in its own reserve account. No individual issuer could fully determine whether a beneficial owner has additional interests through other PPSIs whose reserve deposits are maintained at the same institution.

Even extensive due diligence conducted by the IDI may not fully resolve this issue. While an issuer or customer might seek information regarding potential uninsured deposit exposure, the IDI may not be positioned to determine the customer's aggregate beneficial interests across all PPSI reserve accounts maintained at that institution. As a result, pass-through eligibility would not necessarily produce the coverage outcomes that customers may assume.

Some aggregation risk is likely to be mitigated by reserve diversification and concentration rules imposed by the FDIC, OCC, NCUA, and state payment stablecoin regulators. However, these mitigants do not eliminate the underlying aggregation issue.

The ability of a PPSI to identify beneficial owners is an important consideration in determining whether PPSI reserve accounts could satisfy the requirements for pass-through insurance coverage. However, whether pass-through insurance can be administered and communicated accurately when stablecoin holders may maintain overlapping beneficial interests across multiple payment stablecoin reserve accounts may be the more significant concern.

Question 130: Should the availability of pass-through insurance or lack thereof have an impact on any of the other requirements in the proposed rule?

Yes. The FDIC's proposed treatment of payment stablecoin reserve deposits as corporate deposits should prompt consideration of whether additional flexibility is appropriate with respect to permissible reserve assets.

Under proposed § 330.11(a)(3), reserve deposits held by a PPSI would be treated as deposits of the PPSI itself and insured as corporate deposits rather than deposits eligible for pass-through insurance. As a result, reserve deposits maintained at insured depository institutions may constitute uninsured exposure to the depository institution. This is particularly relevant because reserve frameworks proposed by the OCC and NCUA contemplate that at least a portion of reserves may be maintained as deposits, insured shares payable on demand, or balances at a Federal Reserve Bank, and some PPSIs may not have access to Federal Reserve accounts.

In light of the potential for reserve deposits to create uninsured bank exposure, Attion encourages the FDIC to consider whether proposed § 350.4 should be expanded to reflect the full range of reserve assets authorized by Congress under the GENIUS Act. In particular, the FDIC should consider incorporating authority to permit other similarly liquid Federal Government-issued assets, subject to appropriate liquidity, concentration, and risk management standards.

Attion also encourages the FDIC to clarify the extent to which tokenized forms of otherwise permissible reserve assets may satisfy reserve requirements where all applicable statutory conditions are met.

Treatment of Deposits in Tokenized Form

Question 131: Is the FDIC's proposed amendment to part 330 clarifying that the application of deposit insurance to deposits does not depend upon the technology or recordkeeping used to record a bank's deposit liabilities appropriate? Should the FDIC consider a more narrow amendment specifically focused on tokenized deposits?

Attion supports the FDIC's proposed clarification that the application of deposit insurance does not depend upon the technology or recordkeeping system used to record a bank's deposit liabilities.

Deposit insurance should remain technology-neutral. A deposit liability remains a deposit liability regardless of whether the underlying records are maintained through traditional banking systems, distributed ledger technology, or other recordkeeping technologies. The proposed amendment appropriately clarifies this principle without creating a separate deposit insurance framework based solely upon the technology used to record deposits.

Attion does not believe a narrower amendment focused solely on tokenized deposits is necessary.

Question 132: Should the FDIC provide additional clarity regarding the treatment of tokenized deposits outside of the deposit insurance context?

Attion believes the FDIC should defer broader rulemaking regarding tokenized deposits until the market matures. The current tokenized deposit market is nascent and rapidly evolving. Premature rulemaking risks creating a framework that is overly restrictive or misaligned with emerging market practices. Banks and their customers may ultimately benefit from a variety of tokenized deposit use cases that have not yet fully developed.

Banks should continue utilizing existing new product governance processes and engage with their supervisory office before implementing tokenized deposit programs that represent a material deviation from their existing activities. This approach allows innovation to develop within existing supervisory frameworks while providing regulators additional opportunity to observe market developments and emerging practices.

Consistent with prior comments on the OCC's GENIUS Act rulemaking and comments on the FDIC's application rule, Attion supports the development of clear, predictable federal frameworks that enable responsible innovation while maintaining safety and soundness. Thank you for the opportunity to provide comments. Attion would be pleased to provide additional information or respond to any questions the FDIC may have regarding the observations offered in this letter.

Respectfully submitted,

/s/ Alyson L. Stone

Alyson L. Stone
Founder & Principal
Attion Consulting LLC