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September 21, 2026

BY ELECTRONIC SUBMISSION

Ms. Kaitlin Asrow
Acting Superintendent
New York State Department of Financial Services
1 State Street
New York, NY 10004

Re: New York State Department of Financial Services Proposed New 23 NYCRR 202: Authorized Payment Stablecoin Issuers

Andreessen Horowitz ("**a16z**") appreciates the opportunity to respond to the New York State Department of Financial Services' ("**NYDFS**") request for comment, dated July 22, 2026, on proposed Part 202 to Title 23 of the New York Codes, Rules, and Regulations (the "**Proposed Rule**").[1] We acknowledge the significant role that NYDFS has played in providing a regulatory framework for payment stablecoin issuers and the broader digital asset ecosystem in New York. We also acknowledge NYDFS' efforts to ensure alignment of its regulation with the Guiding and Establishing National Innovation for U.S. Stablecoins ("**GENIUS**") Act and the related Federal regulatory framework.

As of the date of this letter, however, the Federal regulatory framework has yet to be finalized. The U.S. Department of the Treasury ("**UST**") has not yet issued a final rule defining the broad-based principles for determining substantial similarity[2] ("**UST Proposal**"). Nor has the OCC issued its final rule stemming from its Notice of Proposed Rulemaking Implementing the GENIUS Act ("**OCC Proposal**").[3] While NYDFS is directionally correct in taking action to align Part 202, aspects of the Proposed Rule are based on developing proposals that collectively received over 380 comments.[4]

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[1] Authorized Payment Stablecoin Issuers (to be codified at 23 N.Y. Comp. Codes R. & Regs. § 202).
[2] GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime is Substantially Similar to the Federal Regulatory Framework, 91 Fed. Reg. 16844 (Apr. 3, 2026), https://www.federalregister.gov/documents/2026/04/03/2026-06489/genius-act-broad-based-principles-for-determining-whether-a-state-level-regulatory-regime-is.
[3] Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, 91 Fed. Reg. 10211 (Mar. 2, 2026), https://www.federalregister.gov/documents/2026/03/02/2026-04089/implementing-the-guiding-and-establishing-national-innovation-for-us-stablecoins-act-for-the.
[4] Specifically, a combined 383 comments were filed in the two proceedings. *See* Rulemaking Docket TREAS–DO–2026–0232 (regarding UST Proposal, 55 comments filed), https://www.regulations.gov/docket/TREAS-DO-2026-0232/comments and Rulemaking Docket OCC–2025–0372 (regarding OCC Proposal, 328 comments filed), https://www.regulations.gov/docket/OCC-2025-0372/comments.

The Proposed Rule is therefore premature. If necessary, a16z intends to supplement this comment letter after the Federal regulatory framework is finalized. As written, the Proposed Rule contains provisions that would likely not be deemed substantially similar to the Federal regulatory framework and would result in a number of regulatory, operational, and economic concerns for existing and would-be NY-state regulated stablecoin issuers.

Congress' use of "substantially similar" as the standard for comparing state regimes to the federal framework indicates a clear intent for uniformity in definitions and requirements other than those areas carved out for states in Section 7 of the GENIUS Act. We continue to maintain that all requirements in Section 4(a) and other areas of the Act where such discretion is not granted must be uniform, meaning a state-level regulatory regime must be consistent with the federal framework in all substantive respects, neither falling short of nor exceeding it.[5] In its current form, however, the Proposed Rule risks denial of certification for New York's stablecoin framework, leading to heightened uncertainty for existing and potential New York-regulated issuers.

Given these concerns and for the reasons detailed below, we strongly urge NYDFS to withdraw the Proposed Rule and repropose one that aligns with the GENIUS Act and the final Federal regulatory framework.

I. About a16z

a16z is a venture capital firm that invests in seed, venture, and growth-stage technology companies, focused on AI, bio and healthcare, consumer, crypto, enterprise, fintech, games, infrastructure, and companies building toward American dynamism. As of 2026, a16z has more than $100 billion of regulatory assets under management across multiple funds, with more than $9.8 billion in committed capital for crypto funds. In crypto, we primarily invest in companies using blockchain technology to develop protocols that people will be able to build upon to launch internet businesses.

Our portfolio companies include regulated stablecoin issuers, including companies that are licensed to conduct virtual currency business activity in New York. a16z has also been an active participant in the comment process for proposed GENIUS Act regulations at the federal

[5] Andreessen Horowitz, Comment Letter on Notice of Proposed Rulemaking: GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime Is Substantially Similar to the Federal Regulatory Framework at 7 (June 2, 2026) https://dwt2zme5yrom6.cloudfront.net/uploads/2026/06/Final-%E2%80%94-Andreessen-Horowitz-a16z-response-to-the-Department-of-the-Treasury-6.2.2026-.pdf (hereinafter a16z Treasury Comment Letter).

level.[6] Through our work and advocacy, we have developed a deep understanding of how evolving regulatory proposals interact and how their implementation could potentially impact the future of payment stablecoin innovation in the U.S.

II. Discussion

1. We Support NYDFS in Seeking to Align its Payment Stablecoin Framework with New Federal Requirements, but NYDFS is Premature in Doing So Given the Absence of any Final Federal Regulatory Framework.

We appreciate NYDFS' effort to align its framework for stablecoin issuers with the GENIUS Act, the UST Proposal,[7] and indirectly, the OCC Proposal. This effort is important for at least three reasons: (i) Section 4(c)(1) of the GENIUS Act enables permitted payment stablecoin issuers ("**PPSIs**") with a consolidated total outstanding issuance of not more than $10 billion to opt for regulation at the state level, provided that the state's regulatory regime is "substantially similar to the Federal regulatory framework" under the Act; (ii) the UST Rule sets forth the criteria the Stablecoin Certification Review Committee ("**SCRC**") will apply in determining "substantial similarity" for any state; and (iii) to help ensure a level playing field for PPSIs, it is critical that federal and state payment stablecoin regulators coordinate closely on their final rulemakings to reduce the potential for divergence.

Any state's ability to meet the "substantially similar" standard is especially crucial for startups looking to issue and/or custody payment stablecoins or otherwise function as digital asset service providers. New entrants to the market need to design a clear and comprehensive regulatory strategy, typically with limited resources. They see significant value in being regulated by a regime that is trusted and durable—i.e., one that provides a level playing field and where the rules will not change after the final Federal regulatory framework is completed.

While we understand that NYDFS is considering aligning many statutory definitions and substantive requirements—e.g., reserve asset diversification requirements, limitations on activities, and the prohibition on tying—with the GENIUS Act, UST Proposal, and the OCC Proposal[8]—NYDFS should withdraw the Proposed Rule and refrain from proposing a payment

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[6] *See* Andreessen Horowitz, Response to Treasury Advance Notice of Proposed Rulemaking; GENIUS Act Implementation Comments (Nov. 4, 2025), https://dwt2zme5yrom6.cloudfront.net/uploads/2025/11/Final-%E2%80%94-Andreessen-Horowitz-a16z-response-to-the-Department-of-the-Treasury-11.04.2025.pdf; Andreessen Horowitz, Comment Letter on Notice of Proposed Rulemaking: Implementing the GENIUS Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the OCC at 17-18 (May 1, 2026), https://dwt2zme5yrom6.cloudfront.net/uploads/2026/05/Response-to-the-OCC-NPRM-implementing-GENIUS-Act.docx.pdf (hereinafter a16z OCC Comment Letter); a16z Treasury Comment Letter; Andreessen Horowitz, Comments on FinCEN and OFAC Notice of Proposed Rulemaking: AML/CFT and Sanctions Compliance Program Requirements for Permitted Payment Stablecoin Issuers (June 9, 2026) https://dwt2zme5yrom6.cloudfront.net/uploads/2026/06/Andreessen-Horowitz-a16z-response-to-FinCEN-and-OFAC-06.09.2026.pdf.

[7] *See* Authorized Payment Stablecoin Issuers (to be codified at 23 N.Y. Comp. Codes R. & Regs. § 202) n.1.

[8] *See* proposed 23 N.Y. Comp. Codes R. & Regs. § 202.6(c); § 202.4(a); § 202.4(c) in Proposed NYDFS Rule.

stablecoin governance framework until the UST and OCC Proposals are also finalized. NYDFS can then propose an updated rulemaking that both aligns with the final Federal regulatory framework and has a greater likelihood of meeting the "substantially similar" requirement for state certification purposes.

a. The Proposed Rule could result in conflicting federal and state requirements for PPSIs.

The GENIUS Act requires a State-level regulatory regime to be substantially similar to the Federal regulatory framework. The UST Proposal anticipates that the broad-based principles for determining substantial similarity will incorporate the final rule stemming from the OCC Proposal into the definition of "Federal regulatory framework."[9] Use of the term "regulatory" in the term "Federal regulatory framework" confirms Congress' intent to encompass final implementing regulations, and not just the Act itself.[10]

But the UST and OCC have yet to issue their respective final rules, so today there is no fulsome "Federal regulatory framework"[11] that any state—including New York—can look to in creating or updating its own state regulatory framework. Given these considerations, plus the fact that aspects of the Proposed Rule track to the pending OCC Proposal, the Proposed Rule could directly conflict with the final Federal regulatory framework, creating divergent requirements and an uneven playing field for PPSIs.

For example, the preamble to the OCC Proposal notes that the agency continues to consider its approach to many issues, including provisions that are directly incorporated in the Proposed Rule, e.g., (i) whether a PPSI may issue multiple branded stablecoins;[12] and (ii) whether a PPSI with an outstanding issuance value of $25 billion or more shall, on each business day, maintain at least 0.5 percent of its reserve assets, up to a cap of $500 million, in the form of insured deposits or insured shares at an insured depository institution.[13]

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[9] 91 Fed. Reg. 16845.

[10] *See* a16z Treasury Comment Letter, *supra* note 6 at 6. Given that SQPSIs would either be nonbank entities or uninsured depository institutions that would otherwise be regulated by the OCC, it logically follows that the final OCC rule implementing the requirements of the GENIUS Act should be the basis for the Federal regulatory framework, ensuring a "seamless transition to OCC supervision" should a SQPSI cross the $10 billion in issuance threshold. 91 Fed. Reg. 16846.

[11] 91 Fed. Reg. 16864.

[12] 91 Fed. Reg. 10264-10265; Proposed 23 N.Y. Comp. Codes R. & Regs. § 202.3(f). The OCC, in the preamble to the OCC Proposal, asks whether it should require that a PPSI only issue a single brand of stablecoin. In addition, Section 202.3(f) of the Proposed Rule would require an "authorized payment stablecoin issuer" to "obtain the superintendent's prior approval before issuing any distinguishable brand of payment stablecoin," suggesting that an issuer may issue multiple branded stablecoins provided it obtains such approval. While a16z supports NYDFS' general position on issuance of multiple branded stablecoins (*see* a16z OCC Comment Letter at 3-7), there is a broader principle at stake: ensuring that NYDFS' regulatory framework aligns with the final Federal regulatory framework in all substantive respects.

[13] 91 Fed. Reg. 10255; Proposed 23 N.Y. Comp. Codes R. & Regs. § 202.6(d). The OCC, in the preamble to the OCC Proposal, asks whether it should require larger PPSIs to maintain a minimum percentage of assets as insured deposits or shares. Section 202.6(d) of the Proposed Rule mirrors proposed 12 CFR § 15.11(d) in the OCC Proposal and would require an authorized payment stablecoin issuer with an outstanding issuance value of $25 billion or more

These are just a sample of the important issues involved in the ongoing implementation of the GENIUS Act. How they are resolved will meaningfully impact whether a state's regulatory framework will be deemed substantially similar to the federal one. In the meantime, the potential conflicts between a final Federal regulatory framework and the Proposed Rule are real and avoidable by NYDFS. We therefore strongly recommend that NYDFS allow this open rulemaking to run its full course before proposing an update to Part 202, especially given the fact that various aspects of the Proposed Rule—including those noted above—track to the OCC's Proposal.

2. Certain Areas of the Proposed Rule Align, While Others Bear Heightened Risk of Non-compliance With the GENIUS Act's Substantial Similarity Requirement.

NYDFS drafted the Proposed Rule to align with the Federal regulatory framework in many key areas. For example, the prohibitions in the Proposed Rule on engaging in activities inconsistent with the GENIUS Act, paying interest or yield, and rehypothecation reference and incorporate the corresponding sections in the GENIUS Act and OCC Proposal.[14] In other areas, such as the minimum insured amount a PPSI must hold, the text of the Proposed Rule tracks the text of the OCC Proposal, meaning that unless the OCC alters the relevant provision in its final rule, the provision in the NYDFS rule will likely be deemed substantially similar to the respective provision in the Federal framework.[15] Finally, in certain areas, such as the requirement to validate compliance with state and federal application procedures, NYDFS' deviation from the Federal framework is appropriate given this is an area enumerated by Congress for state discretion.[16]

Nevertheless, the Proposed Rule goes beyond Congress' enumerated discretion in several ways.[17] Aspects of the Proposed Rule's reserve asset requirements materially deviate from aspects of the OCC Proposal that UST has proposed to be "uniform" requirements in the UST

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to maintain at least 0.5 percent of its reserve assets, up to a cap of $500 million, in the form of insured deposits or insured shares at an insured depository institution.

[14] *See* proposed 23 N.Y. Comp. Codes R. & Regs. § 202.4(a); 202.4(b); 202.4(f).

[15] *See* proposed 23 N.Y. Comp. Codes R. & Regs. § 202.6(d); Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, 91 Fed. Reg. 10289 (Mar. 2, 2026) (to be codified at 12 C.F.R. §15.11(d)), https://www.federalregister.gov/documents/2026/03/02/2026-04089/implementing-the-guiding-and-establishing-national-innovation-for-us-stablecoins-act-for-the.

[16] *See* proposed 23 N.Y. Comp. Codes R. & Regs. § 202.3; 202.10(i). Chartering and licensure are areas carved out for state discretion by Section 7 of the GENIUS Act.

[17] *See* a16z Treasury Comment Letter, *supra* note 6, at 5 ("Indeed, states play a key role in optimizing their frameworks in the areas Congress specifically enumerated for them, e.g., supervisory, examination, and enforcement authority over their state qualified payment stablecoin issuers ("SQPSIs"); issuance of orders and rules under Section 4 applicable to SQPSIs; consumer protection laws; chartering, licensing, supervising, or regulating an insured depository institution or credit union chartered in a state; and supervising a subsidiary of such an insured depository institution or credit union that is approved to be a PPSI.")

Proposal. Therefore today the Proposed Rule would not meet UST's proposed test—i.e., "consisten[cy] with the Federal regulatory framework in all substantive respects."[18]

a. Certain reserve asset requirements in the Proposed Rule are not substantially similar to the proposed Federal framework.

The UST Proposal outlining broad-based principles for substantial similarity lists reserve assets as a uniform requirement, meaning that only deviations from the Federal regulatory framework with respect to "nonsubstantive matters of form or procedure" would be permitted.[19] However, NYDFS introduces several substantive requirements related to reserve assets in the Proposed Rule that are unsupported by the GENIUS Act and the OCC Proposal:

- Proposed Section 202.6(a)(2) would require prior approval from the superintendent of NYDFS prior to an authorized payment stablecoin issuer self-custodying reserves or holding reserves within the custody of an eligible financial institution that is not an insured depository institution ("IDI"). However, "holding reserve assets" is listed as a permitted activity for PPSIs under Section 4(a)(7) of the GENIUS Act, with no carveout for self-custody or custody by non-IDIs.

- The OCC Proposal also does not contain prior approval requirements for self-custody or custody of reserves by non-IDIs, but rather contemplates custody by any "covered custodian," including a PPSI.[20] A prior approval requirement is not a "nonsubstantive matter of form or procedure" but rather a material deviation from the Federal framework, which permits PPSIs (including non-IDIs) to custody reserve assets. The inclusion of restrictions on self-custody and custody of reserves by non-IDIs therefore violates the substantial similarity requirement of the GENIUS Act and endangers SCRC certification of New York's payment stablecoin framework. We urge NYDFS to remove these provisions from any final rule that it issues.

- Proposed Section 202.6(b)(1) would permit, rather than require, NYDFS to allow additional reserve assets that have been approved by the OCC pursuant to Section 4(a)(1)(A)(vii) of the GENIUS Act. However, Section 4(a)(1)(A)(vii) simply states that the federal payment stablecoin regulators must designate such assets, in consultation with the state payment stablecoin regulator, if applicable. While the Act requires federal consultation with state regulators when designating such assets, the statutory text does not grant discretion to a state payment stablecoin regulator to then not designate such asset as a permissible reserve asset.

[18] 91 Fed. Reg. 16848.
[19] 91 Fed. Reg. 16848, 16866.
[20] 91 Fed. Reg. 10230 (Mar. 2, 2026).

- Proposed Section 202.8 would require authorized payment stablecoin issuers to meet OCC capital standards and would also allow NYDFS to "establish other required capital thresholds or metrics, including additional types of capital or risk-based capital requirements." As stated in our response to the UST proposal, we believe that states "meet" the capital requirements of Section 4(a)(4)(A) of the GENIUS Act by setting forth requirements that do not materially deviate from the Federal regulatory framework. Divergent capital, liquidity, diversification, or risk management standards invite regulatory arbitrage and undermine the core principles of fungibility and substantial similarity present in the GENIUS Act. [21]

- Proposed Section 202.11 would require issuers to meet the stringent information security requirements contained in NYDFS' Cybersecurity Regulation for class A companies. The class A categorization is otherwise applicable to entities that have over $20 million in gross annual revenue and either over 2,000 employees or $1 billion in gross annual revenue,[22] and requirements include independent cybersecurity audits, solutions for blocking commonly-used passwords, endpoint and detection systems to monitor anomalous activity, and centralized logging and security-event alerting. [23] These requirements are more prescriptive than the information security requirements contained in the OCC Proposal, which generally leaves details of implementing such programs to PPSIs as long as broad goals are met.[24]

Individually and collectively, these deviations in the Proposed Rule create heightened risk that New York's framework would not be deemed substantially similar to the Federal regulatory framework. While certain of these requirements are currently deemed "state-calibrated" in the UST Proposal,[25] it is possible that some of these become uniform requirements, or the concept of "state-calibrated" requirements is removed entirely, in Treasury's final rule. As such, we urge New York to amend these provisions to align with the final Federal regulatory framework.

b. The Proposed Rule would unnecessarily impact New York's likelihood of certification by the SCRC.

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[21] *See* a16z Treasury Comment Letter, supra note 6 at 17.
[22] 23 N.Y. Comp. Codes R. & Regs. § 500.1(d).
[23] 23 N.Y. Comp. Codes R. & Regs. §§ 500.2(c), 500.7(c), 500.14(b).
[24] *See* proposed 23 N.Y. Comp. Codes R. & Regs. § 202.6(d); Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, 91 Fed. Reg. 10289 (Mar. 2, 2026) (to be codified at 12 C.F.R. §15.13), https://www.federalregister.gov/documents/2026/03/02/2026-04089/implementing-the-guiding-and-establishing-national-innovation-for-us-stablecoins-act-for-the
[25] Additional reserve assets and capital, liquidity, reserve asset diversification, and risk management standards are listed as state-calibrated in Appendix A of the UST Proposal. 91 Fed. Reg. 16866 -16867.

Ultimately, the framework put forth by NYDFS must be certified by the SCRC, requiring the committee to unanimously approve New York's regime.[26] The deviations outlined above risk SCRC denial of certification, potentially causing an extended period of uncertainty for New York-based issuers.

The earliest date that New York could submit its framework to the SCRC for certification is January 18, 2027, the expected effective date of the Act according to UST. [27] After a State payment stablecoin regulator submits an initial certification, the SCRC must approve or deny certification within 30 days.[28] If the SCRC were to deny certification, New York would have 180 days to cure its Proposed Rule of deficiencies.[29] This process would likely take at least four months given the need to rewrite the Proposed Rule, the 10-day pre-proposal comment period,[30] and the required 60-day comment period.[31] After the Proposed Rule was resubmitted, the SCRC would review and, if it again denied certification, provide NYDFS with a written explanation within 30 days of the denial.[32]

Under the GENIUS Act's timeline, therefore, if the Proposed Rule were denied certification, it could take over six months for NYDFS to make necessary updates and obtain certification in the next certification cycle. This would leave supervised entities in regulatory limbo—i.e., New York's framework would be misaligned with the federal one, leading to uncertainty for existing and new issuers planning to become State qualified payment stablecoin issuers ("**SQPSIs**") under NYDFS supervision. During this intervening period of regulatory uncertainty, NYDFS-supervised entities could either relocate to jurisdictions that are certified to be substantially similar or eschew state regulation altogether in favor of a federal framework.

3. The Proposed Rule Risks Subjecting Entities Planning to Remain or Become NYDFS Regulated PPSIs to Unnecessary and Significant Compliance Costs.

NYDFS states in the Regulatory Impact Statement accompanying the Proposed Rule that it expects that "entities subject to the proposed regulation will not incur material compliance costs beyond what they would otherwise incur," relative to NYDFS' existing framework, and that the Proposed Rule "aims to ensure the Department's regime will be

[26] GENIUS Act § 4(c)(5).
[27] *See* GENIUS Act § 4(c)(4)(A) ("Subject to subparagraph (B), not later than 1 year after the effective date of this Act, a State payment stablecoin regulator shall submit to the Stablecoin Certification Review Committee an initial certification that the State-level regulatory regime meets the criteria for substantial similarity established pursuant to paragraph (2)"). GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368, 53369, n.10 (proposed Aug. 18, 2026).
[28] GENIUS Act § 4(c)(5)(A).
[29] GENIUS Act § 4(c)(5)(C).
[30] *See* N.Y. State Dep't of Fin. Servs., Regulatory Activity – Financial Services Law https://www.dfs.ny.gov/industry_guidance/regulatory_activity/financial_services (last visited June 16, 2026) ("Before filing a proposed regulation for publication in the State Register for a formal comment period pursuant to the New York State Administrative Procedure Act, the Department provides a draft for review and comment by interested persons and the public, including, but not limited to, small businesses and local governments.").
[31] New York State Administrative Procedure Act (SAPA) § 202.
[32] GENIUS Act § 4(c)(5)(C).

certified as expeditiously as possible."[33] However, this analysis fails to consider the possibility that the Federal framework may change from the current proposed version, possibly then leading to SCRC denial of certification of NYDFS' framework. If this occurs, entities that already have taken steps to comply with the Proposed Rule would then need to revise their approach assuming a newly amended Part 202, causing them to incur costs beyond what they would incur if New York aligned its framework to the final Federal regulatory framework.

In addition, NYDFS states in its Regulatory Impact Statement that the Proposed Rule is needed in part to ensure that NYDFS' framework "is fully aligned with" the Federal framework and "satisfies the Treasury's expectations and includes all relevant requirements."[34] NYDFS further states that if it does not adopt the Proposed Rule "there is a risk that the Department would not be found to have a payment stablecoin regulatory framework that met the prescriptive standard reflected in the proposed Treasury regulation and that payment stablecoin issue[35]rs would have to be regulated by a different regulator and would face very similar requirements." But in publishing its framework before the Federal framework is complete, NYDFS risks subjecting entities planning to remain or become New York qualified PPSIs to unnecessary and significant compliance costs.

a. New York should not be prejudiced from a timing perspective should it refrain from publishing the Proposed Rule.

Given the state certification process described in the GENIUS Act, if NYDFS were to wait to update Part 202 *after* the Federal regulatory framework is finalized—which is expected to occur on or before the effective date of the Act[36]—it could streamline the state certification process and increase its likelihood of certification on the first attempt. The UST and OCC's final rules should be completed on or before the GENIUS Act's effective date, meaning that New York could propose an update to Part 202 shortly thereafter. This update to Part 202 would ostensibly have a higher likelihood of certification because New York (and all states) would have greater clarity on the standards the SCRC will apply regarding "substantial similarity."

Moreover, as a state that had a prudential regulatory regime for the supervision of digital assets in place by January 2026, New York's framework would be subject to expedited review by the SCRC.[37] This approach also has the benefit of minimizing uncertainty for payment stablecoin issuers currently authorized to conduct virtual currency business activity in New York and those planning on becoming SQPSIs supervised by NYDFS. Given that New York's framework would be subject to expedited review, NYDFS would have an opportunity to expeditiously bring its framework into alignment with the Federal regulatory framework once it is finalized.

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[33] N.Y. Dep't of Fin. Servs., Regulatory Impact Statement for Proposed 23 N.Y.C.R.R. pt. 202 (July 2026), https://www.dfs.ny.gov/system/files/documents/2026/07/rp-fs-23nycrr202-sapa_0.pdf
[34] *Id*.
[35] *Id*.
[36] Office of the Comptroller of the Currency, *Comptroller Gould Discusses Digital Asset* Innovation, GENIUS Next Steps (Aug. 19, 2026), https://www.occ.gov/news-issuances/news-releases/2026/nr-occ-2026-69.html
[37] *See* GENIUS Act § 4(c)(7).

b. **We support promoting clarity for SQPSIs and State payment stablecoin regulators regarding state certification processes.**

While there is uncertainty surrounding the compliance obligations of SQPSIs in the interim period between the effective date of the GENIUS Act and respective state frameworks achieving SCRC certification, the statutory text of the GENIUS Act supports a one-year grace period for state certification prior to an issuer planning to pursue certification in that state being deemed non-compliant. Nonetheless, to avoid uncertainty for SQPSIs and regulators such as NYDFS, we support clarification from the OCC and Treasury that issuers who are licensed under the frameworks of states that are working in good faith to update their frameworks governing payment stablecoins within the one-year period following the GENIUS Act's effective date will not be penalized.

To ensure that New York and other states have adequate time to update their frameworks, SQPSIs need clarity that they will not be penalized for continuing to abide by the rules of states that are working to conform their regulatory frameworks to the federal one. The same principle is true for state payment stablecoin regulators who, in good faith, seek to enact regulatory frameworks that meet the "substantially similar" requirements in the final UST rule.

Currently four states, including New York, have digital asset-specific regulatory frameworks that are effective or will take effect within the next year.[38] Many other states have digital asset-specific legislation pending or regulate digital assets under their existing money transmission framework.[39] If some of these states were to update their frameworks to correspond to the current proposals, and then update them again once the Federal regulatory framework is final, the result would be a period of uncertain compliance obligations for PPSIs licensed and/or operating in those states.

To avoid this outcome, we support any future efforts by Treasury, the OCC, and/or the SCRC clarifying, through final rulemaking or interpretative guidance, as applicable, that issuers who are licensed under the frameworks of states that are working in good faith to update their frameworks governing payment stablecoins within the one-year period following the Act's effective date will not be penalized. Any such clarification should also state that SQPSIs would not be in violation of Section 3(a), provided that they are located in states that are working to align their frameworks with the federal one within the initial one-year period following the Act's effective date.

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[38] These states are New York, Louisiana, California, and Illinois. *See* Daniel J. Davis, Michael S. Didiuk, Carl E. Kennedy & Alexander C. Kim, State-Level Digital Asset Licensing: What to Watch as We Head Into 2026, Nat'l L. Rev. (Nov. 25, 2025), https://natlawreview.com/article/state-level-digital-asset-licensing-what-watch-we-head-2026

[39] *See* Cryptocurrency, Digital or Virtual Currency and Digital Assets 2026 Legislation, Nat'l Conf. of State Legislatures (2026), https://www.ncsl.org/financial-services/cryptocurrency-digital-or-virtual-currency-and-digital-assets-2026-legislation.

4. Any Rule Reproposal Should Also Reconsider the Licensing Process for Non-Issuers Who Provide and Use Payment Stablecoin Services.

While we understand that the Proposed Rule is focused on establishing a licensing framework for authorized payment stablecoin issuers consistent with the GENIUS Act, to the extent NYDFS is inclined to support a reproposal of its stablecoin framework, we encourage NYDFS to explore a regulatory scope that is responsive to the concerns of non-issuers who seek to provide payment stablecoin services to NY customers ("Non-Issuers") and the broader market.

The BitLicense application process may be better served by a bespoke regulatory framework that comprehensively covers payment stablecoins. The length of time and resources associated with the application process have meant that Non-Issuers have typically had to wait several years to know whether they are able to provide payment stablecoin services to NY customers, even in cases where the underlying services they seek to offer are substantially similar to the activities for which they are already licensed (e.g., as money transmitters). Beyond established NYDFS-licensed money transmitters, a wide variety of potential users—who benefit from increased market competition—are indirectly affected by an expensive, prolonged, and uncertain BitLicense approval process. These include state-chartered banks, trust companies, state-licensed lenders, broker-dealers, payroll providers, remittance companies, and merchant acquirers who seek payment stablecoin services to facilitate remittance, payroll, and other such activity.

A more unified and efficient regulatory framework would help ensure that all potential applications associated with payment stablecoins—e.g., issuance, custody, payment services—are governed by internally consistent rules. As NYDFS is well aware, having separately issued stablecoin guidance in June 2022,[40] payment stablecoins present a unique set of considerations from other virtual currencies and related activities covered under the BitLicense. The same principle holds true for Non-Issuers who enable payment stablecoin services and their users—licensing of these entities should be tailored to the risks presented by their business models, not a general-purpose BitLicense framework designed to cover a wide range of virtual currency business activities. If Non-Issuers are covered by any rule reproposal that supplants BitLicense requirements, for example, they could be required to only provide stablecoin services using GENIUS-Act compliant payment stablecoins, consistent with many of the provisions incorporated in the Proposed Rule.

Under such a proposal, Non-Issuers could still remain subject to core requirements—e.g., applicable AML/KYC, cybersecurity, and consumer protection rules—while also being subject to a streamlined and risk-based licensing regime. Relevant considerations include:

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[40] *N.Y. State Dep't of Fin. Servs., Guidance on the Issuance of U.S. Dollar-Backed Stablecoins* (June 8, 2022), https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608_issuance_stablecoins

- *Significantly lower volatility risk.* Payment stablecoins present significantly lower price volatility risk compared to other virtual currencies. A Non-Issuer that only facilitates payments in fiat and GENIUS-Act compliant stablecoins is not exposing its customers to the same volatility risk as an entity dealing in certain other crypto assets. The primary risks that may be associated with other virtual currencies (such as volatility and speculative trading) are largely absent. Moreover, many of the risks raised by payment stablecoins can be effectively addressed by applying appropriate safeguards to the issuer. A Non-Issuer's licensing regime should be calibrated accordingly.

- *Addressing barriers to entry.* A tailored licensing regime for Non-Issuers could also promote competition and efficiency. Imposing the full suite of BitLicense requirements on Non-Issuers creates unnecessary barriers to entry and stifles competition. For Non-Issuers dealing only in fully-backed payment stablecoins, capital requirements can be disproportionately high relative to the risk profile of their business. While NYDFS maintains broad discretion to set capital requirements, new market entrants would benefit from a licensing regime that calibrates capital requirements to attendant risks. A licensed NY money transmitter that only facilitates payments in fully-backed stablecoins, for example, presents a lower risk profile than one dealing in speculative assets covered by the BitLicense regime.

Alternatively, if the Proposed Rule is not withdrawn and reproposed, or if any reproposal remains focused on payment stablecoin issuers, we recommend that the existing BitLicense regime be streamlined and tailored to the risks that Non-Issuers present, including a reconsideration of capital requirements that are more appropriately geared for issuers' business models.

As such, we respectfully request NYDFS to consider the varied ways Non-Issuers can come within a unified and streamlined licensing framework (ideally one that is stablecoin-specific). We support measures that provide a transparent and expedited review process for Non-Issuers, and that meet clearly defined risk-based criteria. A more structured and tailored framework would help retain and attract these businesses to NY.

CONCLUSION

For the reasons described above, we support NYDFSs' general approach of seeking alignment with the Federal regulatory framework. But all states, including New York, should allow the post-GENIUS Act rule implementation period to run its full course before creating or updating their respective regulatory frameworks governing payment stablecoins. This approach helps ensure alignment with the final Federal regulatory framework and also puts states in an optimal position to meet the GENIUS Act's "substantially similar" requirement for state certification purposes.

We are grateful for the opportunity to respond to the request for comment. Please do not hesitate to reach out if you have any questions regarding this letter, or if you would like to discuss further.

Sincerely,

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