



Comment of Coin Center to the Department of the Treasury on GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale

October 19, 2026

TREAS-DO-2026-0496

To whom it may concern:

Coin Center is an independent nonprofit research and advocacy center focused on the public policy issues facing cryptocurrency technologies such as Bitcoin and Ethereum. Our mission is to build a better understanding of these technologies and to promote a regulatory climate that preserves the freedom to innovate using open blockchain networks. We do this by producing and publishing policy research from academics and experts, educating policymakers and the media about blockchain technology, and by engaging in advocacy for sound public policy.

We thank the Department of the Treasury for the opportunity to comment on *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*.

The GENIUS Act makes it unlawful for any person other than a permitted payment stablecoin issuer (PPSI) to issue a payment stablecoin in the United States.¹ Any person who knowingly participates in a violation of that prohibition is subject to criminal penalties.² Proposed § 1523.2 implements the GENIUS Act's limitation on payment stablecoin issuance and, in paragraph (d), identifies activities that constitute participation in an unlawful issuance for purposes of 12 U.S.C. § 5902(f). This letter focuses principally on proposed § 1523.2(d).

Proposed § 1523.2(d) identifies a “non-exhaustive” list of conduct that may cause a person to be treated as participating in an unlawful payment stablecoin issuance and thereby expose them to criminal penalties under 12 U.S.C. § 5902(f). As drafted, proposed § 1523.2(d)(2) and (3) could be read to reach activities of the kind Congress excluded from the definition of a digital asset service provider (DASP) in 12 U.S.C. § 5901(7)(B), including validating transactions, operating a

¹ 12 U.S.C. §§ 5902(a), (c), 5916(a).

² *Id.* § 5902(f).

distributed ledger, and participating in liquidity pools or similar mechanisms for the provisioning of liquidity for peer-to-peer transactions.³

In response to Question 41, Coin Center recommends that Treasury accompany any non-exhaustive list with clear limits on what constitutes participation. Clarifying the examples in proposed § 1523.2(d)(2) and (3) would reduce uncertainty, but would not resolve whether the same activities could be treated as an unlisted form of participation. Treasury should expressly state that engaging in activities described in 12 U.S.C. § 5901(7)(B), standing alone, does not constitute participation; an issuer-specific connection and purposeful material assistance to the unlawful issuance should be required.

Although § 5901(7)(B) does not itself exempt anyone from § 5902(f), it supplies an appropriate statutory guide because Congress excluded those activities from a definition that otherwise reaches persons “participating in financial services relating to digital asset issuance.” That legislative choice supports distinguishing routine technical activity and independent liquidity provision from assistance to an issuer’s unlawful issuance. The recommendations below apply that distinction to the specific examples in proposed § 1523.2(d)(2) and (3).

I. Proposed § 1523.2(d)(2)

Proposed § 1523.2(d)(2) targets a person who “coordinates with the issuer to facilitate key steps in the issuance, such as soliciting customers or minting the payment stablecoins,” when the conduct occurs in connection with an issuance that violates 12 U.S.C. § 5902(a).⁴ It is important that “coordinates” is properly defined such that it would not encompass persons who have no agreement or other relationship with the issuer and are not purposefully assisting the issuer in an unlawful issuance.

Coin Center understands Treasury’s intent to prevent evasion of 12 U.S.C. § 5902(a) by outsourcing key steps in an unlawful issuance to others. Proposed § 1523.2(d)(2), however, could be read more broadly absent a clear and appropriately narrow definition of “coordinates.” Specifically, the provision could create uncertainty for unaffiliated network participants whose routine technical activities facilitate an issuance as an operational matter but who have no agreement, communication, or other relationship with the issuer. These participants may

³ Digital asset service provider does not include “(i) a distributed ledger protocol; (ii) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces; (iii) an immutable and self-custodial software interface; (iv) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger; or (v) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions.”

⁴ *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53,368, 53,390 (Aug. 18, 2026) (proposed 12 C.F.R. § 1523.2(d)(2)).

include block builders that include an issuance transaction in a block, proposers that propose a block containing the transaction, and nodes or validators that validate, attest to, or relay that block.

Under 12 U.S.C. § 5902(f), a person must “knowingly participate[] in a violation of” § 5902(a) to incur criminal liability. That requirement is an important safeguard, but it does not resolve the ambiguity created by the undefined term “coordinates.” A network participant may knowingly validate, attest to, or relay a transaction without knowingly participating in an unlawful issuance and without coordinating with the issuer in any ordinary sense.

Treasury should therefore clarify that “coordinates with the issuer” requires an agreement with the issuer undertaken for the purpose of materially facilitating key steps in the issuance. This clarification would distinguish purposeful coordination with an issuer from routine technical activity of the kind described in 12 U.S.C. § 5901(7)(B).

Coin Center proposes the addition of the following language in the final rule:

For purposes of § 1523.2(d)(2), a person “coordinates with the issuer” only when the person acts pursuant to an agreement with the issuer and for the purpose of materially facilitating key steps in the issuance. A person’s engagement in one or more activities described in 12 U.S.C. § 5901(7)(B), standing alone, does not constitute coordination with the issuer, and no such agreement may be inferred solely from those activities.

II. Proposed § 1523.2(d)(3)

Proposed § 1523.2(d)(3) targets a person who “acts as market maker for the newly issued payment stablecoin, distributes the newly issued payment stablecoin to purchasers of the newly issued payment stablecoin, or otherwise makes the newly issued payment stablecoin available for secondary market trading.”⁵

The term “market maker” is not defined in the GENIUS Act nor in the proposed rule, and the language surrounding secondary market trading is broad. An unaffiliated person who, shortly after issuance, creates an automated market maker (AMM) pool and supplies the payment stablecoin as liquidity, without any agreement, communication, or other relationship with the issuer, could be treated under the proposed rule as participating in the unlawful issuance merely because the pool makes the payment stablecoin available for secondary-market trading. Where that activity is undertaken independently, without an agreement with the issuer or a

⁵ 91 Fed. Reg. 53,390.

purpose to assist the initial distribution, it lacks a functional nexus to the issuance; temporal proximity to the issuance should not, by itself, convert secondary-market activity into participation.

Treasury's preamble states that § 1523.2(d)(3) is intended to reach "substantial assistance" provided "at or around the point of issuance," such as an initial listing supporting mass initial distribution, and generally not secondary-market trading lacking a "close temporal nexus" to the initial issuance.⁶ Those more specific limitations, however, are not fully articulated in the proposed regulatory text.

Therefore, Treasury should codify these limitations and clarify that proposed § 1523.2(d)(3) applies only when a person acts pursuant to an agreement with the issuer and for the purpose of materially assisting the issuer's initial distribution. Independent listing, trading, or liquidity provision—including liquidity-pool participation described in 12 U.S.C. § 5901(7)(B)(v)—should not, standing alone, constitute participation merely because it occurs at or around the time of issuance.

Coin Center proposes the following language:

(3) The person pursuant to an agreement with the issuer acts for the purpose of providing substantial assistance to the particular issuer's initial distribution in connection with the unlawful issuance by acting as a market maker for the payment stablecoin, distributing the payment stablecoin to purchasers, or otherwise making the payment stablecoin available for secondary market trading. Independent listing, trading, or provision of liquidity—including participation in a liquidity pool or other similar mechanism described in 12 U.S.C. § 5901(7)(B)(v)—does not, standing alone, constitute participation in a violation of paragraph (a) for purposes of section 3(f) of the Act. Temporal proximity to issuance, an issuer's ongoing minting or reissuance, or the presence of recently issued payment stablecoins in a trading venue or liquidity pool, standing alone, is insufficient to establish the purpose required by this paragraph.

III. Definition of "Issuer"—Question 23

Coin Center finds the proposed definition of "issuer" appropriate and recommends retaining its two requirements. Treasury should not make minting or creating a payment stablecoin an independently sufficient basis for issuer status. Minting is a technical function that may be performed by independent developers, service providers, or other network participants without

⁶ 91 Fed. Reg. 53,378.

an issuer relationship. Performing that function alone does not justify treating a person as an issuer absent the redemption obligation and representation or reasonable expectation of stable value already required by the proposed definition. If Treasury adds a minting or creation requirement, it should apply in addition to, rather than as an alternative to, both existing requirements.

IV. Proposed § 1523.4(c)—Question 77

With respect to proposed § 1523.4(c), Coin Center supports Treasury's implementation of 12 U.S.C. § 5902(h)(1), under which § 5902 does not apply to three categories of exempt transactions.⁷ Treasury asks whether these categories are clear. Coin Center believes they are and recommends retaining proposed § 1523.4(c) without amendment.

V. Conclusion

Coin Center appreciates Treasury's consideration of these comments. Treasury should establish clear limits on participation under proposed § 1523.2(d), clarify coordination under paragraph (2), and limit paragraph (3) to purposeful substantial assistance to an issuer's initial distribution. Treasury should also retain the two requirements in the proposed issuer definition and preserve proposed § 1523.4(c) without amendment. These revisions would preserve Treasury's ability to reach deliberate assistance in unlawful issuance while ensuring that independent software development, network operation, transaction validation, and liquidity provision do not, standing alone, create criminal exposure under 12 U.S.C. § 5902(f).

Sincerely,

Lizandro Pieper
Research Director at Coin Center

⁷ 12 U.S.C. § 5902(h)(1).