



KANSAS BANKERS ASSOCIATION

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VIA ELECTRONIC SUBMISSION

Regulatory and Strategic Affairs Division
Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

Office of Foreign Assets Control
U.S. Department of the Treasury
Treasury Annex, Room 2240
Washington, D.C. 20220

Re: Notice of Proposed Rulemaking on Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Program and Sanctions Compliance Program Requirements, 91 Fed. Reg. 18582 (April 10, 2026); Docket Number FINCEN 2026-0100; RIN 1506-AB73

Dear Director Gacki and Director Smith:

The Kansas Bankers Association (KBA) is submitting this comment letter in response to the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") and Office of Foreign Assets Control ("OFAC") above-referenced Notice of Proposed Rulemaking (NPRM) implementing the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. The NPRM was proposed in order to create a regulatory framework for stablecoin markets' complying with AML/CFT and sanction compliance program requirements. The KBA has an interest in the proposal as a trade association with a membership of 99% of the banks headquartered in Kansas. Our membership also includes 24 out-of-state commercial banks operating in Kansas.

These comments are designed to supplement those of the American Bankers Association (ABA), of which the KBA is a member. The KBA is aligned with the ABA's feedback. The KBA is submitting these comments to emphasize the concerns of its membership.

The KBA supports the development of a clear, consistent, and risk-based regulatory framework for stablecoin markets that aligns with existing financial crime compliance standards. The proposed rule is a strong foundation, but several refinements are necessary to ensure clarity, consistency, and appropriate allocation of legal responsibility.

Key Recommendations

- **Ensure consistent supervision and examination**

Reliance on multiple examiners (e.g., IRS for certain entities) could create inconsistent enforcement and compliance expectations. Therefore, in addition to all PPSIs being subject to the same BSA regulations, they should also be examined for AML/CFT and sanctions compliance by the same federal banking agencies to promote uniform compliance standards and to ensure a level playing field between banks and PPSIs.

- **Allow “deemed compliance” for bank-affiliated PPSIs**

Because banks have had decades of mandated BSA-AML/CFT-OFAC compliance standards and have been subject to regular and consistent examination, it is only logical to allow a PPSI subsidiary of a bank to be able to rely on the parent bank’s AML/CFT and sanctions program. Requiring PPSI subsidiaries of banks to have their own, standalone programs would be duplicative, costly, and provide no meaningful compliance benefits.

- **Clarify scope of legal obligations**

The final rule should explicitly confirm that compliance obligations apply only to PPSIs—not to reserve custodian banks or bank service providers involved in the stablecoin market, as these institutions are already subject to BSA-AML/CFT-OFAC regulations. Absent clear language, there is risk of misinterpretation that could impose unintended liability on third-party banks.

- **Define key technical terms**

Due to the PPSI’s issuance of stablecoin as a digital currency not being the same as a bank providing access to traditional currency or deposit account services, the rule should clearly define terms such as “block,” “freeze,” “burn,” “reject,” “seize,” and “account”, especially as they pertain to the new stablecoin market. Without definitions, inconsistent interpretations could lead to uneven compliance and increased enforcement risk.

Conclusion

The KBA supports the Agencies’ efforts to implement the GENIUS Act and encourages including these recommendations to ensure the final rule is operationally workable, legally clear, and consistent with existing regulatory frameworks.

We appreciate your consideration and look forward to continued engagement.

Respectfully submitted,

Douglas E. Wareham, President & CEO
Kansas Bankers Association

Terri D. Thomas, JD, EVP-General Counsel
Kansas Bankers Association