KANSAS BANKERS ASSOCIATION

July 24, 2026

The Honorable Jonathan Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Suite 1E-216
Washington, DC 20219

Re: Proposed Rulemaking on Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Risk Management; Docket No. OCC-2026-0463-0001

Dear Comptroller Gould:

The Kansas Bankers Association (KBA) appreciates the opportunity to comment on the Office of the Comptroller of the Currency's (OCC) Proposed Rulemaking regarding Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) and sanctions compliance requirements applicable to Permitted Payment Stablecoin Issuers (PPSIs). 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.

This proposal would implement the OCC's obligations under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) by referencing and incorporating the related AML/CFT and sanctions requirements jointly proposed by the Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC).

The KBA supports the responsible development of payment stablecoins within a regulatory framework that promotes safety, soundness, consumer protection, and compliance with U.S. law. Kansas banks may participate in the stablecoin ecosystem as custodians, service providers, reserve asset holders, and affiliates of regulated issuers. Accordingly, the KBA has a strong interest in ensuring that the framework established under the GENIUS Act is clear, practical, risk-based, and consistent across federal regulators.

Application of FinCEN, OFAC, and Sanctions Regulations to PPSIs

The KBA supports the OCC's proposal to recognize compliance with the forthcoming FinCEN and OFAC PPSI AML/CFT and sanctions regulations as satisfying the OCC's obligation under the GENIUS Act to establish Bank Secrecy Act and sanctions compliance standards for PPSIs. This approach promotes regulatory consistency, reduces unnecessary duplication, and allows institutions to operate under a unified compliance framework.

We encourage the OCC to coordinate closely with FinCEN and OFAC to ensure that final requirements are harmonized and administered consistently across supervisory agencies.

In particular, the KBA believes that:

- Comparable PPSIs should be subject to comparable compliance expectations and examination standards.
- PPSI subsidiaries of insured depository institutions should be permitted to leverage existing enterprise-wide AML/CFT and sanctions programs where those programs adequately address PPSI-specific risks.
- Regulatory obligations should apply to PPSIs themselves and should not inadvertently extend liability or compliance obligations to reserve custodian banks or other service providers beyond those already imposed by law.
- Key operational and compliance terms should be clearly defined to reduce uncertainty and facilitate consistent supervisory expectations.

Proposal Extends to Issues Beyond BSA/CFT, OFAC Issues

While the KBA supports the narrow proposal to incorporate FinCEN and OFAC standards, we are concerned that several questions posed in the NPRM extend beyond AML/CFT and sanctions compliance and instead address broader issues associated with the OCC's implementation of the GENIUS Act.

The matters raised in Questions 2 through 6 involve significant policy considerations relating to privacy, risk management, reserve custody, redemption rights, consumer protections, and regulatory alignment. These subjects warrant careful consideration and meaningful engagement from stakeholders.

Accordingly, the KBA respectfully requests that the OCC either extend the comment period for these broader issues or address these topics through a separate rulemaking process with an independent opportunity for public comment.

Regulatory Uniformity and Consistency

The KBA supports efforts to ensure that PPSIs operate under a clear and consistent regulatory framework regardless of charter type. Where applicable, the OCC should clarify how existing laws and regulations, including privacy and consumer protection requirements, apply to PPSIs. Furthermore, regulatory expectations should be transparent and coordinated between regulators to avoid confusion, inconsistent supervision, and unnecessary compliance burdens.

Avoid Duplicative Regulatory Requirements

Many PPSIs may be affiliated with or owned by established banking organizations that already operate under extensive risk-management frameworks. Where existing supervisory structures effectively address identified risks, the OCC should avoid imposing duplicative requirements. Regulatory expectations should be appropriately tailored to the institution's risk profile and existing controls.

Fraud Prevention and Mitigation

The KBA agrees that fraud prevention and mitigation are critical considerations for stablecoin issuers. PPSIs should maintain risk-management frameworks that address fraud, theft, operational failures, cybersecurity risks, and risks associated with distributed ledger technology.

However, where a PPSI is affiliated with an insured depository institution or bank holding company, the OCC should permit reliance on existing enterprise-wide fraud management systems and controls rather than requiring redundant standalone programs.

Reserve Security and Custody Obligations

The KBA believes that questions concerning reserve asset custody and management are important and deserve thorough consideration. Any requirements involving eligible financial institutions that hold reserve assets should recognize the existing legal, operational, and supervisory frameworks that already govern banks serving as custodians.

The OCC should avoid creating uncertainty regarding custodial responsibilities or imposing obligations that duplicate existing safety and soundness requirements.

Redemption and Holder Protections

The KBA supports clear redemption rights for stablecoin holders. Any redemption framework should be operationally feasible, consistently applied, and accompanied by appropriate compliance controls. Consumer disclosures regarding redemption procedures, fees, limitations, and eligibility requirements should be clear, accurate, and readily accessible. The OCC should also continue to coordinate with other agencies to ensure consistent definitions and protections regarding the rights of stablecoin holders.

Alignment with Other Regulators' Proposals

The KBA strongly encourages continued coordination among the OCC, FDIC, Federal Reserve, FinCEN, and OFAC. Material differences among agency requirements could create regulatory uncertainty, encourage charter arbitrage, and undermine the consistency intended by the GENIUS Act.

A coordinated federal framework will better support compliance, supervision, and innovation while preserving safety and soundness.

Conclusion

In conclusion, the KBA supports the OCC's proposal to recognize compliance with the FinCEN and OFAC PPSI AML/CFT and sanctions framework as satisfying the OCC's statutory obligations under the GENIUS Act. At the same time, we urge the OCC to provide additional opportunity for stakeholder input on broader policy issues that reach beyond AML/CFT and sanctions compliance.

Thank you for considering these comments. The KBA and its member banks look forward to continued engagement as the OCC finalizes its implementation of the GENIUS Act.

Respectfully submitted,

Douglas E. Wareham, President & CEO
Kansas Bankers Association

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