

October 19, 2026

**BY ELECTRONIC SUBMISSION**

U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220  
Attention: Office of the General Counsel  
Docket ID TREAS-DO-2026-0496-0003; RIN 1505-AC95

**Re: Notice of Proposed Rulemaking: GENIUS Act Regulations on Payment  
Stablecoin Issuance, Offer, and Sale**

Dear Secretary Bessent,

Andreessen Horowitz (“a16z”) appreciates the opportunity to respond to the U.S. Department of the Treasury’s (“Treasury”) Notice of Public Rulemaking, dated August 18, 2026 (the “**Proposal**”), seeking feedback and suggestions on implementing Section 3 of the Guiding and Establishing National Innovation for U.S. Stablecoins (“**GENIUS**”) Act regarding the statutory prohibitions and limitations on payment stablecoin issuance, offer, and sale in the United States.<sup>1</sup> We note Treasury’s efforts to promote digital asset innovation, including its lead role in drafting the June 2025 Recommendations issued by the President’s Working Group on .Digital Asset Markets, and its recent efforts to implement the requirement in GENIUS Act section 4(c) that a state payment stablecoin framework be substantially similar to the federal one.

**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, as well as infrastructure providers and custodians. a16z has also been an active participant in the comment process for proposed GENIUS Act regulations at the state and federal level.<sup>2</sup> Through our work and

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<sup>1</sup> GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368 (Aug. 18, 2026), <https://www.federalregister.gov/documents/2026/08/18/2026-16796/genius-act-regulations-on-payment-stablecoin-issuance-offer-and-sale>.

<sup>2</sup> See Andreessen Horowitz, Response to Treasury Advance Notice of Proposed Rulemaking; GENIUS Act Implementation Comments (Nov. 4, 2025),

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

a16z supports Treasury’s decision to define “issue” and “issuer” and provide additional clarification of the term “digital asset service provider.”

The Proposal’s “issue” and “issuer” definitions rest on two related principles: first, only the initial transfer of a payment stablecoin—whether direct or indirect—constitutes issuance of a payment stablecoin; and second, the “issuer” is the person obligated to convert, redeem, or repurchase the payment stablecoin for monetary value. These principles are consistent with the Act. But both depend on a third, which the Proposal assumes without stating: the Act regulates persons. Section 3(a) makes it unlawful for “any person” to issue a payment stablecoin without authorization; the Proposal defines “issuer” as “a person who” holds the redemption obligation, and “issue” as the first transfer “by the issuer.”<sup>3</sup> A transfer is therefore a “first transfer” only when a person obligated to redeem stands behind it. Software that transfers, mints, or burns tokens is not a person, has no obligations, and cannot be an issuer, and its operation is never itself issuance. Ultimately, when identifying an “issuer,” the question in every case is who is the “person” and is that “person” obligated to redeem, whatever the arrangement is called. A person that holds nothing and owes nothing is not an issuer, and neither is the code that such a person may have deployed.

This is the same line Congress drew with respect to the DASP definition. That definition’s enumerated activities (exchanging, transferring, custodying) are the activities of a person that handles assets for others, and section 2(7)(B) excludes distributed ledger protocols, their developers and operators, self-custodial software interfaces, validators, and liquidity

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<https://dwt2zme5yrom6.cloudfront.net/uploads/2025/11/Final-%E2%80%94Andreessen-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 (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); 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 (June 2, 2026) <https://dwt2zme5yrom6.cloudfront.net/uploads/2026/06/Final-%E2%80%94Andreessen-Horowitz-a16z-response-to-the-Department-of-the-Treasury-6.2.2026-.pdf>; 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>; Andreessen Horowitz, Comment Letter on New York State Department of Financial Services Proposed New 23 NYCRR 202: Authorized Payment Stablecoin Issuers (September 21, 2026) <https://dwt2zme5yrom6.cloudfront.net/uploads/2026/09/Final-%E2%80%94Andreessen-Horowitz-a16z-response-to-the-NY-Department-of-Financial-Services-9.21.2026.docx.pdf>.

<sup>3</sup> GENIUS Act § 3(a); 91 Fed. Reg. at 53371, 53374.

providers.<sup>4</sup> Thus, while the Act reaches two kinds of persons, issuers who owe redemption and intermediaries who hold or move customer assets, the Proposal notes that issuers and DASPs are not mutually exclusive. It is clear though that the line Congress drew remains unchanged—the software and non-custodial participants that make the system run are neither issuers nor DASPs.

The sections that follow apply that line to the DASP exclusions (Section (a)), to the definitions of “issue” and “issuer” (Sections (b) and (c)), to bridges (Section (d)), and to stablecoins issued by decentralized protocols (Section (e)).

**a. To avoid the risk of ambiguity and inconsistent application, Treasury should clearly define the decentralized finance activities that are excluded from the “digital asset service provider” definition and the GENIUS Act’s scope and clarify the definition of “offer.” (Questions 2, 3 and 7)**

In response to Question 7, Treasury should provide additional clarification on the GENIUS Act’s digital asset service provider (“**DASP**”) definition. This definition covers a range of entities while also reflecting clear Congressional intent to exclude a broad set of participants in decentralized networks and their underlying software<sup>5</sup>—e.g., distributed ledger protocols (a term Congress defined to include smart contracts and networks of smart contracts), validators, and other providers of distributed ledger services, developers of distributed ledger protocols and self-custodial software interfaces, and participants in liquidity pools. Given that this exclusion uses terms that are not separately defined by the GENIUS Act, there is a risk that the exclusion could be inconsistently applied by regulators. There is likewise a risk that market participants could mistakenly assume that this set of participants in decentralized networks and their underlying software must comply with these regulatory obligations.

Digital asset regulation must properly distinguish between infrastructure and software functions (which are not regulated activity), from businesses that engage as intermediaries in traditional financial activities (e.g., having counterparties, custodying assets, etc.). Entities that do not perform intermediary functions should not be regulated as if they were providing financial services or participating in transactions using regulated financial instruments. The risks of failing to draw these crucial distinctions in implementing rules are significant and at odds with the aims of the GENIUS Act.<sup>6</sup>

The statutory exclusions should be construed in keeping with that function, and they map onto three groups of participants that Treasury should name in the final rule. Base layer participants (validators, sequencers, node operators, and developers of distributed ledger protocols and client software) are excluded by section 2(7)(B)(ii) and (iv). Decentralized finance

<sup>4</sup> GENIUS Act § 2(7)(A)-(B).

<sup>5</sup> 12 U.S.C. § 5901(7)(B)(i)-(v).

<sup>6</sup> See The White House, “Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law” (July 18, 2025), <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-the-presidents-working-group-on-digital-asset-markets-releases-recommendations-to-strengthen-american-leadership-in-digital-financial-technology/>.

protocols (automated market makers, lending protocols, decentralized stablecoin protocols) are “publicly available and accessible executable software deployed to a distributed ledger,” the Act’s definition of a distributed ledger protocol,<sup>7</sup> so section 2(7)(B)(i) excludes the protocol, (B)(ii), its developers and operators, and (B)(v) those who supply it liquidity. Cross-chain infrastructure (bridge protocols and the relayers, attestors, and validators that pass messages or state between ledgers without taking custody of digital assets) is a network of smart contracts and its operators, and falls within the same clauses. Two interpretive points can be drawn from the foregoing: First, the exclusions in section 2(7)(B) are categorical: a validator paid in block rewards or a liquidity provider paid in fees is no less excluded for being compensated. Second, section 2(7)(A)(v), “participating in financial services relating to digital asset issuance,” cannot be read to recapture what (B) excludes; the specific exclusion controls the general inclusion.

In response to Question 2, it is particularly important to clarify the scope of DASP-excluded activities because of the broad definition of “offer” in the GENIUS Act: “to make available for purchase, sale, or exchange.”<sup>8</sup> If interpreted expansively and contrary to Congressional intent, this term could be read to scope in entities and software that were never meant to be regulated under the GENIUS Act, including not only blockchain system participants and non-custodial wallet providers, but also web browsers and internet service providers.

Without a clearly defined set of excluded activities, a regulator could interpret the ambiguity in the definition of “offer” to expand its jurisdiction and broaden the statute’s application beyond what Congress clearly intended. Refining and providing additional clarity on the DASP and “offer” definitions would preserve the distinct boundaries between these terms, maintain internal coherence for the statute, and mitigate the risk that a wide array of infrastructure and software could otherwise fall within scope of the GENIUS Act.

As previously articulated in our November 4, 2025, response to Treasury’s ANPRM, the final rule should avoid the risk of ambiguity and inconsistent implementation by clearly defining the decentralized finance activities *excluded* from the GENIUS Act’s scope.<sup>9</sup> Treasury should include the statutory exclusions in a defined term, “*DASP-excluded activities*,” that restates each clause of section 2(7)(B) in operational terms. Each item below tracks a statutory clause:

“*DASP-excluded activities*” mean:

- (1) Validating transactions or operating a distributed ledger, including compiling, relaying, searching, sequencing, or ordering network transactions, operating a node or oracle service, or providing computational work, network bandwidth, or similar incidental services (section 2(7)(B)(iv)).

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<sup>7</sup> GENIUS Act § 2(9).

<sup>8</sup> 12 U.S.C. § 5901(7)(A)(v).

<sup>9</sup> Each item tracks a clause of 12 U.S.C. § 5901(7)(B) and is consistent with the activities identified in our Nov. 4, 2025 response to the ANPRM, *supra* note 2.

(2) Developing, publishing, deploying, maintaining, or operating a distributed ledger protocol, including a protocol that autonomously executes the transfer, exchange, minting, burning, or redemption of digital assets, or that relays, attests to, or verifies messages or state between distributed ledgers, where the developer or operator does not take custody of or control over user digital assets (section 2(7)(B)(i)-(ii)).

(3) Developing, publishing, or operating a self-custodial software interface, including a wallet or other software that enables a user to keep, safeguard, or custody the user’s own digital assets or private keys, or an interface that enables a user to read or access data on a distributed ledger (section 2(7)(B)(ii)-(iii)).

(4) Participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions (section 2(7)(B)(v)).

In response to Question 3, the Proposal’s definition of “offer” in Section 1523.1 is defined in cross-reference to the Act and adds an additional clarification: “For the avoidance of doubt, the term includes making available for purchase, sale, or exchange a payment stablecoin that has not yet been issued.” To avoid any risk of ambiguity or inconsistent interpretation regarding *DASP-excluded activities*, a16z requests that this proposed clarification sentence be amended to include the italicized text below:

For the avoidance of doubt, the term includes making available for purchase, sale, or exchange a payment stablecoin that has not yet been issued, *but does not include DASP-excluded activities*.

Whether or not it adopts the defined term or amends the term “offer,” Treasury should state the principle that unifies the exclusions: the DASP definition does not include a person that provides self-custodial software or protocol infrastructure or otherwise does not have “total independent control” over customer funds or assets. This clarification would align with existing guidance from the Financial Crimes Enforcement Network that addresses this topic,<sup>10</sup> and ensure that the GENIUS Act remains focused on intermediaries that handle customer funds and present traditional intermediary-type risks. It is also the line that identifies an issuer. As discussed in Sections (c) through (e) below, a person that holds no custody of or control over the assets backing a stablecoin is not the person obligated to redeem it, and software that holds those assets without any person behind it is not an issuer at all.

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<sup>10</sup> FinCEN Guidance FIN-2019-G001, “Application of FinCEN’s Regulations to Certain Business Models Involving Convertible Virtual Currencies,” May 9, 2019, <https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf>.

Consistent with this approach, Treasury could provide additional color in the preamble of the final rule stating that the use of “for compensation or profit” and “engages in the business” in the DASP definition means Congress intended for DASPs to include entities that handle or control digital assets on behalf of customers for a financial intermediation purpose. This construct assumes that there must be a DASP counterparty in connection with the enumerated persons included in the DASP definition.<sup>11</sup> Additional context in the final preamble would help ensure that core technology functions are not, in and of themselves, regulated as financial activity.

In addition, Treasury could confirm that listing a stablecoin on an automated market maker, displaying a token on a platform, or enabling swap functionality through non-custodial infrastructure does not qualify as an “offer” under the GENIUS Act. Doing so would also align with Congressional intent of only capturing financial transactions that actually involve intermediation, solicitation, or control.<sup>12</sup>

**b. Treasury should clarify that issuers cannot limit holders from redeeming or further transferring a payment stablecoin until a future time, and therefore the term “issue” should not include “or will result.” (Questions 8, 12, 13, 16)**

a16z supports defining “issue” because doing so appropriately narrows the universe of permitted payment stablecoin issuers (“PPSIs”). Only PPSIs (and foreign payment stablecoin issuers, under specific conditions) may issue payment stablecoins under the Act, subject to various reserve, redemption, risk management, and other requirements.<sup>13</sup> As discussed further below, bridge operators and related software providers who only engage in the technical process of minting or creating a payment stablecoin do not “issue”, are not “issuers”, and therefore fall outside the category of PPSIs subject to the panoply of regulatory requirements under the Act.

However, proposed § 1523.1(c) would define “issue” to mean “the first transfer of a payment stablecoin by the issuer, except as required by a lawful order, whether directly or indirectly, including by crediting an account, that results *or will result* in a person other than the issuer having the right to use or transfer the payment stablecoin or to have the payment stablecoin converted, redeemed, or repurchased. . .”<sup>14</sup> In response to Question 8, definition of the term “issue” should not include “or will result” because doing so would permit issuers to restrict

<sup>11</sup> 12 U.S.C. § 5901(7)(A).

<sup>12</sup> An additional benefit of constraining the scope of the term “offer” is that it would align more closely with how “offer” is generally understood—i.e., as relating to a person actually offering an asset itself—not anyone that is simply making available a possible means for persons buying or selling such asset—as well as with the definition of “offer” in other federal regulatory regimes, including the federal securities laws. *See* Section 2(a)(3) of the Securities Act of 1933 (15 U.S.C. § 77b(a)(3)).

<sup>13</sup> GENIUS Act §§ 3(a); 4(a)(1).

<sup>14</sup> GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368, 53371 (Aug. 18, 2026), <https://www.federalregister.gov/documents/2026/08/18/2026-16796/genius-act-regulations-on-payment-stablecoin-issuance-offer-and-sale> (emphasis added).

redemption or transfer of a payment stablecoin beyond what is otherwise required under the GENIUS Act or applicable law, such as an issuer's requirement to comply with a "lawful order" as defined in Section 2(16) of the Act.<sup>15</sup>

First, the inclusion of PPSIs and DASPs in the Act suggests that only the first transfer of a payment stablecoin by the issuer constitutes "issuance" by a PPSI, and that subsequent transfers (e.g., by digital asset custodians) are governed by the separate requirements for DASPs.<sup>16</sup> Second, the Act recognizes that PPSIs may also provide "custodial or safekeeping services" for payment stablecoins, supporting the concept that the "crediting of an account" can be an issuance, even when the issuer does not transfer the payment stablecoin to a different address.<sup>17</sup> Third, assuming issuance is the "first transfer" of a payment stablecoin, then the aggregate volume of outstanding payment stablecoins necessarily increases. In response to Question 16, therefore, an increase in the aggregate amount of payment stablecoins outstanding is a necessary condition for issuance. But, it is not a sufficient one. Supply can increase without issuance where the tokens are minted by software that no person controls and that no person is obligated to redeem. A protocol whose code performs redemption is not a "person" and cannot be an issuer, and without an issuer there is no issuance.

The idea that an issuer could "limit the holder of a digital asset purporting to be a payment stablecoin from redeeming or further transferring the payment stablecoin until some future time" is unsupported by the Act. The Proposal's preamble states that "a purported payment stablecoin which the issuer is obligated to convert, redeem, or repurchase for a third party at some future time should, during the non-redemption period, be considered a payment stablecoin that has been issued."<sup>18</sup> This interpretation undermines one of the Act's core requirements, which is that a PPSI "shall" redeem a payment stablecoin. An issuer-imposed lockup or transfer restriction is functionally a refusal to honor the redemption obligation during the lockup period. If a holder cannot redeem a payment stablecoin until a future date selected by the issuer, then the issuer has, contrary to the Act, effectively suspended its statutory obligation to convert, redeem, or repurchase on demand.

Permitting an issuer to choose *when* its redemption obligation arises would also thwart the purpose of payment stablecoins as a "means of payment or settlement."<sup>19</sup> A payment stablecoin subject to issuer-imposed transfer restrictions or redemption lockups is not, during the lockup period, usable "as a means of payment or settlement." Instead, it is a frozen asset suspended for a variable period. If the issuer can restrict transferability, then during the restriction period the digital asset fails to satisfy the statutory definition of a payment stablecoin.

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<sup>15</sup> 91 Fed. Reg. 53371-53373.

<sup>16</sup> GENIUS Act § 2(7) (the GENIUS Act defines a digital asset service provider to include a person "acting as a digital asset custodian", "transferring digital assets to a third party," and "exchanging digital assets for other digital assets.")

<sup>17</sup> GENIUS Act § 4(a)(7).

<sup>18</sup> 91 Fed Reg 53372.

<sup>19</sup> GENIUS Act § 2(22)(A).

This creates an unworkable result: the same digital asset would straddle in and out of the Act's statutory definition depending on the applicability of the issuer's transfer restriction. Congress could not have intended a definition of "payment stablecoin" that was conditional on an issuer-determined lockup period.

Issuer-imposed transfer restrictions are also incompatible with the necessary fungibility of payment stablecoins. If an issuer retains the ability to prevent a holder from transferring or redeeming the payment stablecoin, the instrument ceases to function as a reliable medium of exchange. Market participants would treat it as an encumbered asset rather than a cash equivalent, undermining a key purpose of the Act. Payment stablecoins would no longer be fungible, interchangeable instruments because different payment stablecoins with the same face value could be subject to different transfer restrictions at different times. The market would discount the value of the payment stablecoin and confidence in payment stablecoins as a payment instrument would easily be eroded.

Any limitation on the ability to redeem or transfer a payment stablecoin—other than as required by other provisions of the GENIUS Act or applicable law—is inconsistent with a plain reading of the Act. An issuer is obligated (unconditionally) to convert, redeem, or repurchase a payment stablecoin, and a payment stablecoin is designed to be used as a (reliable) means of payment or settlement. For these reasons, Treasury should delete "or will result" from the proposed definition of "issue" and clarify in its final rule that an issuer may not restrict redemption or transfer of a payment stablecoin except as may be required under applicable law—e.g., an issuer's requirement to comply with a "lawful order" as defined in Section 2(16) of the Act.<sup>20</sup>

Deleting "or will result" does not open the evasion route the preamble describes; it actually prevents it. The preamble's concern, and the subject of Question 13, is a purported payment stablecoin that cannot be redeemed for six months, which its issuer might say has not been "issued" during the lockup.<sup>21</sup> But the first transfer of such a token still "results in" a person other than the issuer having the right to have it redeemed. A right exercisable in six months is a right today, and the issuer's obligation exists from the moment of transfer even if its performance is deferred. The token is issued on first transfer, section 3(a) applies from that moment, and if the issuer is a PPSI the lockup is a breach of its redemption obligation rather than a reason to postpone the finding of issuance. "Or will result" is therefore unnecessary to prevent evasion, and its effect is to suggest that an issuer may lawfully defer the holder's rights.

The same point answers Question 12 – i.e., the idea that a first transfer of the payment stablecoin may be effected *directly or indirectly* by the issuer. Treasury should clarify that a transfer that "occur[s] automatically through smart contracts" is an indirect transfer by the issuer when a person obligated to redeem controls the smart contract; the smart contract is that person's

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<sup>20</sup> GENIUS Act § 2(16).

<sup>21</sup> 91 Fed. Reg. at 53372.

instrument, like the agent or distributor the preamble describes, and the issuance is that person's.<sup>22</sup> Treasury should say so. It should equally say the converse: where no person obligated to redeem controls the smart contract, there is no issuer, and the smart contract's transfers are not issued by anyone. "Indirectly" extends an issuer's responsibility through its tools; it does not turn the tools into issuers.

**c. While the term "issuer" is appropriately defined, Treasury should clarify that the technical process of "minting or creating" a payment stablecoin does not, by itself, make the minter or creator an "issuer." (Questions 23, 24, 25)**

a16z also supports defining "issuer" as a means of aligning a PPSI's compliance obligations with the Act and distinguishing issuance from "minting and creation," which are fundamentally different technical processes often provided by *non*-issuer software or service providers.

The Proposal defines "issuer" in Section 1523.1 as "a person who (i) is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value, and (ii) represents that the person will maintain, or creates the reasonable expectation that the person will maintain, a stable value relative to the value of a fixed amount of monetary value." In response to Question 23, the definition of "issuer" in the Proposal is necessary and appropriate, but should be clarified to exclude solely the "minting or creation" of the payment stablecoin, which is a technical process often undertaken by third-party *non*-issuer entities.<sup>23</sup> Treasury should also decline the minting prong that Question 23 contemplates. Minting is what software does. A prong keyed to minting or creation could result in code, rather than the person behind it, being deemed the issuer, and it would be redundant wherever a person does stand behind the code, because the obligation prong already captures that person.

The first prong of the "issuer" definition can only be met by the person who holds the direct conversion, redemption, or repurchase obligation to the holder. The second prong of the "issuer" definition is limited to representations, by the same person, who maintains the conversion, redemption, or repurchase obligation.<sup>24</sup> In response to Question 24, there are no situations where separate persons could conduct the two inextricably linked activities that define "issuer" under the Proposal. While in certain scenarios, such as a white-labeling arrangement, a third party's marketing may represent that a payment stablecoin will maintain a stable value, here the third party would be making the representation on behalf of the issuer, not because the third party independently maintains an obligation to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value.

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<sup>22</sup> *Id.*

<sup>23</sup> 91 Fed Reg. 53374.

<sup>24</sup> GENIUS Act §§ 2(11), 2(22), 2(31).

In response to Question 25, white-labeling arrangements should therefore not be viewed as an evasion of the GENIUS Act, and the person providing its branding is not a second issuer.<sup>25</sup> On the contrary, as the OCC has recognized,<sup>26</sup> these arrangements are beneficial because they allow non-issuers to capture the upside of owning distribution and user relationships while outsourcing issuance, regulation, reserves, and infrastructure to a regulated entity. These arrangements also are critical to supporting a growing set of use cases (e.g., agentic payments, corporate treasury, B2B payments, and cross-border remittances) in a safe and sound manner.

While other entities, including PPSI affiliates or third parties, may participate in the technical aspects of issuance (including by facilitating the minting or creation of payment stablecoins onchain), undertaking these technical processes does not make them “issuers” or PPSIs.<sup>27</sup> This interpretation is bolstered by the fact that the Act omits any mention of “minting” or “creating” altogether. Use of the singular “the issuer” within the definition of “payment stablecoin” — i.e., “a digital asset – the issuer of which – is obligated to convert, redeem or repurchase . . .”<sup>28</sup>—also suggests that Congress intended for each payment stablecoin to have a single issuer. That is the answer to Question 25 as well—a parent whose subsidiary holds the obligation, or a person that lends its brand, is not an additional issuer. Where such a person coordinates in an unlawful issuance it may be a participant for purposes of proposed § 1523.2(d), but participation is not issuance, and the Proposal is right to keep the two concepts apart.

For these reasons, Treasury should exclude from the definition of “issuer” PPSI affiliates or third parties that undertake the technical process of minting or creating the payment stablecoin onchain. It should likewise confirm that a distributed ledger protocol that mints, transfers, or redeems a stablecoin is not a “person” under section 2(24) and cannot be an issuer, and that where a person controls that protocol and the assets it holds, that person is the issuer.

- d. Treasury should clarify that bridging or cross-chain transfers are not issuance, that a bridge protocol cannot be an issuer, and that a bridge operator or service provider is an issuer only if it holds the assets backing the bridged token and the obligation to redeem them for monetary value. (Questions 15, 16, 19, 20, 21, 22)**

The proposed definitions of “issue” and “issuer” should inform Treasury’s consideration of the role performed by entities who enable bridging and cross-chain transfers. A bridge protocol is software: a network of smart contracts that locks, burns, mints, or releases tokens on

<sup>25</sup> See a16z OCC Comment Letter, *supra* note 1 at 3-7.

<sup>26</sup> 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. 10202, 10213 (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-issuance-of-stablecoins-by-entities-subject-to-the-jurisdiction-of-the-office-of-the-comptroller-of-the-currency>.

<sup>27</sup> 91 Fed. Reg. 53374.

<sup>28</sup> GENIUS Act § 2(22).

instruction. It is not a person, cannot be an issuer, and its operation is never itself issuance. The only candidates for issuer status are the persons around it, and the Proposal's definitions dispose of them.

First, bridge providers, bridge operators, and other types of software service providers would not fall under the proposed "issuer" definition because they do not engage in the "first transfer" of a payment stablecoin. Instead, through various bridging and transfer arrangements, they facilitate subsequent transfers across one or multiple destination chains.

Second, while some bridge operators may engage in minting, creating, or burning a payment stablecoin as a technical matter, *only* the entity that maintains the conversion, redemption, or repurchase obligation would meet the Treasury's proposed definition of "issuer." A person that takes custody of payment stablecoins locked on a source chain may be a DASP, since acting as a digital asset custodian is an enumerated DASP activity,<sup>29</sup> but custody of a payment stablecoin is not an obligation to redeem it for monetary value. In this instance, the custodian is a DASP, not an issuer.

Third, the Act's definition of a payment stablecoin includes a digital asset "the issuer of which—is obligated to convert, redeem, or repurchase for a fixed amount of monetary value."<sup>30</sup> A wrapped or bridged version of a payment stablecoin is not a payment stablecoin because no entity is *directly* obligated to redeem it for "monetary value."<sup>31</sup> Treasury should articulate that a wrapped or bridged representation of a stablecoin is not itself a payment stablecoin.

In response to Question 19, whether the transfer or movement of a payment stablecoin from one blockchain to another constitutes "issuance" turns on whether a person holds the assets backing the resulting tokens and an obligation to redeem them for monetary value. Where no person does, because the lock, mint, burn, and release steps are executed autonomously by a distributed ledger protocol, no issuance has occurred and there is no issuer. Where a person holds the locked assets but owes no redemption, that person may be a DASP but is not an issuer. Only where a person holds the obligation is there an issuer, and that person is the issuer however the tokens were created. In a typical cross-chain bridge process, stablecoins are locked or burned on one chain (the "source chain") and minted or released on another (the "destination chain"). If the total supply across all chains remains the same, nothing new has been "issued" in economic

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<sup>29</sup> GENIUS Act § 2(7)(A)(iv).

<sup>30</sup> GENIUS Act § 2(22).

<sup>31</sup> "Monetary value" means a national currency or deposit (as defined in section 3 of the Federal Deposit Insurance Act). GENIUS Act § 2(17). While Treasury asks in the Proposal whether it should interpret the term "payment stablecoin" and related definitions to include a digital asset that the issuer is obligated to redeem in other forms of value that may be the functional equivalent of those forms of "monetary value," Congress carved out a digital asset backed by a payment stablecoin from the definition of "payment stablecoin" in Section 14 of the GENIUS Act. 91 Fed. Reg. 53371. Whatever the answer for deposit-like liabilities, a payment stablecoin is not itself "monetary value": it is neither a national currency nor a deposit, and section 2(22)(B)(ii) confirms that a deposit, even one recorded on a distributed ledger, is not a payment stablecoin. A token redeemable only for a payment stablecoin is therefore not redeemable for monetary value, and Treasury should not extend the term to reach it.

substance — the tokens have simply moved from one blockchain to another. Treating every bridge or transfer event as a new issuance would artificially inflate the outstanding supply and impose nonsensical regulatory burdens on bridge operators and software providers, such as requiring duplicative backing of synthetic or “wrapped” stablecoins with “safe assets” in the absence of any obligation by the bridge operator or software provider to convert, redeem or repurchase.

For example, certain types of bridging structures involve either the creation of a “wrapped stablecoin” on the destination blockchain backed by a “locked” payment stablecoin on the source blockchain (a “lock-and-mint bridge”). Alternatively, other structures involve transfers of payment stablecoins between liquidity pools (a “liquidity-pool bridge”). No new tokens are created or destroyed in this process; the bridge simply facilitates a swap between liquidity pools. While the underlying bridging and transfer mechanics differ, in neither structure does the bridge assume an obligation to redeem anything for monetary value. The wrapped token is a claim on the locked payment stablecoin; the liquidity-pool transfer is a swap of payment stablecoins that already exist. The issuer’s obligation continues to run to whoever holds the underlying payment stablecoin, and neither that obligation nor the issuer’s compliance requirements under the Act change. Entities that facilitate either structure should fall outside the Proposal’s “issuer” definition.

The same applies to burn-and-mint bridges. Under a typical burn-and-mint process, a payment stablecoin is burned on the source blockchain *before* a new payment stablecoin is minted on the destination blockchain in an equivalent amount. The minted tokens are the issuer’s payment stablecoin: bridge operators cannot mint absent authorization from the issuer, and the issuer’s obligation to convert, redeem, or repurchase for monetary value (and its reserve requirements) attach to the minted tokens exactly as they attached to the burned ones. No new issuance has occurred, and the aggregate supply does not increase. Therefore, in response to Question 20, under the preceding conditions, the bridge operator should not be considered the “issuer” under Treasury’s proposed definition.

Treasury should also decline to make issuer status turn on supply arithmetic or market price. Bridges malfunction. A bug or exploit may cause tokens to be minted on a destination chain before, or without, the corresponding lock or burn on the source chain, so that for a period the tokens outstanding across chains exceed the collateral locked against them, and the bridged token may trade below the value of the underlying payment stablecoin. Neither event makes the bridge operator an issuer. Issuer status turns on whether a person has incurred an obligation to convert, redeem, or repurchase for monetary value. A bug incurs no obligation, and an exploiter is a thief, not an issuer; the Proposal itself asks whether theft should be viewed as issuance, and the answer is no, for the same reason.<sup>32</sup> The holder of the bridged token has the recourse it had before the malfunction: the collateral locked in the contract if the bridge is autonomous, or the custodian’s contractual undertakings if the bridge is custodial. In the first case there is no person

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<sup>32</sup> 91 Fed. Reg. at 53373 (Question 18).

to regulate as an issuer. In the second, the custodian is a DASP whose obligations are governed by the Act's DASP provisions and by its contracts, not by the Act's issuer provisions. A test keyed to supply or price would also be unadministrable. It would make a bridge operator an issuer intermittently, for the duration of a bug, and would make issuer status depend on a market price the operator does not set and cannot control. The Act asks who is obligated to redeem a token at par, not whether the token happens to trade there.

Accordingly, and in response to Question 21, an entity that is involved in the creation, minting, distribution, or transfer of a wrapped or bridged version of a payment stablecoin is not the issuer of the payment stablecoin because it is not the entity that bears the obligation to convert, redeem, or repurchase the underlying payment stablecoin for monetary value. That is because both the Act's definition of "payment stablecoin" and the Proposal's definition of "issuer" locate issuer status in that obligation, and a wrapped or bridged token confers at most a claim on the locked payment stablecoin, not a claim to monetary value against the entity that created it. Treasury should focus on who holds the backing assets and the redemption obligation, not on the movement of tokens across blockchains or on the supply arithmetic that movement produces. Classifying bridge operators and similar software providers that do not themselves hold the same obligations as PPSIs would result in significant regulatory overreach, forcing such entities—with entirely different *non*-issuer business models—to comply with the Act's varied and significant compliance obligations. For the reasons detailed above, our interpretation remains consistent with the obligations that the Act imposes on PPSIs and Congressional intent.<sup>33</sup>

- e. Treasury should clarify that a stablecoin issued autonomously by a distributed ledger protocol has no "issuer" and is not a "payment stablecoin," and that participation in such a protocol does not make a person an "issuer" or a DASP. (Questions 3, 5, 7, 23, 24, 32)**

The Act's definition of "payment stablecoin" turns on the existence of an issuer: a digital asset "the issuer of which" is obligated to convert, redeem, or repurchase it for a fixed amount of monetary value and represents that it will maintain a stable value.<sup>34</sup> The Act then regulates that issuer, requiring it to hold reserves, honor redemptions, and submit to supervision. Decentralized stablecoins, on the other hand, have no issuer. They are generally backed by digital assets, like ETH (the network token of the Ethereum blockchain) and SOL (the network token of the Solana blockchain), and issued autonomously by decentralized smart contract protocols that utilize mathematical algorithms and other mechanisms to maintain the collateral and the stability of the stablecoin.

The technical underpinnings of decentralized stablecoins mean that they are not issued by any "person" and are entirely disintermediated, providing users with significant benefits. First, because decentralized stablecoins typically rely on collateral that exists natively on a blockchain,

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<sup>33</sup> GENIUS Act §§ 4(a)(1)(A); 4(a)(1)(B).

<sup>34</sup> GENIUS Act § 2(22)(A)(ii).

they are generally free from offchain risks, such as those that arise from custodial assets with third parties, such as financial institutions. Second, decentralization has the innate benefit of preventing centralized parties from controlling or manipulating the parameters governing these stablecoins, which can increase trust and eliminate risks inherent to the existence of controlling parties.

Looking to Section 2(22)'s definition of "payment stablecoin," decentralized stablecoins do not have an "issuer"—no "person" controls the issuance of such stablecoins, rather they are issued by autonomous software that no person controls and that itself holds the collateral. In addition, the definition of "payment stablecoin" pertains to a digital asset "the issuer of which" has certain redemption obligations and makes certain representations regarding stable value. Because decentralized stablecoins do not have issuers, there is no "person" with redemption obligations or who could make such representations in the first place. Rather, users tend to redeem collateral through user-initiated and controlled interactions with autonomous software, and any representations about the stability of the asset are solely dependent on the functioning of code. This autonomous functioning is made possible due to the use of onchain assets as collateral, which means collateral can be stored and redeemed without intermediaries.

The text supports that conclusion at each step, and it answers Question 3, which asks whether Treasury should clarify the application of the term "person." The Act defines "person" as an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity,<sup>35</sup> and it separately defines a "distributed ledger protocol" as "publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts."<sup>36</sup> Software is not a person. Congress used both terms in the same section and excluded distributed ledger protocols from the DASP definition.<sup>37</sup> Treasury should therefore confirm, in response to Question 3, that a distributed ledger protocol is not a "person" for purposes of Part 1523 and cannot be an issuer. Where a stablecoin is minted and redeemed by such a protocol against collateral escrowed in it, no person is "obligated" to do anything; the holder's recourse is to the code and the collateral, not to the credit of an obligor.

Question 5 can be answered similarly. The obligation that defines a payment stablecoin is an obligation to redeem "for a fixed amount of monetary value," and "monetary value" means national currency or deposits denominated in national currency.<sup>38</sup> Question 5 asks whether Treasury should read that term to include functional equivalents such as credit union shares. Whatever Treasury decides about deposit-like liabilities, a protocol that returns ETH or SOL against a stablecoin does not redeem it for monetary value or anything equivalent to it; those assets are not claims on any institution, and no one promises their conversion into dollars. Either feature, the absence of a person or the absence of a monetary-value redemption, independently

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<sup>35</sup> GENIUS Act § 2(24).

<sup>36</sup> GENIUS Act § 2(9).

<sup>37</sup> GENIUS Act § 2(7)(B)(i).

<sup>38</sup> GENIUS Act § 2(17).

places decentralized stablecoins outside the definition.

Congress did not overlook these instruments. Section 14 of the Act directs Treasury to study “non-payment stablecoins,” including endogenously collateralized ones, and to report to Congress on, among other things, their “governance structure, including aspects of decentralization,”<sup>39</sup> it did not regulate them, and it did not stretch the definition of “payment stablecoin” to reach them. We support that study as the vehicle for identifying what, if anything, should be brought within scope, and the final rule should not pre-empt it by construing “issuer” to reach software. Nor does this reading invite evasion. The marker identified at the outset of this discussion, custody, does the work. Where any person, whether a developer, a foundation, or a governance body, holds the collateral, can seize or redirect it, can pause or condition redemptions, or holds reserves offchain against which holders have a claim, that person holds the backing assets and, in substance, the redemption obligation, and Treasury may treat it as the issuer. A governance body organized as an unincorporated association may be a “person,” but a person is an issuer only if it bears the obligation to redeem; governance participants who vote on protocol parameters no more assume that obligation than validators who process redemption transactions do.

Accordingly, and in response to Questions 3, 5, 7, 23, 24, and 32, Treasury should confirm in the final rule, or in an interpretation in Appendix A, that: (1) a digital asset is not a payment stablecoin, and has no issuer, where no person is obligated to convert, redeem, or repurchase it for monetary value, and any redemption is executed autonomously by a distributed ledger protocol against collateral that no person holds or controls; (2) developing, deploying, governing, validating, or providing liquidity to such a protocol does not make a person an “issuer” or a DASP; (3) a person that maintains identifiable reserves backing the outstanding payment stablecoins and the obligation to redeem for monetary value is the issuer, whatever the arrangement is called; and (4) because such a digital asset is not a payment stablecoin, section 3(b)’s prohibitions do not apply to it, and a DASP does not violate section 3 by offering, selling, or making available a decentralized stablecoin. This confirmation does not leave decentralized stablecoins unregulated. They remain subject to whatever other law applies to them, and where a person does hold the obligation and issues without authorization, section 3(a) and the Proposal’s participation provisions reach that person and anyone who coordinates with it.<sup>40</sup>

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<sup>39</sup> GENIUS Act § 14.

<sup>40</sup> 91 Fed. Reg. at 53378 (discussing proposed § 1523.2(d)).

### III. Conclusion

a16z is grateful for the opportunity to comment on the Proposal. Please contact us if you have any questions regarding this letter, or if you would like to discuss these important topics prior to issuing the Final Rule.

Sincerely,

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