U.S. Department of the Treasury
Office of the General Counsel
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Submitted by electronic submission to https://www.regulations.gov

ATTN: TREAS-DO-2026-0496

Re: Comments on U.S. Department of the Treasury Notice of Proposed Rulemaking: GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale (TREAS-DO-2026-0496)

To the U.S. Department of the Treasury:

DeFi Education Fund, Jump Crypto, Paradigm, Solana Policy Institute, and Uniswap Labs (collectively, "Commenters" or "the Coalition") appreciate this opportunity to submit this comment in response to the Department of the Treasury's proposed rule (the "Proposed Rule") to implement provisions of the Guiding and Establishing National Innovation for U.S. Stablecoins ("GENIUS") Act. We support Treasury's efforts to establish clear rules for the offer and sale of payment stablecoins while preserving the statutory protections for distributed ledger protocols, self-custodial software, validation, and liquidity provision. The targeted clarifications below would support compliance, encourage innovation, protect consumers, and meet the other purposes of the GENIUS Act.

I. About the Coalition

Collectively, the Commenters represent distinct perspectives in the digital assets industry. We share the government's purposes in attempting to have effective, clear regulation for this still-nascent industry to strike a meaningful and appropriate balance between innovation and other public-interest goals, including consumer protection, market integrity, and the prevention of illicit finance.

A. DeFi Education Fund

DeFi Education Fund is a U.S.-based nonpartisan, nonprofit that advocates for sound policy for decentralized finance ("DeFi"), educates lawmakers about the technical workings and benefits of DeFi, and protects the rights of DeFi developers and users.

B. Jump Crypto

Jump Crypto is the crypto division of Jump Trading Group, a research driven quantitative trading firm that is one of the largest traders by volume across traditional asset classes. Through Jump Crypto, in addition to being one of the largest market participants, Jump has been working to build the next frontier in crypto infrastructure for the last six years.

C. Paradigm

Paradigm Operations LP is a frontier technology investment firm that invests and builds in crypto, AI, robotics, and across new frontiers from the earliest stages. Paradigm combines investing with hands-on technical work, building and maintaining open-source software relied on across the crypto ecosystem and working alongside portfolio companies on product, business, and policy strategy.

D. Solana Policy Institute

Solana Policy Institute is a non-partisan, non-profit focused on educating policymakers on how decentralized networks like Solana are the future of the digital economy—and why the people building on and using them need legal certainty to flourish.

E. Uniswap Labs

Uniswap Labs is a New York-based software development company that contributes to the development of the Uniswap Protocol, a decentralized, open-source automated market maker protocol launched in 2018 that enables peer-to-peer trading of digital assets directly from users' self-custodied wallets, without intermediaries. The protocol has processed more than $4 trillion in trading volume. Uniswap Labs also develops noncustodial software products, including a web interface, wallet, and developer tools, that give millions of users access to decentralized finance. Uniswap Labs does not take custody of user assets, and users' transactions execute through smart contracts that Uniswap Labs does not control.

II. Treasury Must Preserve the GENIUS Act's Balance Between Stablecoin Regulation and Protections for Decentralized Infrastructure.

The GENIUS Act's restrictions on payment stablecoin issuance, offer, and sale work in conjunction with the Act's express protections for blockchain infrastructure, self custody, and peer-to-peer transactions. Treasury's implementation of Section 3 must give full effect to those protections.

A. The Issuance, Offer, and Sale Restrictions in Section 3 are Distinct in Scope.

Section 3 of the GENIUS Act outlines the general framework of the payment stablecoin environment in the United States, prescribing what types of entities may issue, offer, sell, or otherwise make available payment stablecoins.[1] It does so through two distinct prohibitions that can apply to different conduct involving the same payment stablecoin. First, Section 3(a) makes it unlawful for any person other than a permitted payment stablecoin issuer to issue a payment

1 *See generally Guiding and Establishing National Innovation for U.S. Stablecoins Act* (GENIUS Act), Pub. L. No. 119-27, 139 Stat. 419 (2025), Section 3.

stablecoin in the United States, as implemented in proposed Section 1523.2.[2] This issuance prohibition controls who can create a payment stablecoin domestically in the first instance, and places broad restrictions on parties attempting to issue a payment stablecoin.

Second, Section 3(b) addresses the offer, sale, or otherwise making available of certain payment stablecoins in the United States by digital asset service providers ("DASPs"), and contains two distinct prohibitions. Section 3(b)(1) bars a DASP from offering or selling a payment stablecoin to a person in the United States unless it is issued by a permitted payment stablecoin issuer (subject to the Act's exceptions). Section 3(b)(2) bars any DASP from offering, selling, or otherwise making available in the United States a payment stablecoin issued by a foreign payment stablecoin issuer unless that issuer has the technological capability to comply, and will comply, with the terms of any lawful order and any reciprocal arrangement under Section 18 of the Act, as implemented in proposed Section 1523.3.[3]

Notably, the DASP definition itself contains important exclusions. While a DASP means a person engaged in the for-profit business of certain activities such as "exchanging" or "transferring" digital assets, or acting as a custodian of such digital assets, explicitly carved out of the DASP definition are: "(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] Collectively, these exclusions encompass technology, software, and developers of decentralized networks and infrastructure – and Congress's intent to ensure they were excluded from obligations designed for DASPs. Congress drew the dividing line at control, since a DASP exercises custody or control over user assets, transactions, or data in connection with its activities, whereas decentralized finance technology and base-layer blockchain infrastructure do not exercise such control.

The structure is intentional. Congress designed Section 3(b) to prevent the most obvious form of evasion of the Act's structure: issuing a stablecoin offshore, outside any GENIUS Act oversight, while still marketing and distributing it to U.S. customers as if the issuance-side protections did not apply. Addressing this gap that could be potentially exploited, Congress defined the conduct which it intended to regulate functionally, rather than on a transaction basis. The Act defines "offer" to mean "to make available for purchase, sale, or exchange," and Treasury has read the statutory terms "offer," "sell," and "make available" as overlapping rather than mutually exclusive.[5] Treasury therefore proposes examples involving solicitation, advertising, and other conduct directed toward persons located in the United States. Those examples remain subject to the DASP threshold and the applicable statutory protections.

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2 GENIUS Act Section 3(a); *see also GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53371 (proposed Aug. 18, 2026) at Section 1523.2.

3 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53371 (proposed Aug. 18, 2026) at Section 1523.3.

4 12 U.S.C. § 5901(7)(B).

5 *See GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53380 (proposed Aug. 18, 2026) ("For this reason, Treasury does not believe that the statutory terms 'offer,' 'sell,' and 'make available' are mutually exclusive, and they may significantly overlap.").

B. Congressional Intent to Protect Developers, Decentralized Networks, and Infrastructure

Congress also sought to strike a careful balance elsewhere in the statute meant to preserve decentralized networks and infrastructure (including those related to decentralized finance) and the autonomy of individual stablecoin users. This was stressed in both the careful crafting of the statutory DASP exclusions discussed above, and in the statutory exclusions from Section 3: Section 3(h) contains express exemptions for the direct transfer of digital assets between two individuals acting on their own behalf and for their own lawful purposes without an intermediary, certain transfers between same-owner accounts offered by the same parent company, and transactions by means of a software or hardware wallet that facilitates an individual's own custody of digital assets.[6]

This Administration has also repeatedly stressed the significance of decentralized networks and infrastructure related to peer-to-peer blockchain transactions. In its July 30, 2025, Report, *Strengthening American Leadership in Digital Financial Technology,* the President's Working Group recommended that "Congress should enact legislation affirming that individuals can custody their own digital assets without a financial intermediary and engage in lawful peer-to-peer transactions using those assets."[7] Executive Order 14178[8] stressed the importance of "protecting and promoting the ability of individual citizens and private-sector entities alike to access and use for lawful purposes open public blockchain networks without persecution, including the ability to develop and deploy software, to participate in mining and validating, to transact with other persons without unlawful censorship, and to maintain self-custody of digital assets." The Coalition seeks to protect the creation, development, publication, deployment, and operation of such technologies and activities consistent with the GENIUS Act. Clear implementation of those protections would provide legal certainty for the development and operation of decentralized networks and infrastructure.

Regulated issuance of payment stablecoins can coexist with public, permissionless infrastructure and self-custody without compromising important interests such as consumer protection and market integrity.[9] As the government has frequently noted,[10] a function-based

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6 12 U.S.C. § 5902(h)(1).

7 *Strengthening American Leadership in Digital Financial Technology* at 6, available at https://www.whitehouse.gov/wp-content/uploads/2025/07/digital-Assets-Report-EO14178.pdf.

8 *Strengthening American Leadership in Digital Financial Technology*, 90 Fed. Reg. 8647 (Jan. 31, 2025), available at https://www.govinfo.gov/content/pkg/FR-2025-01-31/html/2025-02123.htm.

9 *See generally* Rebecca Rettig, Omid Malekan & Michael Mosier, *The Compatibility of Permissionless Networks and Financial Integrity: A Practical Guide for Financial Institutions* (Aug. 23, 2026), available at SSRN: https://ssrn.com/abstract=7343938 or http://dx.doi.org/10.2139/ssrn.7343938.

10 *See e.g.*, Paul S. Atkins, Chairman, SEC, Remarks at the Crypto Task Force Roundtable on Decentralized Finance (June 9, 2025) (describing self-custody as "a foundational American value" and permissionless software something that should not be shifted by legacy regulatory frameworks), available at https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-defi-roundtable-060925; *see also* Hester M. Peirce, Comm'r, SEC, There Must Be Some Way Out of Here (Feb. 21, 2025) (seeking comment on a "merit- and technology-neutral" taxonomy and on tailoring custody rules to accommodate self-custody), available at https://www.sec.gov/newsroom/speeches-statements/peirce-statement-rfi-022125; Exec. Order No. 14178, *Strengthening American Leadership in Digital Financial Technology*, 90 Fed. Reg. 8647 (Jan. 23, 2025) at Section 1(a)(i), (iv) (directing protection of the ability to "maintain self-custody of digital assets" on "permissionless blockchains" alongside "technology-neutral regulations"); The White House, Fact Sheet: The President's Working Group on Digital Asset Markets Releases Recommendations to Strengthen American

approach places obligations on persons performing covered activities while preserving access to neutral infrastructure.

The final rule should harmonize these provisions. Read in isolation, the functional definitions of "offer," "sell," and "make available" do not on their face distinguish a centralized exchange that is actively marketing stablecoins to U.S. customers from a decentralized, non-custodial protocol that a U.S. user might access on their own initiative. Nothing in Section 3(b) affirmatively carves the developers of decentralized technologies and infrastructure out of that broad language, and the existing peer-to-peer and self-custody transaction exclusions in Section 3(h) do not, on their terms, reach the functions performed by developers of a decentralized exchange, non-custodial protocol, or user interface or those of blockchain infrastructure providers. The Final Rule should give effect to the GENIUS Act's activity-specific exclusions for distributed ledger protocols, decentralized networks, and infrastructure. Treasury should distinguish a person's own trading or liquidity provision through onchain software from operating an exchange, providing custody or transfer services for others, or coordinating an issuer's initial distribution. Neither the use of a particular trading architecture nor the label "market maker" should decide that question.

Ultimately, the throughline message of this comment is that Treasury should ensure the Final Rule expressly preserves the statutory exclusions applicable to the development and operation of decentralized networks and infrastructure-related activities under proposed Section 1523.3. Its treatment of issuers and DASPs should not be extended to cover activities that Congress expressly excluded. In short, the Final Rule should follow Congress' lines as set out in the GENIUS Act, and ensure that its prohibitions and definitions capture what is intended in the statute. As importantly, Treasury's Final Rule should protect the firm exceptions, exclusions, and safe harbors set out throughout the GENIUS Act to ensure that the regulations do not capture activities – and persons – that Congress clearly sought to protect.

III. Executive Summary of Arguments

Treasury should provide clear and targeted revisions to clarify which activities are regulated under the Final Rule, through narrow and text-based interpretations that resolve specific sources of ambiguity. Fundamentally, Treasury must ensure that its Final Rule operates within the clear boundaries that Congress provided, without unlawfully stepping outside of those Congressional lines. This requires a Final Rule that defines the conduct regulated under Section 3 according to a function-based principle, as opposed to reference to any single type of transaction. That approach would reduce uncertainty over the conduct that is to be regulated by Section 3.

Treasury should expressly preserve each statutory DASP exclusion without adding conditions that Congress did not impose. The proposed rule defines DASP by cross-reference to the full statutory definition provided at Section 2(7) of the GENIUS Act. However, the proposed rule does not explicitly clarify that the exclusions contained in Section 2(7)(B) apply with equal

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Leadership in Digital Financial Technology (July 30, 2025), (recommending a "fit-for-purpose market structure framework" that protects consumers while Congress "reinforce[s] the importance of self-custody"), 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/; Caroline D. Pham, Acting Chairman, CFTC, Keynote Address, FIA EXPO (Nov. 18, 2025) (explaining that CFTC policy rests on "technology-neutral" and "activity-based" regulation, and that "embracing new technology does not mean compromising on market integrity"), https://www.cftc.gov/PressRoom/SpeechesTestimony/opapham19.

force in the context of the Final Rule. Nor does the proposed rule contemplate an exhaustive list of activities to be excluded from the definition of a DASP. Entities and individuals must therefore look to the statute itself and have no clear direction as to how their conduct will be viewed in conjunction with the final rule. Treasury should expressly confirm that the Section 2(7) cross-reference includes the Section 2(7)(B) exclusions, and by restating those exclusions in proposed Section 1523.3 for clarity.

Additionally, the catchall phrase "otherwise makes available" warrants clarification or replacement altogether in its application to DASPs, as it could be read to include automated market makers and liquidity pools, and the developers of such tools, even though they do not implicate control or custody of assets by any person other than the user. Treasury should distinguish that kind of independent trading from assistance directed towards an issuer's initial distribution. The Final Rule should also preserve excluded infrastructure activities without conditioning that protection on the absence of commercial relationships with users. As written, the rule could inadvertently expose developers of decentralized networks and providers of infrastructure or user interfaces to the requirements under the regulations. Ultimately, without clear application of the existing DASP exclusions, the Proposed Rule's language could create uncertainty for persons whose functions fall within an express statutory exclusion. Treasury should clarify those boundaries in the Final Rule.

Treasury must also clearly define participation in an unlawful issuance with respect to a particular activity, since proposed Section 1523.2(d) applies to any person, not only DASPs, and therefore the Section 2(7)(B) exclusions do not automatically exclude a person from this separate provision. A person merely purchasing a smaller subset of unlawfully issued payment stablecoins for a person's own use should be clearly carved out from the definition of participation in an unlawful issuance. And, the Coalition supports Treasury's efforts to distinguish independent secondary activity from participation in unlawful issuance. Specifically, the preamble's reference to a "close temporal nexus" leaves the operative scope of participation uncertain. This phrase is undefined in the Proposed Rule's text, providing no workable and understandable boundary for persons and entities to operate within. In practice, this rule will end up being overinclusive and underinclusive. Accordingly, Treasury should remove the "close temporal nexus" tests altogether in the Final Rule, and instead issue a clear conduct-based inquiry. This framework will enable persons to more easily understand whether their conduct will be considered by the Treasury as participation in an unlawful issuance.

Finally, unclear regulatory boundaries risk fragmenting liquidity across venues and jurisdictions and imposing unnecessary compliance costs. A function-specific application of the exclusions that Congress envisioned for decentralized finance interfaces would support innovation without insulating conduct that independently satisfies the Act's prohibitions. The Coalition therefore urges Treasury to promulgate a Final Rule that provides clear direction and guidance for persons operating within the bounds of Section 3, fully resolving and clarifying the ambiguities identified throughout the comments below. These requested clarifications, if enacted through the text of the Final Rule, would avoid the unnecessary and unlawful imposition of costs for issuer diligence, geolocation, transaction monitoring, recordkeeping, legal review, and venue-specific controls that fragment U.S. liquidity without advancing the Act's issuer-focused protections.

IV. Targeted Revisions Would Preserve Statutory Protections and Clarify Which Activities are Regulated Under the Final Rule.

Treasury should provide clear and targeted revisions to clarify which activities are regulated under the Final Rule. The analysis below offers narrow and text-based interpretations that would resolve specific sources of ambiguity identified above, without requiring Treasury to revisit the rule's overall framework. Accordingly, the Coalition makes the following targeted requests for Treasury to adopt in promulgating the Final Rule.

A. Treasury's Definitions Must Preserve the Statutory Limits That Congress Provided.

First, and foremost, Treasury must remain cognizant of the clear operative boundaries that Congress imposed when it enacted the GENIUS Act. Specifically, Congress defined the conduct that Section 3 regulates functionally rather than by reference to any single type of transaction, and Treasury's definitions should operate within that functional scope rather than allow elastic, expansive restrictions and categories of covered persons who were clearly not intended to be covered. The Coalition provides clear suggestions for the Treasury below.

1. Treasury Should Expressly Preserve Each Statutory DASP Exclusion Without Adding Conditions that Congress Did Not Impose.[11]

Proposed Section 1523.1(c) defines "digital asset service provider" not by providing its own unique definition, but by cross-reference to the full statutory provision contained at Section 2(7) (codified at 12 U.S.C. § 5901(7)). But the Proposed Rule also goes one step further, providing that: "For the avoidance of doubt, a person that, for compensation or profit, engages in the business in the United States of issuing payment stablecoins is a digital asset service provider."[12] Because the cross-reference incorporates the full statutory definition in Section 2(7), it necessarily (albeit impliedly) carries the Section 2(7)(B) exclusions along with it. Treasury did not write a narrower or freestanding definition that would otherwise drop those exclusions.

While the preamble discusses compensated issuers as DASPs, it does not explain how the statutory exclusions apply across different infrastructure and liquidity arrangements. Therefore, in the Final Rule, Treasury should confirm that a person does not become a DASP merely by buying, selling, quoting, or settling trades in its own assets as principal, including through an onchain central limit order book or a proprietary automated market maker ("PropAMM").[13] The inquiry should turn on the function performed and the capacity in which the person acts. Treasury should analyze whether the person engages in a business enumerated in Section 2(7)(A) and whether a Section 2(7)(B) exclusion applies to the particular activity. Treasury should also apply the Section 2(7)(B) liquidity-provision exclusion without making constant-product pricing or a conventional pooled-liquidity design a prerequisite.

Proposed Section 1523.4 addresses separate statutory exemptions and safe harbors, which operate alongside the DASP exclusions. The existing exemptions are: a temporary safe harbor under Section 5(f) for subsidiaries of insured depository institutions and Federal qualified payment stablecoin issuers with a pending application, available only where the relevant primary Federal

11 Questions Addressed in this Section: Questions 6 and 7.

12 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53389 (proposed Aug. 18, 2026).

13 *See* proposed definition in Section IV D of this paper.

payment stablecoin regulator grants a waiver;[14] a safe harbor the Secretary may provide by order upon determining that unusual and exigent circumstances exist under Section 3(c)(2);[15] and the transaction categories under Section 3(h)(1) (direct peer-to-peer transfers without an intermediary, same-individual/same-parent-company cross-border account transfers, and self-custody wallet transactions).[16] In applying the separate offer and sale examples in Section 1523.3(d), Treasury should identify the statutory functions performed by the particular distributor or intermediary and independently apply the exclusions for protocols, developers, interfaces, validators, and liquidity providers.

2. "Offer," "Sale," and "Otherwise Make Available"[17]

Section 3(b) of the GENIUS Act restricts the ability of a DASP to offer payment stablecoins. Section 3(b)(1) provides that, subject to certain exceptions, it shall be "unlawful for a digital asset service provider to offer or sell a payment stablecoin to a person in the United States, unless the payment stablecoin is issued by a permitted payment stablecoin issuer."[18] Proposed Section 1523.3 implements the GENIUS Act's prohibitions on the offer, sale, and making available of payment stablecoins by DASPs under this section. Reflecting the statute, the preamble contains the same limitation, noting that those activities are prohibited "when conducted by a digital asset service provider." Because that prohibition is predicated upon DASP status, the statutory Section 2(7)(B) exclusions from that definition are binding, express limits protecting the specified activities of non-custodial protocols, self-custodial interfaces, validators, and liquidity pools. Conduct within those exclusions cannot on its own establish the DASP status required by Section 1523.3.[19]

Additionally, DASP-excluded activities should remain outside Section 1523.3. In its Final Rule, Treasury should carefully articulate the precise activities that fall outside the scope of those regulated under the Section. Treasury should also include nonexclusive, negative examples mirroring the DASP definition's Section 2(7)(B) exclusions. Section 2(7)(B) includes an exclusion for developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces.[20] Other exclusions from Section 2(7)(B) include immutable and self-custodial software interfaces, transaction validation, liquidity pool participation, or distributed ledger operations. In the Final Rule, Treasury should promulgate a similar nonexhaustive list of activities excluded from the requirements under the Rule, including those exclusions listed in Section 2(7)(B).[21]

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14 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53390 (proposed Aug. 18, 2026).

15 *Id.* at 53386.

16 *Id.* at 53387.

17 Questions Addressed in this Section: Questions 16, 17, 18, 32, 51, 56-59, 61, 63, 72, and 77.

18 *Guiding and Establishing National Innovation for U.S. Stablecoins Act* (GENIUS Act), Pub. L. No. 119-27, 139 Stat. 419 (2025) at Section 3(b)(1), codified at 12 U.S.C. § 5902(b)(1).

19 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53383 (proposed Aug. 18, 2026). Although subsections 1523.3(a), (b), and (c) describe that the prohibitions apply to DASPs, for some reason, the regulatory text of proposed Section 1523.3(d) itself does not say so. The language "when conducted by a digital asset service provider" should be inserted in that subsection.

20 *See* the GENIUS Act Section 2(7)(B)(ii).

21 To be clear, these exclusions are distinct from (and in addition to) those listed in Section 3(h) (codified at 12 U.S.C. § 5902(h)(1)), which describe certain categories of transactions which fall outside the prohibition. Put differently, the 2(7)(B) exclusions carve out persons who are not covered (*i.e.*, who is not a DASP), and (3)(h) exempts certain

Treasury's definition of "Sale" in the rule could take the following approach:

> *"Sale" means a transfer of a payment stablecoin for simultaneous consideration by a digital asset service provider acting as a principal, where that provider exercises control over the user's assets or transaction in connection with the transfer. For avoidance of doubt, a transaction that a user initiates from a self-custodial software interface or hardware wallet is not a "sale" by any person solely because that person operates the protocol or interface, or provides liquidity to it, nor does "sale" include a transaction exempt under Section 3(h) of the Act.*

The breadth of the phrase "otherwise makes available" warrants examples explaining how the DASP threshold and exclusions continue to limit Section 1523.3. Without an explicit DASP-style carve-out, Section 1523.2(d)(3)'s "market maker" and "distributes" language might apply to automated market makers and liquidity pools (software) that do not implicate control or custody of assets by any person other than the user. Proposed Section 1523.2(d)(3)'s references to a "market maker," distribution, and newly-issued stablecoins could be read to reach independent liquidity provision, including through AMMs, PropAMMs, and order books. Treasury should therefore distinguish that trading from assistance directed toward an issuer's initial distribution.

The Final Rule should preserve excluded infrastructure activities without conditioning that protection on the absence of every commercial relationship with a user. This kind of exclusion would appropriately and categorically exclude automated, non-custodial systems and developers of such systems from its scope. For an actor conducting covered activities whose counterparties interact through permissionless software, Treasury should measure reasonable location controls against the actor's role, technical capabilities, and information reasonably available in its ordinary activities. The rule should not require a liquidity provider or software developer to identify or geolocate an otherwise unidentified wallet, or look through an unaffiliated protocol or venue to find downstream holders, merely because the software permits a transaction. Moreover, such a requirement would be functionally impossible to satisfy, as liquidity providers and software developers of non-custodial infrastructure lack the technical capability to geolocate pseudonymous wallet holders or trace transactions through unrelated protocols because they are not intermediaries and do not have customer relationships. Actual information indicating a U.S. counterparty and U.S.-directed solicitation would remain relevant. The Final Rule should explain how this approach applies consistently to proposed Sections 1523.2(c) and 1523.3(e).

Finally, this suggested approach on exclusions would be consistent with the parallel GENIUS Act rulemakings implementing the same statute's Bank Secrecy Act requirements. In the parallel customer identification program proposal, FinCEN and other proposing agencies drew a clear line for CIP purposes between primary market activity, where an issuer has a direct customer relationship, and secondary market activity, where the issuer is not a party to the transaction except via a smart contract.[22]

This approach would also be consistent with FinCEN's guidance distinguishing intermediated activity subject to money-transmitter obligations from non-intermediated activity

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transactions which are not covered (*i.e.*, what is not a prohibited offer or sale in 3(b)).

22 *Permitted Payment Stablecoin Issuer Customer Identification Program*, 91 Fed. Reg. 37234, 37239 (noting that "[t]he definitions discussed in this proposal are designed to clarify that a PPSI's CIP obligation extends to direct relationships, i.e., primary market activity, . . .").

that is not. Both FinCEN's 2013 guidance on convertible virtual currencies and its 2019 guidance applying that framework to additional business models drew the line of entities regulated at whether a person had intermediation and control over a user's currency, rather than at the mere technical function performed.[23] The same control-based distinction should be adopted here, such that non-custodial infrastructure that never intermediates or controls a user's stablecoins is treated consistently across its Bank Secrecy Act and GENIUS Act rulemakings. Treasury should ensure that a validator, automated market maker, or liquidity pool, or the developers creating or operating them, are not swept into DASP obligations. This harmonization would also prevent the same infrastructure from being treated inconsistently.

3. Treasury Should Narrow the Definition Of "Issue" To Exclude Bridging and Other Transfers That Do Not Create New Economic Interests In A Stablecoin.[24]

Proposed Section 1523.1(c) defines "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." The definition further provides that, once a payment stablecoin has been converted, redeemed, repurchased, or otherwise reacquired by the issuer, the first subsequent transfer that otherwise satisfies the definition constitutes a new issuance, regardless of whether that transfer is recharacterized as a reissuance.[25]

Unfortunately, the proposed definition (and its accompanying "for the avoidance of doubt" language) is inappropriately elastic. Because Section 3(f) attaches criminal liability to knowing participation in an unlawful issuance, and because the breadth of the proposed definition of "issuance" determines the scope of the obligations upon issuers under the Act, Treasury should define "issue" precisely and to avoid unintended coverage. The definition should be limited to the first transfer of assets that creates a person's right to use, transfer, or redeem a payment stablecoin. The Final Rule's definition of "Issue" should clarify that developing, maintaining, or providing a user interface that provides read/write access to a protocol, does not, by itself, constitute issuing payment stablecoins. The Final Rule's definition of issue should similarly not cover conduct that moves an already-issued payment stablecoin across networks without creating any new right against the issuer or altering the holder's existing economic interests in the asset.

Routine bridging is a clear example of conduct that should fall outside the scope of the Final Rule's definition of "Issue." Bridging often refers to the process of transferring already-issued crypto assets between different blockchain networks, typically by locking or burning the token on the source chain and minting a corresponding representation on the destination chain. Usually, the process of bridging does not create a new right to use, transfer, redeem, or have the

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23 *See* FinCEN, "Application of FinCEN's Regulations to Persons Administering, Exchanging, or Using Virtual Currencies," FIN-2013-G001, at n. 13 (Mar. 18, 2013), available at https://www.fincen.gov/system/files/shared/FIN-2013-G001.pdf; *see also* FinCEN, "Application of FinCEN's Regulations to Certain Business Models Involving Convertible Virtual Currencies," FIN-2019-G001, at 26-27 (May 9, 2019), https://www.fincen.gov/system/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf.

24 Questions addressed in this Section: Questions 15, 16, 17, and 18.

25 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53389 (proposed Aug. 18, 2026). The GENIUS Act itself does not provide a definition of "Issue." *See* 12 U.S.C. § 5901.

payment stablecoin converted that did not already exist before bridging. This process merely relocates or represents a user's existing economic interest. Treasury's definition of "Issue" is structured upon a transfer "by the issuer" that results in a person other than the issuer obtaining an economic right in the asset. Bridging, which is conducted by a bridging protocol and its operators, is therefore already outside the text of the proposed definition. But, because the proposed rule nowhere says that this conduct is explicitly outside the scope of the rule, and because proposed Section 1523.2(d) separately defines participation by reference to conduct that "results in" a person obtaining redemption rights, the absence of an express definitional carve-out creates a textual gap that presents an unworkable framework.

Treasury should resolve this ambiguity. The Final Rule should state that bridging does not by itself constitute an "Issue" or new issuance, provided that the conduct does not alter the quantity of payment stablecoins that a holder is entitled to use or otherwise provide distinct and independent redemption obligations. This clarification is consistent with the function-based approach the Coalition has urged throughout this comment, and would target conduct that in fact creates new issuer-backed rights. Treasury should adopt this narrowly-construed definition to ensure that bridging and other activities that do not create a person's right to use, transfer, or redeem a payment stablecoin are excluded from the Final Rule's "Issue" definition.

4. Treasury Must Clearly Define Participation in an Unlawful Issuance with Respect to a Particular Activity.[26]

Knowing violations of the issuance prohibition are punished criminally. Under Section 3(f) (codified at 12 U.S.C. § 5902(f)), "[w]hoever knowingly participates in a violation of subsection (a)" faces a fine of up to $1,000,000 per violation, up to five years' imprisonment, or both. 12 U.S.C. § 5902(f)(1). Proposed § 1523.2(d) lists activities that constitute "participation." It applies to any "person," not only to DASPs. The section 2(7)(B) exclusions therefore do not automatically exclude a person from this separate provision.

The asymmetry runs deeper than the penalty. The Act's only civil analogue to Section 3(f), Section 6(b)(5)(A), reaches any person who issues a payment stablecoin in violation of Section 3 and its "institution-affiliated party," a term Section 2(13) limits to a director, officer, employee, or controlling stockholder of the issuer. For a third party that is neither the issuer nor affiliated with it, participation liability under the Act is therefore criminal only. Proposed Section 1523.2(d) is not an ordinary regulatory definition; it supplies the *actus reus* of a federal felony. Executive Order 14294 § 5(b) directs that regulatory text "should explicitly state a *mens rea* requirement for each element of a criminal regulatory offense," and the Final Rule should be drafted to that standard, with the Act's "knowingly" requirement carried expressly into the rule text rather than left to the statute.

Proposed 1523.2(d)(1) provides that a person participates in a violation of Section 3(a) of the Act if, in connection with a payment stablecoin issued in violation of Section 3(a), the person incurs an obligation to a third party to "convert, redeem, or repurchase" that payment stablecoin, including a secondary obligation to do so on behalf of the original issuer. Proposed 1523.2(d)(2) and (d)(3) extend participation to persons who coordinate with the issuer on key steps in the

26 Questions Addressed in this Section: Questions 39, 40, 41, 42, and 43.

issuance, or who act as a market maker, distribute newly issued payment stablecoins, or otherwise make them available for secondary market trading. Because Section 3(f) attaches criminal liability to knowing participation in a violation of Section 3(a), the Final Rule must define the scope of "participation" with sufficient clarity to give fair notice and preserve the statutory knowledge requirement.[27]

Treasury has stated that it generally does not intend for proposed 1523.2(d)(3) to reach a person who merely purchases a smaller subset of the unlawfully issued payment stablecoins for its own use (rather than for resale), and that it does not intend to capture secondary market trading activities that do not have a "close temporal nexus" to the initial issuance.[28]

The Coalition supports Treasury's effort to distinguish independent secondary activity from participation in unlawful issuance. Those distinctions should appear in the operative text. Because Section 1523.2(d) reaches persons generally, it requires a limiting standard tied to conduct substantially assisting the particular unlawful issuance or its primary distribution. An independent purchase, quote, resale, or some other action in relation to the transaction after the fact should not establish participation solely because the trader controls its own assets, or because a payment stablecoin was recently issued. For example, a market maker that independently quotes prices for a payment stablecoin on a public exchange shortly after issuance, with no arrangement with the issuer to place units, should not be deemed to have participated in an "unlawful issuance" merely because its trades occur close in time to that issuance.

Second, the preamble states that secondary trading lacking a "close temporal nexus" to the initial issuance is outside the intended participation example, yet the proposed rule does not include or define that limitation. This phrase is undefined and provides no workable boundary. Timing definitions, without more, offer an unreliable litmus test for participation. An undefined temporally-based standard leaves market makers, distributors, and liquidity providers unable to determine how much time must elapse after an initial issuance before their activity falls outside the "close temporal nexus" threshold. And, it does nothing to address a person who transacts within a short window of issuance but has no connection whatsoever to that issuance or the initial distribution. This could theoretically include statutorily excluded decentralized networks and infrastructure activity and peer-to-peer activity. Thus, a temporally-based test is unworkable, and it can inadvertently sweep in secondary market activity that happens to occur close in time post

27 The widely recognized rule of lenity posits that criminal provisions subject to more than one reasonable construction be interpreted narrowly, and any existing ambiguity should be resolved in favor of lenience. *See, e.g.*, *Bifulco v. United States*, 447 U.S. 381 (1980). Additionally, where a criminal penalty is provided for violating a regulation, the regulation is to be construed strictly in the same manner as a criminal statute, and administrative interpretations cannot fill gaps in the regulation nor make vague language certain. *See M. Kraus & Bros v. United States*, 327 U.S. 614, 621-22 (1946). Because Section 3(f) of the Act makes knowing participation a violation of Section 3(a) a crime, the proposed rule must provide the specificity that is required by lenity. Such specificity would assist Treasury in detecting and deterring genuine violations of the proposed rule, while also providing overt guidance to stablecoin issuers of what conduct may trigger criminal sanctions.

28 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53378 (proposed Aug. 18, 2026).

issuance.[29] Further, this temporal threshold does not exclude activity that occurs later but is technically tied to the original unlawful distribution. Thus, the "close temporal nexus" limitation is both overinclusive and underinclusive. Therefore, we respectfully recommend that the Final Rule use a conduct-based inquiry in the operative text and explain that timing alone does not establish participation. Timing should not substitute for a rule based on whether the person *actually* assisted the issuer's initial distribution.

The timing compounds the drafting problem. Proposed Section 1523.2 is expected to take effect on January 18, 2027, while the Section 3(b) prohibition on a DASP offering or selling a non-compliant payment stablecoin to a person in the United States does not take effect until July 18, 2028. Read broadly, the participation examples would reach much of the same secondary market conduct roughly eighteen months earlier, and would do so through the criminal provision rather than the civil one. That collapses the ramp-up Congress deliberately provided. It also bypasses the orderly process Congress designed in Section 8, under which Treasury designates a noncompliant foreign issuer, publishes notice, and gives the market 30 days to stop facilitating secondary trading. The Proposed Rule would replace that sequence with immediate, firm-by-firm self-assessment conducted under threat of prosecution. This cannot be the government's intended result, Treasury should say so in the Final Rule.

This approach is consistent with the government's own stated intent. Treasury has explained that its intention in proposing Section 1523.2(d)(2) is to capture persons who provide "substantial assistance" to the issuer in issuing a payment stablecoin in violation of section 3(a).[30] That is a conduct-based inquiry into the person's connection to the issuance rather than a temporally based benchmark. By anchoring the proposed Section 1523.2(d)(3) explicitly to that conduct-based connection, rather than a timing-based connection, Treasury would give market makers, distributors, and liquidity providers a workable basis for assessing a person's potential participation in a particular unlawful issuance, without diminishing Treasury's ability to reach persons who in fact assist in a specific instance of an unlawful issuance. Treasury uses the same formulation for the example the Coalition is addressing. In describing proposed Section 1523.2(d)(3), the preamble likewise refers to persons who provide "substantial assistance" in issuing a payment stablecoin in violation of Section 3(a), where that assistance was provided at or around the point of issuance. Treasury has therefore already articulated the conduct-based standard for both examples; what remains is to move it from the preamble into the rule text and make it the operative element.

B. The Definitions and Rules Should Contain Additional Express Exclusions & Safe Harbors to Preserve Decentralized Finance and to Remain within the Letter and Intent of the GENIUS Act.[31]

29 The Coalition adopts Treasury's understanding of "secondary market activity" as described above, where the issuer is not a party to the transaction except through a smart contract.

30 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53377 (proposed Aug. 18, 2026).

31 Questions addressed in this Section: Questions 6, 7, 12, 19, 58, and 80.

In the Final Rule, Treasury should restate the DASP exclusions in Part 1523 itself, and provide additional examples to make application clearer. Proposed Section 1523.1(c) defines digital asset service provider by cross-reference to the full statutory definition in Section 2(7) of the GENIUS Act. Treasury adds only the clarification that a person who, for compensation or profit, engages in the business of issuing payment stablecoins in the United States is also a DASP.[32] Because the DASP exclusions are incorporated only by virtue of the cross-reference to the whole of Section 2(7), if proposed rule Section 1523.1(d) did not incorporate the entirety of enacted GENIUS Act Section 2(7), there would be no clear text inside proposed Section 1523.3 applying the Section 2(7)(b) exclusions. This will be confusing for developers, DeFi users, and the broader public in trying to parse the Final Rule, who will have to follow the cross reference to 2(7) rather than referring only to the proposed Section 1523.3 itself for applying the Section 2(7)(B) exclusions to non-custodial actors.

The result is that the only textual limitation Treasury has offered on the reach of proposed Section 1523.3(d) is not written into the rule itself, and instead, the exclusions and examples of such inclusions that would otherwise couch the provision's scope are left to the reader's inference from a cross-reference. The Final Rule would therefore not reflect the protections Congress intended to provide for non-custodial developers of decentralized networks and blockchain infrastructure providers.

This textual distinction matters because proposed Section 1523.3(d)'s enumerated conduct is not gated on DASP status in a way that makes the Section 2(7)(B) exclusions clearly applicable to every individual that the provision might reach. Thus, the DASP exclusions–for non-custodial developers, protocols, self-custodial interfaces, validators, and liquidity pools–does not include the express "by a digital asset service provider" limiter that exists in subsections (a), (b), and (c). The only limiting concept that Treasury has offered elsewhere in the proposed rule (that trading activity lacking a "close temporal nexus" to an initial issuance is outside the relevant provision) is itself undefined, leaving an entire group of secondary market actors unable to determine whether their activity falls inside or outside the rule's scope from the face of the Final Rule.[33]

The proposed nonexhaustive list of examples of conduct enumerated in proposed Section 1523.3(d) exacerbates the problem. This means that other unenumerated activities may still be found to constitute an offer, sale, or making available of payment stablecoin. Without an express, DASP-style carve out, the "market maker" and "Distributes" language in the rule reads on automated market makers and liquidity pools that never take custody or control of user assets and risks expanding the rules into activities that Congress sought to exclude.

Accordingly, the Coalition urges Treasury to explicitly incorporate the exclusions in Section 2(7)(B) in the Final Rule, restate those exclusions in proposed Section 1523.3 for clarity, and provide examples of their applicability. An express restatement would ensure that the exclusions Congress enacted for non-custodial developers, protocols, self-custodial interfaces, validators, and liquidity pools operate as a clear, on-point defense within the text of the proposed

32 *GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale*, 91 Fed. Reg. 53368, 53371 (proposed Aug. 18, 2026) (noting that Proposed § 1523.1(c) would define "digital asset service provider" by cross-reference to section 2(7) of the Act (12 U.S.C. § 5901(7)), with the additional clarification that the term includes a person that, for compensation or profit, engages in the business in the United States of issuing payment stablecoins).

33 See also footnote 21, supra (discussing the 3(h) exclusions).

rule itself, rather than depending only on a cross-reference that is not acknowledged in the preamble.

C. Treasury Should Include an Express Function-based Limiting Principle to Exclude Non-custodial Software Developers, Providers of Base-layer Blockchain Infrastructure and Front-End Interfaces, Validators, and Participants in Liquidity Protocols.

Treasury should revise proposed Section 1523.2(d)(3) to require affirmative, substantial assistance directed toward an unlawful issuance or initial distribution—for example, an issuer-directed arrangement to place stablecoins with purchasers. Independent quoting, ordinary mint-and-redeem access undertaken for inventory management, and later trades by a principal should not establish participation solely because the units were recently issued or the trader controls its own quotations. Timing may be relevant evidence, but the rule should not use "newly issued," "market maker," or an undefined "close temporal nexus" as substitutes for the person's conduct and relationship with the issuer.

Ordinary software development and maintenance, providing a self-custodial interface, validation, and participation in a liquidity pool should fall outside the participation examples absent additional conduct connecting the person to an unlawful issuance. This aligns with Congress's express intent in the DASP exclusions and Section 3(h). The Final Rule should illustrate the boundary with three examples: (i) independent onchain quoting without an issuer placement arrangement; (ii) a trader minting or redeeming for its own inventory without undertaking to distribute for the issuer; and (iii) a person agreeing with an issuer to place an allocation with initial purchasers for placement-based compensation. The first two should not, without more, constitute participation; the third may do so if the other statutory elements are met. Because the examples in proposed Section 1523.2(d) are non-exhaustive, an illustrative interpretation alone will not give firms the certainty they need to commit capital.

The Coalition urges Treasury to codify a binding safe harbor for independent secondary market activity: a person does not participate in an issuance merely by receiving, holding, quoting, purchasing, selling, transferring, or redeeming payment stablecoins for its own account, including units obtained directly through ordinary mint and redeem access, where the person has no issuer-directed placement or distribution obligation and does not otherwise knowingly provide affirmative, substantial assistance directed toward an unlawful issuance. The safe harbor should apply regardless of token age, fungibility, commingling, or the time elapsed since issuance, and regardless of whether execution occurs bilaterally, on a centralized venue, or onchain. Coordination with an issuer to perform a technical or operational step may be relevant to the separate participation inquiry, but an issuer's indirect-transfer mechanism should not, by itself, establish knowing participation by each intermediary in the chain.

D. Appendix A Should Clarify the Application of the DASP Liquidity-Provision Exclusion to Onchain Trading Mechanisms by Adding Examples of Liquidity Provisions beyond Constant-Function Automated Market Makers.

Treasury should apply the GENIUS Act's liquidity-provision exclusion according to the activity performed, without limiting "a liquidity pool or other similar mechanism" to constant-function pools.[34] The following examples illustrate two other ways principals supply onchain liquidity. They should not establish mandatory technical conditions for an exclusion.

First, consider a Proprietary Automated Market Maker ("a PropAMM") consisting of a smart contract, deployed and funded by a single operator, that continuously publishes that operator's own firm and executable two-sided quotations in a specified pair of assets and permits any eligible counterparty to execute against those quotations directly, as principal, with settlement occurring atomically in the same transaction.[35] A PropAMM's quotations are a function of the operator's own offchain estimate of fair value, conveyed to the program via oracle as signed data, together with the program's current inventory and its encoded configuration. They are not a function of the ratio of the quantities of assets that the program holds.

Second, consider an Onchain Central Limit Order Book (an "Order Book"), which is a smart contract that permits multiple eligible market participants to submit, modify, and cancel firm orders to buy or sell specified assets at stated prices and quantities.[36] The Order Book publicly organizes outstanding orders by price and, among orders at the same price, by a predetermined priority rule, and automatically matches compatible buy and sell orders according to transparent, uniformly applied rules. Orders reflect the independent trading decisions of the participants that submit them; the Order Book does not itself determine quotations by reference to its inventory or an operator's estimate of fair value. When orders match, the counterparties trade with one another as principals, with execution and settlement recorded onchain and settlement occurring atomically in the same transaction or through another predefined onchain settlement process. Market participants commonly refer to such systems as "onchain CLOBs." Unlike a PropAMM, an Order Book aggregates competing trading interests from multiple participants rather than publishing one operator's proprietary quotations.

Treasury should confirm that deploying a PropAMM to quote and trade one's own assets, or submitting orders as principal through an Order Book, does not by itself establish DASP status or participation in an unlawful issuance. That conclusion should follow from the applicable statutory definition and exclusions, including whether the activity supplies liquidity through a mechanism similar to a liquidity pool for peer-to-peer transactions. Operating a customer-facing venue, taking custody for others, or undertaking an issuer-directed placement role requires a separate assessment of that conduct.

V. Unclear Regulatory Boundaries Risk Fragmenting Liquidity and Imposing Unnecessary Compliance Costs.

The existence of clear and workable rules, definitions, and exclusions is important. The proposed rule could be read to reach offshore principal traders supplying liquidity through permissionless DeFi venues even when they do not target U.S. persons and cannot identify the

34 *Guiding and Establishing National Innovation for U.S. Stablecoins Act* (GENIUS Act), Pub. L. No. 119-27, 139 Stat. 419 (2025) at Section 2(7)(B)(v).

35 *See* Maher Latif & Daniel Gerhardstein, *PropAMMs and the Next Chapter of Permissionless Market Structure*, Jump Crypto (Apr. 15, 2026), available at https://jumpcrypto.com/resources/propamms-and-the-next-chapter-of-permissionless-market-structure.

36 *See* DeFi Education Fund, DeFi Dictionary, "On-Chain Order Book" available at https://www.defieducationfund.org/definition/on-chain-order-book/.

locations of their counterparties. That uncertainty could create conflicts with other jurisdictions' stablecoin rules and cause firms to withdraw liquidity from venues accessible in the United States. U.S.-based firms could face higher compliance costs and lose activity to competitors operating under clearer rules.

Competitive liquidity across venues supports predictable trade execution, keeps transaction costs low, and enables arbitrage that keeps market prices aligned. Clear rules would give firms confidence to adopt GENIUS-compliant stablecoins and invest in U.S. trading infrastructure, engineering, risk management, and employment. Without the requested clarifications, firms could be required to investigate issuers with which they have no relationship, identify counterparties that permissionless protocols do not reveal, trace fungible units through commingled inventories, and build duplicative controls around uncertain participation standards. A function-specific application of Congress's exclusions for decentralized finance would support innovation without insulating conduct that independently satisfies the Act's prohibitions. By contrast, uncertainty could fragment liquidity across venues and jurisdictions, reduce interoperability, widen spreads, and discourage participation by firms seeking to comply with the rule. Those effects could weaken U.S. markets without materially advancing the Act's issuer-focused protections. Accordingly, the Coalition urges Treasury to assess these market effects in its regulatory impact analysis and the associated information-collection burdens in its Paperwork Reduction Act analysis, including costs for issuer diligence, geolocation, transaction monitoring, recordkeeping, legal review, and venue-specific controls.

VI. Recommendations & Conclusion

In sum, the Coalition respectfully requests that the Final Rule adopt the following targeted clarifications.

First, Treasury should expressly restate each statutory DASP exclusion for distributed ledger protocols, self-custodial software interfaces, transaction validators, and liquidity-pool participation without adding conditions Congress did not impose. Treasury should confirm that a person does not become a DASP merely by buying, selling, quoting, or settling trades in its own assets as principal, including through an onchain central limit order book or proprietary automated market maker.

Second, Treasury should adopt the Coalition's proposed definition of "Sale" which would define the term as a transfer of a payment stablecoin for simultaneous consideration by a digital asset service provider acting as a principal where that provider exercises control over the user's assets or transactions, and would exclude self-custodial transactions and transactions exempt under Section 3(h) of the Act.

Third, Treasury should articulate the precise activities that fall outside the scope of Section 1523.3, including nonexclusive negative examples mirroring the Section 2(7)(B) exclusions for non-custodial protocols, interfaces, and liquidity-pool participation.

Fourth, with respect to participation in an unlawful issuance under Section 1523.2(d), Treasury should replace the undefined "close temporal nexus" standard with a conduct-based inquiry into whether a person actually assisted the issuer's initial distribution, and should codify a safe harbor that confirms that a person does not participate in an issuance merely by receiving, holding, quoting, purchasing, selling, or redeeming payment stablecoins for its own account.

Fifth, Treasury should extend its function-based limiting principle to exclude persons developing, maintaining or providing decentralized networks, infrastructure, non-custodial protocols and front-end interfaces from participation liability absent additional conduct indicating that the person is actually connected to an unlawful issuance.

We, the members of the Coalition, applaud Treasury in its efforts to provide further guidelines and clear rules related to the issuance, offers, and sales of payment stablecoins in the United States, and its willingness to solicit feedback and comments on the Proposed Rule. If further feedback or elaboration on any of the above points would be helpful, we remain available at your convenience to provide further written or in-person comments. Thank you for your willingness to engage in this dialogue with industry.

Respectfully,

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