



21 September 2026

SUBMITTED VIA EMAIL

To whom it may concern,

**Re: New York State Department of Financial Services Proposed 23 NYCRR Part 202:
Authorized Payment Stablecoin Issuers**

About Global Digital Finance (GDF)

GDF is the leading global members association advocating and accelerating the adoption of best practices for crypto and digital assets. GDF's mission is to promote and facilitate greater adoption of market standards for digital assets through the development of best practices and governance standards by convening industry, policymakers, and regulators.

The input to this response has been curated through a series of member discussions, industry engagement, and previous engagement with the UK public sector over the years and GDF is grateful to its members who have taken part.

As always, GDF remains at your disposal for any further questions or clarifications you may have, and we would welcome a meeting with you to further discuss these matters in more detail with our members.

Yours faithfully,

Adriana Ennab – Head of Global Policy and Regulation – GDF

Response to the Public Consultations: Executive Summary

GDF welcomes the New York State Department of Financial Services' (NYDFS) proposal to codify its payment stablecoin framework and align it with the federal framework established by the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). Clear standards for reserves, redemption, governance, risk management and operational resilience are important foundations for confidence and sustainable adoption.

Given GDF's global membership and the cross-border nature of stablecoin activity, our principal concern is that implementation of Part 202 should preserve a meaningful state pathway while avoiding unnecessary duplication between state, federal and international regimes.

The GENIUS framework deliberately preserves a role for state supervision. In our view, state-level alignment should be assessed by whether a regime achieves and maintains comparable prudential outcomes and core safeguards, rather than by requiring mechanically identical rulebooks.

Because payment stablecoins operate across networks and jurisdictions, the same principle should inform international regulatory cooperation. As frameworks develop in the United States, United Kingdom, European Union and other major markets, regulators should seek interoperability, proportionality and outcomes-based recognition wherever consistent with their statutory mandates.

GDF therefore recommends that NYDFS:

1. preserve an outcomes-based approach to state/federal equivalence and avoid turning "substantially similar" into a requirement for line-by-line identity;
2. avoid incorporating evolving federal proposals in ways that could create automatic duplication, inconsistency or regulatory creep as those rules change;
3. apply requirements proportionately, taking account of the size, risk profile, activities and systemic importance of the issuer;
4. support cross-border regulatory interoperability and recognition of comparable prudential outcomes, where legally possible;
5. ensure that the New York framework operates coherently with the GENIUS Act treatment of foreign payment stablecoin issuers and avoids unnecessary duplication across the cross-border distribution chain; and
6. maintain active coordination with federal and international authorities as the regime develops.

1. Overall support for a clear prudential framework

GDF supports the objectives underlying proposed Part 202. The move from supervisory guidance to a formal regulatory framework can improve legal certainty for issuers, counterparties and users. We particularly support the emphasis on full reserve backing, timely redemption, governance, risk management, operational resilience, reporting and appropriate anti-money laundering and sanctions controls.

We also recognise NYDFS's long-standing supervisory experience in this market and the practical benefit of building on an existing framework rather than requiring already supervised issuers to reconstruct their compliance arrangements from first principles.

2. State and federal interaction under the GENIUS Act

The interaction between Part 202 and the GENIUS Act is central to this rulemaking. The federal framework preserves a state pathway for eligible issuers where the relevant state regime is determined to be substantially similar to the federal framework. NYDFS has also identified the importance of ensuring that New York can continue to operate as a meaningful state regulatory pathway as the federal implementation framework develops.

GDF considers that "substantially similar" should not become a requirement for state rules to be textually or operationally identical to federal rules. A dual regulatory model only provides meaningful value if states retain scope to achieve comparable prudential outcomes through appropriately tailored supervisory approaches.

We therefore recommend that NYDFS, in its final rule and in its engagement with federal authorities:

1. advocate for equivalence based on regulatory outcomes, rather than line-by-line identity of requirements;
2. identify clearly where Part 202 implements a federal baseline, where it reflects NYDFS-specific supervisory judgment, and where it incorporates federal requirements by reference;
3. seek mechanisms to prevent issuers from being required to satisfy duplicative state and federal processes for the same prudential objective; and
4. provide clarity on how future changes to federal rules will be assessed before they alter, or effectively alter, the New York framework.

3. Incorporation of evolving federal rules

Part 202 references elements of federal regulations that are themselves still developing. We understand the practical reason for doing so: NYDFS seeks confidence that the New York regime will remain compatible with the GENIUS framework. However, this approach can create uncertainty if federal proposals are amended materially before finalisation, or if subsequent federal interpretations evolve.

References to proposed federal regulations should not operate as a form of dynamic incorporation by which later federal amendments or interpretations automatically alter the substance of the New York framework. The final rule should establish a transparent process for assessing subsequent federal changes and make clear that material changes to referenced federal requirements will be subject to an affirmative NYDFS assessment of whether they remain necessary, proportionate and consistent with the intended state supervisory framework. Where changes would have a material effect on regulated entities, NYDFS should provide an appropriate opportunity for consultation.

4. Proportionality and market access

Strong prudential requirements need not imply a one-size-fits-all compliance model. Stablecoin issuers may differ materially in scale, distribution model, customer base, reserve structure, use case and systemic importance.

GDF encourages NYDFS to preserve the same substantive protections while allowing supervisory expectations, reporting intensity and operational requirements to be proportionate to the risks presented. This is important both for effective supervision and to avoid a framework in which fixed compliance costs unintentionally favour only the largest incumbents.

5. International regulatory interoperability

Payment stablecoins are inherently capable of circulating across borders. The same token may be issued under one regime, held or distributed through intermediaries in several others, used for settlement on global networks, and supported by reserve, custody and banking arrangements across jurisdictions.

GDF encourages NYDFS to maintain a clear distinction between obligations that properly attach to the payment stablecoin issuer and those applicable to regulated distributors, custodians, exchanges, wallet providers and other intermediaries. In a globally distributed model, these functions may be performed by different regulated entities across multiple jurisdictions. Requirements should therefore attach to the entity that controls the relevant risk, rather than being replicated across the distribution chain.

NYDFS should also ensure that implementation of Part 202 is compatible with the GENIUS Act framework for foreign payment stablecoin issuers, including Treasury determinations concerning comparable foreign regimes, OCC registration and any reciprocal arrangements established under the Act. Where a foreign-issued payment stablecoin is lawfully available in the United States through that federal architecture, New York implementation should avoid duplicative or inconsistent prudential requirements solely because the stablecoin is distributed to customers in New York, except where an additional requirement is necessary to address a demonstrable New York-specific risk.

Regulatory fragmentation can itself become a source of operational and financial risk. Requirements that are individually sensible can generate conflicting obligations when multiple jurisdictions regulate the same asset or activity differently. This may lead to duplicated reserves or reporting, fragmented liquidity, restricted access, unnecessary legal structuring or reduced fungibility of otherwise equivalent tokens.

Where the same payment stablecoin is issued and circulates across multiple markets, regulation should avoid requiring jurisdiction-specific token variants, reserve silos or operational structures unless justified by a material prudential risk. Such fragmentation can undermine fungibility, split liquidity and make cross-border settlement less efficient without necessarily increasing protection for holders.

GDF therefore encourages NYDFS to consider, within the limits of its statutory authority, how comparable overseas regulatory outcomes could be recognised in supervisory practice. This does not require mutual recognition of every foreign regime. It does support structured regulatory cooperation and a willingness to recognise where another jurisdiction achieves materially comparable protections.

The federal framework itself demonstrates that regulatory comparability need not require identical institutional structures or rulebooks. The same outcomes-based logic should inform cross-border supervisory cooperation where statutory authority permits.

Illustrative market evidence. Existing stablecoin structures already show why interoperability needs to be designed into regulation. USDC is co-issued in the EEA by Circle Internet Financial Europe SAS and outside the EEA by Circle Internet Financial, LLC. Circle's MiCA disclosures state that the tokens are fully fungible, while reserve and redemption responsibilities are allocated between the two regulated issuers. This provides a practical example of different regulatory frameworks applying to a single globally fungible stablecoin without requiring jurisdiction-specific token variants.

RLUSD provides a complementary recognition example. RLUSD is issued by Standard Custody & Trust Company, an NYDFS-chartered limited purpose trust company, and has subsequently been approved by the Dubai Financial Services Authority for use within the DIFC and recognised by the Financial Services Regulatory Authority as an Accepted Fiat-Referenced Token for use within ADGM. This illustrates how home-jurisdiction supervision and host-jurisdiction requirements can coexist around the same stablecoin where regulatory responsibilities and local conditions are clearly defined.

Cross-border payment arrangements also demonstrate that a stablecoin payment is rarely an issuer-only activity. Circle and Nium have publicly announced an integration connecting USDC settlement through Circle Payments Network with Nium's payout infrastructure across more than 190 countries and 100 currencies. This type of structure reinforces the importance of allocating obligations to the entity that controls the relevant risk, rather than duplicating issuer-level requirements across exchanges, payment providers, custodians, wallet providers and local payout partners.

6. Comments on selected provisions

6.1 Reserves and custody

GDF supports full reserve backing by high-quality assets and robust segregation and custody arrangements. In finalising detailed requirements, NYDFS should ensure that restrictions on eligible institutions, concentration or custody structures do not create unnecessary concentration risk or make compliant cross-border reserve arrangements impracticable where equivalent protections are available.

A further public example is the expanding role of regulated financial institutions in discrete stablecoin functions. BNY is the primary custodian of USDC reserves and in June 2026 expanded its relationship with Circle so that institutional clients can hold and transfer USDC in BNY's digital asset custody platform and instruct Circle, through BNY, to mint or burn USDC. This illustrates the value of clearly allocated responsibilities between issuers, custodians and other regulated service providers, and supports supervisory reliance where equivalent controls and assurance already exist.

6.2 Redemption

GDF supports clear and timely redemption at par. The proposed two-business-day standard provides important consumer and market protection. Any exceptions or extensions should be transparent, objectively justified and designed so that redemption remains credible in both normal and stressed conditions.

GDF also recommends that NYDFS clarify how the redemption timeframe interacts with legally required customer onboarding, sanctions screening, AML/CFT controls and other applicable compliance requirements. This is particularly important where a holder acquired a payment stablecoin through a secondary market or intermediary and does not have an existing relationship with the issuer. The redemption framework should preserve timely redemption while allowing issuers to complete legally required screening and onboarding before processing the transaction.

This approach would also be consistent with NYDFS's existing 2022 stablecoin guidance, which defines a compliant redemption order by reference to both receipt of the redemption request and successful onboarding of the holder, together with satisfaction of other conditions necessary to permit compliant redemption. GDF recommends preserving this operational clarity under Part 202, particularly for holders that acquire stablecoins through secondary markets or intermediaries.

6.3 Governance, assurance and reporting

GDF supports robust governance, independent assurance and regular reporting. Where substantially the same information is already provided to a federal regulator or another competent authority, NYDFS should explore whether supervisory reliance, common reporting formats or data-sharing arrangements can reduce duplicative submissions.

This should extend beyond reporting duplication to supervisory reliance more broadly. Where an issuer or group is already subject to equivalent audit, assurance or prudential requirements by another competent authority, NYDFS should consider relying on existing audit reports, reserve attestations, cybersecurity assessments and prudential reporting, supported where appropriate by regulator-to-regulator information sharing. Such reliance should not limit NYDFS's ability to obtain information necessary to discharge its statutory responsibilities, but should reduce duplicative assurance exercises where equivalent work has already been performed.

A practical example is the existing USDC reserve assurance framework. Circle publishes regular information on USDC reserve holdings and obtains independent third-party assurance over reserve assets. Where substantially equivalent assurance has already been performed to recognised standards, NYDFS should consider whether supervisory reliance and regulator-to-regulator information sharing can avoid duplicative assurance exercises without limiting NYDFS's ability to obtain information necessary for effective supervision.

6.4 Operational resilience and third parties

Operational resilience, cybersecurity and third-party risk management are critical for payment stablecoins. Requirements should remain technology-neutral and focus on the resilience outcome to be achieved, allowing firms to use different architectures where they can demonstrate equivalent controls and recoverability.

6.5 Cross-border supervisory access

GDF supports effective supervisory access, but requests clarification that requirements relating to access to affiliates, personnel, records and facilities outside the United States will be implemented consistently with applicable foreign law and established mechanisms for regulator-to-regulator cooperation. Firms should not be placed in a position where compliance with one regulator's information request would cause a breach of another jurisdiction's law, data localisation requirements, banking secrecy provisions or regulatory confidentiality obligations.

6.6 Capital and operational backstop

GDF supports appropriately calibrated capital and operational backstop requirements for payment stablecoin issuers. Where NYDFS imposes requirements that go beyond the applicable federal baseline, those requirements should be transparent, risk-based and proportionate to the issuer's business model and actual risk profile. Material divergence from the federal framework should be supported by an identified prudential need, particularly where different state and federal requirements could create duplicative or inconsistent capital expectations or undermine the practical viability of the state pathway.

7. Areas where further clarification would be helpful

- How does NYDFS expect the final Part 202 framework to adjust if Treasury, OCC, Federal Reserve or FinCEN rules referenced in the framework change materially before or after finalisation?
- How will NYDFS distinguish between requirements necessary for compatibility with the federal framework and additional New York-specific supervisory expectations?
- What mechanisms will be used to prevent duplicative examination, reporting or approval processes where both state and federal authorities have an interest in the same issuer or activity?
- How does NYDFS expect the state pathway to operate for issuers as their scale or regulatory status changes under the GENIUS framework?
- To what extent can NYDFS recognise equivalent controls, audits, reports or prudential outcomes delivered under other U.S. or overseas regulatory regimes?
- How will NYDFS apply Part 202 to payment stablecoins offered in New York through the GENIUS Act framework for foreign payment stablecoin issuers, including where Treasury has determined that the relevant foreign regime is comparable or entered into a reciprocal arrangement?
- How will NYDFS exercise supervisory access to overseas affiliates, personnel, records and facilities where foreign law, data localisation, banking secrecy or regulatory confidentiality requirements may apply?

Conclusion

GDF supports NYDFS's objective of providing a clear, credible and prudentially sound framework for payment stablecoin issuance. Our principal concern is that implementation should preserve the benefits of the dual state/federal model without generating unnecessary duplication or constraining state-level innovation.

More broadly, development of the U.S. framework provides an opportunity to establish an approach that can interact constructively with other major stablecoin regimes. GDF encourages an outcomes-based approach to equivalence, strong regulatory coordination and proportionate implementation. These principles can help deliver high standards of protection while preserving the interoperability and efficiency that make stablecoins useful as payment and settlement infrastructure.

GDF would welcome the opportunity to engage further with NYDFS and to provide additional evidence from its members.

Source documents and links

- [NYDFS press release: New Proposed Regulation on Stablecoins](#)
- [NYDFS proposed rule text: 23 NYCRR Part 202 - Authorized Payment Stablecoin Issuers](#)
- [NYDFS Regulatory Impact Statement and SAPA materials](#)
- [U.S. Treasury: GENIUS Act NPRM on state-level regulatory regimes](#)
- [OCC: GENIUS Act regulations, including foreign payment stablecoin issuers](#)
- [Circle: MiCA USDC White Paper - dual-issuer structure, reserves and redemption](#)
- [Ripple: RLUSD approved by DFSA for use within DIFC](#)
- [Ripple: RLUSD recognised by FSRA for use within ADGM](#)
- [Circle: Nium and Circle connect USDC settlement with global payouts](#)
- [Circle: BNY expands stablecoin services with USDC custody, mint and burn capabilities](#)

- [NYDFS: 2022 Guidance on the Issuance of U.S. Dollar-Backed Stablecoins](#)
- Circle: Transparency and reserve assurance - <https://www.circle.com/transparency>

Consultation deadline: 21 September 2026.