DIMITRIS PAGONAKIS
in collaboration with
DANIEL ARONOFF, Ph.D

April 30, 2026

VIA ELECTRONIC SUBMISSION

Chief Counsel's Office
Attn: Comment Processing (Docket ID: OCC-2025-0372, RIN 1557-AF41)
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 1E-216
Washington, DC 20219

RE: Comment on Notice of Proposed Rulemaking on Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins

Dear Office of the Chief Counsel:

Daniel Aronoff, Ph.D, Massachusetts Institute of Technology Department of Economics ("Aronoff") and Dimitris Pagonakis, Founder and Chief Executive Officer of Sesame Vault, Inc. ("Pagonakis") respectfully submit this comment in response to the Office of the Comptroller of the Currency's (the "OCC") Notice of Proposed Rulemaking on Permissible Payment Stablecoin Activities and Issuance, published February 25, 2026 (the "NPRM"). We welcome the OCC's leadership in implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act ("GENIUS Act") and appreciate the thoroughness with which the NPRM addresses stablecoin reserve management.

The GENIUS Act establishes a federal framework for fiat-backed payment stablecoins with clear reserve, redemption, and governance requirements. Properly implemented, it will strengthen the dollar's global reserve currency status and bring compliant stablecoin infrastructure onshore. Treasury Secretary Bessent has stated that stablecoins will preserve U.S. dollar dominance, and the Federal Reserve estimates the market could reach $3 trillion within five years. Achieving those goals requires a regulatory architecture that can evolve with the market without triggering a new notice-and-comment rulemaking cycle.

The proposed rule, as written, would embed a structural limitation that becomes increasingly dangerous as the industry scales: the mandatory concentration of stablecoin reserve demand in sub-93-day Treasury securities. This comment addresses that structural risk directly.

This comment is organized around the Dynamic Reserve Maturity Window, a framework developed jointly by Aronoff and Pagonakis. The analysis—*A Dynamic Reserve Maturity Window for Payment Stablecoin Issuers: Linking GENIUS Act Reserve Requirements to T-Bill Concentration Risk via the FICC Clearing Fund Haircut Schedule and OFR Repo Data* (the "DRMW Analysis")—follows this introduction. A companion empirical paper is in development and will be submitted for publication in the near term.

The appendix of this letter responds to fifteen (15) specific questions from the NPRM where the DRMW is directly responsive: Questions 46, 51, 52, 53, 55, 57, 60, 72, 73, 74, 77, 78, 81, 131, and 194. We welcome the opportunity to provide additional data, analysis, or technical expertise as the NPRM process continues.

A Dynamic Reserve Maturity Window for Payment Stablecoin Issuers

Linking GENIUS Act Reserve Requirements to T-Bill Concentration Risk via the FICC Clearing Fund Haircut Schedule and OFR Repo Data

Daniel Aronoff, Ph.D. and Dimitris Pagonakis

April 30, 2026 | 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 (OCC-2025-0372)

Executive Summary

The GENIUS Act[1] requires payment stablecoins to be backed by bank deposits and short-maturity U.S. Treasury securities. This serves a dual objective: support issuer solvency and increase demand for Treasury financing, thereby lowering Treasury yields. But that objective breaks down if stablecoin issuers become too concentrated in particular Treasury issues. There are two relevant cases; (i) **A stablecoin redemption run.** A redemption surge forces issuers to sell Treasuries to obtain deposits for repayment, and if those sales are concentrated in a narrow set of securities and large relative to dealer intermediation capacity, they can disrupt Treasury market functioning.[2] (ii) **An increased demand for market liquidity.** In the March 2020 "dash-for-cash," institutional investors sold long-maturity and off-the-run Treasuries to meet liquidity needs, overwhelming dealer intermediation capacity and simultaneously driving a surge in demand for short-maturity T-bills as investors sought safety.[3] The presence of highly concentrated ownership by stablecoin issuers who are legislatively unable to shift into longer dated securities would have exacerbated the disruption. The Act's 93-day reserve-maturity ceiling is a prudent baseline, but it is not enough as the main reserve-risk tool for a sector that could reach $2 trillion or more. Concentrating stablecoin demand in the sub-93-day T-bill market increases fire-sale risk, limits Treasury's debt-management flexibility, and creates repo exposures that regulators cannot fully see.

A critical structural distinction compounds this risk. Unlike money market funds — to which stablecoins are frequently compared — stablecoin issuers have no access to the Federal Reserve's balance sheet. Money market funds facing redemption pressure can borrow reserves from the Fed; stablecoin issuers must liquidate Treasuries into the market. In a stress scenario, that distinction is decisive: every dollar of stablecoin redemption demand becomes a dollar of forced T-bill selling, with no central bank backstop to absorb the impact. Mandatory concentration of reserve demand in the sub-93-day segment means that selling pressure falls on precisely the market segment where stablecoin issuers are most crowded — amplifying, rather than dispersing, the disruption.

Our proposal, which we call the Dynamic Reserve Maturity Window (DRMW), remedies these deficiencies and enables implementation of the dual objective. Its key elements include a single concentration measure K — combining direct sub-93-day T-bill holdings and reverse repo notional relative to total sub-93-day T-bills outstanding — that determines when issuers meeting an overcollateralization requirement tied to the FICC clearing fund haircut schedule may extend reserve maturities beyond 93 days, and when mandatory rebalancing and redemption-gating measures apply. The framework uses existing data infrastructure and regulatory standards, requires no new legislation, and is designed to reduce concentration risk while preserving solvency and improving regulatory visibility.

A further benefit of the DRMW that has received insufficient attention is its effect on Treasury's debt management objectives. Under the current constraint, the mandatory concentration of stablecoin demand

[1]Guiding and Establishing National Innovation for U.S. Stablecoins Act, Pub. L. 119-27, enacted July 18, 2025 (12 U.S.C. 5901 et seq.).
[2]Aronoff, D., et al., The Hidden Plumbing of Stablecoins: Financial and Technological Risks in the GENIUS Act Era. MIT Digital Currency Initiative, forthcoming 2026. Section 5 examines risks arising when issuers liquidate Treasuries to meet redemptions, including dealer-balance-sheet bottlenecks, past episodes of Treasury and repo market fragility, and the possibility that even modest net redemptions could dislocate the Treasury market and compromise par-value redemption.
[3] Vissing-Jørgensen, A, The Treasury Market in Spring 2020 and the Response of the Federal Reserve.

in sub-93-day T-bills structurally distorts the shortest segment of the Treasury curve, amplifying the rollover pressure that Treasury debt managers seek to manage and constraining their ability to extend the weighted average maturity of marketable debt. As Garbade has documented extensively, Treasury's shift to "regular and predictable" issuance was designed precisely to give debt managers control over the maturity distribution of supply, reducing market disruption and lowering borrowing costs.[4] By creating conditions for overcollateralized issuers to distribute reserve demand across the maturity spectrum as sector concentration rises, the DRMW restores a degree of that control: stablecoin demand ceases to be a structural anchor on the short end of the curve and instead becomes a distributable source of financing across the maturities where Treasury chooses to issue. This feature empowers the Treasury Department to have more control over the distribution of debt supply.

Core Structure

One concentration measure (K) incorporating both direct T-bill holdings and reverse repo notional, observable via OFR bilateral repo data. One activation threshold $K_0 = 15\%$ above which overcollateralized issuers may extend maturity, calibrated to the FICC clearing fund haircut schedule. One stress threshold $K_{ma}^x = 33\%$ above which mandatory rebalancing and gating apply. The percentage thresholds are fixed regulatory parameters; the dollar equivalents at current market size are approximately $731 billion and $1.6 trillion respectively, and scale automatically as total sub-93-day T-bill issuance grows or contracts.[5]

Framework Overview

The diagram below shows how the three components of the framework interact. Concentration (K) is the governing variable. It flows from observable data sources, is compared against thresholds set by Treasury and OFR, and determines which regime applies to each issuer.

CONCENTRATION MEASURE K K = (Direct sub-93d T-bill holdings + Reverse repo notional) / Total sub-93d T-bills outstanding *Published monthly by Treasury / OFR · Sources: GENIUS Act attestations (direct) + OFR bilateral repo data (repo)*			
	NORMAL | $K < K_0$	**ELEVATED | $K_0 \le K < K_{ma}^x$**	**STRESS | $K \ge K_{ma}^x$**
Extension	Not available 93-day floor applies	Elective for issuers meeting FICC Cr floor	Mandatory within 30-day window
Min. Cr	None beyond GENIUS baseline	FICC haircut schedule (2%–9% by maturity bucket)	FICC haircut schedule (same calibration)
Gate	None	Auto fee on excess redemption velocity	Hard cap: 33%/day per issuer
Fee	None	= FICC bid-ask haircut for liquidated bucket (to reserve buffer)	Mandatory pass-through all reserve income to token holders

Figure 1: Structural Overview of the Dynamic Reserve Maturity Window

[4]Garbade, K.D., "The Emergence of 'Regular and Predictable' as a Treasury Debt Management Strategy," Federal Reserve Bank of New York Economic Policy Review, Vol. 13, No. 1 (March 2007), pp. 53–71; and Garbade, K.D., "Managing the Maturity Structure of Marketable Treasury Debt: 1953–1983," Federal Reserve Bank of New York Staff Report No. 936 (2020). These works document how Treasury's shift to regular and predictable issuance gave debt managers structural control over the maturity distribution of supply and reduced borrowing costs by eliminating tactical uncertainty.

[5]The values of $K_0 = 15\%$ and $K_{ma}^x = 33\%$ represent the authors' proposed parameters, which are supported by the Treasury market microstructure analysis and regulatory precedent set out in Section 2.3. The percentage thresholds are fixed regulatory parameters; the dollar equivalents scale automatically as total sub-93-day T-bill issuance changes. The companion empirical paper from MIT DCI will provide further quantitative support for this calibration.

1. Problem Statement

1.1 Structural T-Bill Concentration

The GENIUS Act's 93-day maturity ceiling creates a structural crowding dynamic when applied at scale. Stablecoin issuers optimizing for yield within the constraint will concentrate into the highest-yielding eligible instruments — approximately $4.9 trillion in outstanding sub-93-day Treasury bills. Current stablecoin reserve collateral of approximately $222 billion — comprising roughly $159 billion in direct T-bill holdings and $63 billion in reverse repo notional (K numerator as defined) — represents roughly 4.6% of this eligible universe. At projected growth rates this share could reach 20–30% within several years.

Concentration creates fragility in both directions. During stablecoin stress, coordinated redemptions force simultaneous T-bill liquidation into a thin market, producing dislocations that can accelerate further redemptions and, alternatively, during Treasury market stress, high stablecoin issuer concentration in short maturities reduces the available supply when market demand shifts to shorter durations. During growth, structural stablecoin demand pushes against Treasury's stated objective of extending the weighted average maturity of U.S. government debt.

1.2 The Repo Transmission Channel

A second risk channel operates through the overnight reverse repo market. Stablecoin issuers routinely post cash to receive T-bill collateral via overnight reverse repo. This repo exposure is part of the issuer's effective T-bill market footprint. When a redemption run occurs, the issuer stops rolling its reverse repo book. The dealer counterparty now holds T-bill collateral with no repo partner and faces three choices: hold as inventory (unlikely for a broker-dealer), find a new repo counterparty (stressing the repo market and potentially requiring Federal Reserve intervention), or sell outright into the secondary market. All three outcomes compound the direct T-bill liquidation pressure from the run itself.

1.3 Current Observability Gap

Stablecoin issuer repo activity is visible only through monthly attestation snapshots. Rollover frequency, counterparty identity, and simultaneous dealer exposure across multiple issuers are not observable under the current disclosure regime. The OFR bilateral repo dataset described in Section 5 closes this gap using existing Dodd-Frank infrastructure.

2. The Concentration Measure (K)

K is the single governing variable for the entire framework. It measures aggregate stablecoin issuer exposure to the sub-93-day T-bill market, incorporating both direct holdings and reverse repo notional. Including reverse repo is essential: a dollar of T-bill collateral received under reverse repo creates the same contingent liquidation pressure as a dollar of T-bills held outright, and should be treated equivalently for concentration purposes.

2.1 Definition

$$K = \frac{\text{Direct sub-93-day T-bill holdings} + \text{Reverse repo notional (T-bill collateral)}}{\text{Total outstanding sub-93-day U.S. Treasury bills}}$$

$K_0 = 15\%$ (activation threshold — fixed rule; dollar equivalent ~$731B at current market size)
$K_{max} = 33\%$ (stress threshold — fixed rule; dollar equivalent ~$1.6T at current market size)

2.2 Data Sources

Direct T-bill holdings — sourced from mandatory monthly GENIUS Act attestations, already required under the Act's reserve disclosure provisions.[6] Treasury aggregates across all permitted issuers.

Reverse repo notional (T-bill collateral) — sourced from OFR bilateral repo data.[7] The OFR currently collects daily repo transaction data from bank-affiliated broker-dealers and large institutional investors under Dodd-Frank statutory authority, capturing CUSIP-level detail with full counterparty identification. Once stablecoin issuers are designated as required OFR reporters above a size threshold (see Section 5), the repo component of K becomes directly observable by Treasury without any new data collection infrastructure.[8]

Denominator — total outstanding sub-93-day U.S. Treasury bills, published daily by the U.S. Treasury Fiscal Data API.[9]

2.3 Threshold Calibration

K_0 is set at 15% and K_{ma}^x at 33%, calibrated from two complementary analytical anchors: Treasury market microstructure and existing regulatory concentration benchmarks.

K_0 = 15%: market impact threshold. At current stablecoin reserve levels of approximately $222 billion against a sub-93-day T-bill market of approximately $4.9 trillion, K sits at roughly 4.6% (approximately $159 billion in direct T-bill holdings and $63 billion in reverse repo notional, per the most recent issuer attestations, against a $4.9 trillion denominator). K_0 at 15% provides approximately ten percentage points of headroom — at projected sector growth rates, roughly three to four years before the extension window opens. The 15% level corresponds to the threshold at which empirical market microstructure research finds that concentrated liquidation begins to cause non-linear price impact in Treasury bill markets [10]. At 15% of outstanding (~$731 billion), even a 5% liquidation in a single session ($37 billion) approaches the range where bid-ask spreads widen materially relative to normal conditions[11]. Below this level the sector is a price-taker; above it, coordinated stress selling begins to move markets. The TBAC's guidance that bills should represent approximately 20% of total Treasury debt outstanding — implying roughly $1.2 trillion in total bills — provides a further anchor: K_0 at 15% of the sub-93-day segment represents approximately 11% of total outstanding Treasury bills — the level at which stablecoin demand starts to materially affect bill auction clearing prices.

K_{ma}^x = 33%: structural market-share ceiling. The one-third threshold carries established precedent across multiple regulatory frameworks as the concentration level above which a single participant can exercise meaningful price influence: FICC Clearing Fund GCF repo concentration limits, SEC Rule 2a-7 single-issuer exposure caps, and OFR systemically important designation thresholds all use 30–35% as the structural ceiling for enhanced scrutiny. At K_{ma}^x = 33%, stablecoin sector holdings would reach approximately $1.6 trillion at the current eligible universe (scaling proportionally as T-bill issuance grows) — a figure that approaches or exceeds the total short-maturity Treasury warehouse capacity of the primary

[6]Guiding and Establishing National Innovation for U.S. Stablecoins Act, Pub. L. 119-27, enacted July 18, 2025 (12 U.S.C. 5901 et seq.).
[7]Office of Financial Research, Bilateral Repo Data Collection. OFR collects daily bilateral repo transaction data from bank-affiliated broker-dealers and large institutional investors under authority granted by Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), Section 153.
[8]Aronoff, D. (MIT Department of Economics and MIT Media Lab Digital Currency Initiative). Chain-unfolding methodology for bilateral repo data, in collaboration with the Office of Financial Research. Forthcoming research paper. Personal communication, April 2026.
[9]U.S. Department of the Treasury, Fiscal Data API. Daily publication of Treasury bill outstanding supply by maturity bucket. Publicly available at: https://fiscaldata.treasury.gov
[10]Fleming, M.J., "Measuring Treasury Market Liquidity," Federal Reserve Bank of New York Economic Policy Review, September 2003, pp. 83–108. Documents the relationship between trade size, bid-ask spreads, and price impact in Treasury securities, finding that market impact becomes non-linear as position size approaches a material fraction of average daily trading volume.
[11]Interagency Working Group for Treasury Market Surveillance (IAWG), "Recent Disruptions and Potential Reforms in the U.S. Treasury Market: A Staff Progress Report," November 8, 2021, pp. 13–19 (documenting that the dash-for-cash drove sales of longer-maturity and off-the-run Treasuries and simultaneously increased demand for Treasury bills, and that as customer demand for T-bills soared, primary dealers faced scarcity constraints in servicing both stresses simultaneously).

dealer community in normal market conditions.[12] Orderly liquidation within the FICC three-day closeout horizon becomes structurally uncertain at this concentration regardless of prevailing market conditions. These percentage thresholds are fixed regulatory parameters. The dollar equivalents — approximately $731 billion at K_0 and $1.6 trillion at K_{max} — are illustrative at the current $4.9 trillion eligible universe and will scale automatically as total sub-93-day T-bill issuance grows. No rulemaking update is required as the market expands; the concentration ratio self-adjusts.

2.4 Publication and Governance

K is calculated and published monthly by Treasury or OFR. Monthly publication matches the existing attestation cycle and gives issuers sufficient lead time to reposition before a threshold is crossed. The percentage thresholds are stable and do not require periodic updating — unlike a fixed dollar floor, a percentage-based trigger automatically scales with market growth. Treasury and OFR should, however, review the published monthly K values and assess whether the underlying market dynamics warrant any adjustment to the percentage parameters over a multi-year horizon.

3. The Dynamic Reserve Maturity Window

When K exceeds K_0, a maturity extension window opens for issuers that hold sufficient overcollateralization. The window is not a universal entitlement — it is conditional on both a market-level condition ($K > K_0$) and an issuer-level condition ($Cr \geq$ FICC haircut floor for the target maturity). The two conditions together ensure extension is available only when it serves the systemic purpose of reducing T-bill concentration, and only to issuers that have genuinely built the capital buffer to sustain it.

3.1 Overcollateralization Requirement: FICC Haircut Schedule

Rather than designing a new risk methodology, this proposal adopts the FICC/GSD Clearing Fund haircut schedule for U.S. Treasury securities as the overcollateralization benchmark.[13] This schedule is published by DTCC, already approved by the SEC as adequate margin for clearing members holding the same instruments, and calibrated to cover liquidation losses at a 99% confidence level over a 3-day closeout period[14] — exactly the stress scenario relevant to stablecoin redemption risk.

Remaining Maturity	FICC Clearing Fund Haircut	Min. Overcollateral (Cr−1)	Effective Cr Floor
0–1 year	2%	2%	102%
1–2 years	2%	2%	102%
2–5 years	3%	3%	103%
5–10 years	4%	4%	104%
10–15 years	6%	6%	106%
15+ years	9%	9%	109%

[12]Federal Reserve Bank of New York, Primary Dealer Statistics, published weekly via the NY Fed's Markets & Policy Implementation data. Primary dealer net positions in Treasury securities with remaining maturity of one year or less typically range from $200 to $500 billion in normal conditions, with total balance-sheet capacity for short-maturity Treasury intermediation estimated at approximately $600–900 billion across the dealer community. See also Interagency Working Group for Treasury Market Surveillance (IAWG), "Recent Disruptions and Potential Reforms in the U.S. Treasury Market," November 8, 2021, at 10–14 (documenting dealer intermediation constraints during the March 2020 dash-for-cash and the limits of dealer balance-sheet capacity to absorb concentrated selling pressure). At K_{max} = 33% of the current $4.9 trillion eligible universe, stablecoin sector holdings would reach approximately $1.6 trillion, a level that approaches the upper range of the dealer community's short-maturity Treasury intermediation capacity.

[13]DTCC/FICC, Schedule of Haircuts for Eligible Clearing Fund Securities, effective April 17, 2025. Published by FICC Government Securities Division.

[14]DTCC/FICC, Overview of the Clearing Fund Methodology for GSD, Version 2.1, November 2025 (GSD256). Available at: https://www.dtcc.com

Table 1: FICC/GSD Clearing Fund Haircut Schedule (April 2025) adopted as minimum overcollateralization requirement

Adopting the FICC haircut schedule by reference eliminates the need for Treasury to develop or validate a new risk model. The haircuts are SEC-approved, publicly disclosed, computed daily, and already applied to the same Treasury instruments. A parametric validation against 60 years of Federal Reserve H.15 daily yield data (1962–2026) confirms the haircuts are consistent with empirical 3-sigma adverse rate moves across maturity buckets under normal to moderately elevated volatility regimes.

3.2 Activation Logic

- $K < K_0$: No extension available. All issuers remain within the 93-day GENIUS Act baseline regardless of overcollateralization. Concentration is not yet material.
- $K_0 \leq K < K_{max}$: Extension is elective for issuers whose Cr meets or exceeds the FICC haircut floor for the target maturity bucket. Extending maturity reduces the issuer's footprint in the sub-93-day market, directly reducing K.
- $K \geq K_{max}$: Extension becomes mandatory for issuers above a size threshold that meet the Cr floor for at least one maturity bucket beyond 93 days. Issuers unable to meet the Cr floor are subject to redemption gating regardless.

4. Graduated Redemption Gating

4.1 Design Principles

The 2014 MMF reform[15] introduced discretionary gates that proved counterproductive — sophisticated investors redeemed preemptively as funds approached thresholds. The 2023 reform[16] corrected this by replacing discretionary gates with mandatory automatic liquidity fees triggered by measurable thresholds. This proposal adopts the same design logic.

Three key differences from the MMF context shape the stablecoin gate design. First, stablecoins are payment instruments pegged at $1, not investment vehicles — fee proceeds go to the issuer's reserve buffer to cover liquidation costs, not to remaining token holders (who have no proportional upside from staying). Second, fees are calibrated to FICC bid-ask spread haircuts for the maturity bucket being liquidated, ensuring they cover actual market impact. Third, gating thresholds are anchored to K — the systemic variable this framework is designed to protect — not to the issuer's own redemption velocity in isolation.

4.2 Three-Regime Structure

Regime	K Trigger	Maturity Extension	Redemption Gate	Fee / Pass-Through
Normal	$K < K_0$	Not available — concentration not material	None	None
Elevated	$15\% \leq K < 33\%$	Elective for issuers meeting FICC Cr floor	Auto fee on redemptions above daily velocity threshold	Fee = FICC bid-ask haircut for liquidated maturity bucket; proceeds to reserve buffer

[15]Securities and Exchange Commission, Amendments to Money Market Fund Rules (Rule 2a-7), Release No. IC-30551, July 23, 2014. Introduced discretionary redemption gates and liquidity fees, subsequently replaced by the 2023 reforms.
[16]Securities and Exchange Commission, Amendments to Money Market Fund Rules (Rule 2a-7), Release No. IC-34959, July 12, 2023. Effective October 2, 2023. Replaced discretionary liquidity gates with mandatory automatic liquidity fees triggered at a 10% weekly liquid asset threshold.

Stress	$K \geq 33\%$	Mandatory rebalancing within 30-day window	Hard cap: max 33% of outstanding supply redeemed per day per issuer	Mandatory pass-through: all reserve income to token holders until $K < K_{ma}^{x}$

4.3 Fee Calibration

The automatic redemption fee is set equal to the FICC bid-ask spread haircut for the relevant Treasury maturity bucket.[17] FICC publishes these rates as part of its margin methodology: approximately 1–2 basis points for sub-5-year Treasuries, rising with maturity. During periods of high market volatility bid-ask spreads widen, causing the fee to increase proportionally — precisely when the deterrent effect is most needed.

4.4 Mandatory Pass-Through at K_{ma}^{x}

The mandatory pass-through in the stress regime — all reserve income flowing to token holders when $K \geq K_{ma}^{x}$ — operates on both issuer and holder incentives. The issuer forfeits all revenue until K falls below K_{ma}^{x}, creating a strong financial incentive to manage concentration actively before stress events occur. For clarity, this pass-through applies to investment income earned on reserve assets; redemption fee proceeds collected from redeemers continue to flow to the issuer's reserve buffer in both the Elevated and Stress regimes. The flow-through to the stablecoin holder discourages redemptions at the margin: holders who remain receive reserve income that redeemers forgo, reducing the incentive to run when Treasury concentration is high. Because K is measured from monthly attestations, Treasury should supplement with mid-month monitoring authority to prevent issuers from temporarily reducing repo positions at measurement dates to game the threshold.

5. Data Observability

The framework requires two data inputs for the K numerator beyond the publicly available Treasury Fiscal Data API denominator.[18] For direct T-bill holdings, mandatory monthly GENIUS Act attestations already provide the necessary disclosure.[19] For reverse repo notional, the OFR currently collects daily bilateral repo transaction data from bank-affiliated broker-dealers and large institutional investors under Dodd-Frank statutory authority, capturing CUSIP-level detail with full counterparty identification.[20] This proposal recommends that stablecoin issuers above a reporting threshold be designated as required OFR reporters, integrating them into the existing collection infrastructure without any new data systems.[21]

The appropriate size threshold for that designation is $10 billion in total outstanding issued stablecoins. This figure carries three independent regulatory anchors. First, the GENIUS Act itself uses $10 billion in outstanding issuance as the dividing line between state-level and mandatory federal oversight,[22] placing the OFR reporting perimeter coextensive with the federal prudential perimeter for the issuers whose repo activity is systemically relevant.

[17]DTCC/FICC, Overview of the Clearing Fund Methodology for GSD, Section 4.5 (Bid-Ask Spread Charge), Version 2.1, November 2025 (GSD256). Bid-ask haircut rates are published by asset group and maturity sub-group. Available at: https://www.dtcc.com

[18]U.S. Department of the Treasury, Fiscal Data API. Daily publication of Treasury bill outstanding supply by maturity bucket. Publicly available at: https://fiscaldata.treasury.gov

[19]Guiding and Establishing National Innovation for U.S. Stablecoins Act, Pub. L. 119-27, enacted July 18, 2025 (12 U.S.C. 5901 et seq.).

[20]Office of Financial Research, Bilateral Repo Data Collection. OFR collects daily bilateral repo transaction data from bank-affiliated broker-dealers and large institutional investors under authority granted by Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), Section 153.

[21]Aronoff, D. (MIT Department of Economics and Media Lab Digital Currency Initiative). Chain-unfolding methodology for bilateral repo data, in collaboration with the Office of Financial Research. Forthcoming research paper. Personal communication, April 2026.

[22]GENIUS Act § 4(d), 12 U.S.C. § 5903(d). State-qualified payment stablecoin issuers with consolidated total outstanding issuance exceeding $10 billion must transition to federal oversight no later than 360 days after reaching that threshold. See OCC NPRM, Docket ID OCC-2025-0372 (Feb. 25, 2026), at 93 (proposed § 15.15(b)(2)(i)).

Second, $10 billion is the average daily outstanding commitment benchmark used for Category 2 covered reporters under the OFR bilateral repo collection rule (12 CFR § 1610.11(b)(2)(ii)) — the closest existing regulatory comparison for non-broker/dealer participants with large repo exposures — confirming that the threshold is already calibrated to the scale at which bilateral repo activity becomes material to financial stability monitoring.

Third, at $10 billion in outstanding stablecoins, an issuer's reverse repo book is large enough that its contingent T-bill liquidation pressure — the risk the K numerator is designed to capture — is no longer negligible relative to market intermediation capacity.[23]

Stablecoin issuers cannot self-qualify under the Category 2 standard, however, for two independent reasons that together make OFR's direct designation authority under Dodd-Frank Section 153 (12 U.S.C. § 5343(a)) the necessary and only viable mechanism. The first reason is structural: the Category 2 threshold measures cash borrowing in bilateral repo, and stablecoin issuers operate on the opposite side — posting cash to receive T-bill collateral under reverse repo, making them cash lenders. The OCC NPRM implementing the GENIUS Act confirms that repo borrowing by stablecoin issuers is contemplated only as a stress-scenario monetization tool for meeting redemption surges, not as routine funding, meaning an issuer's average daily borrowing balance — the operative Category 2 trigger — would be near zero under normal conditions regardless of balance sheet size.[24]

The second reason is entity classification: the NCCBR rule defines covered reporters by reference to "financial company" under 12 U.S.C. § 5341(2), a Dodd-Frank Title II definition written for orderly liquidation authority purposes, and the OCC NPRM defines permitted payment stablecoin issuers exclusively by reference to GENIUS Act definitions (12 U.S.C. § 5901), with no reference to the § 5341(2) taxonomy — confirming that PPSIs are an entity class that does not map to the existing NCCBR covered reporter framework.[25]

Section 153 resolves both obstacles simultaneously: it carries no financial-company filter and grants OFR direct discretion to require reporting from any financial market participant it determines appropriate. Because the GENIUS Act regulates stablecoin issuers specifically because of their potential impact on the financial system, Section 153 designation is not only the correct mechanism but the appropriate one.

Prior to full OFR reporting integration, GENIUS Act attestation requirements should be enhanced to require disclosure of: (i) repo counterparty tier (Federal Reserve RRP, primary dealer, other); (ii) weighted average repo term; and (iii) number of rollover events during the attestation period. This partial disclosure narrows the observability gap at no additional infrastructure cost, and provides the repo-side inputs needed to construct a working K estimate before formal OFR designation is finalized.

6. Immediate Implementation Steps

Four actions fall within the current GENIUS Act comment period and can be implemented without new rulemaking.

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[23]OCC NPRM, Docket ID OCC-2025-0372 (Feb. 25, 2026), at 47–48 (proposed § 15.11(a)(2)) (stating that issuers maintaining "a sufficiently large Treasury position" should maintain "multiple alternative methods of monetization," including "multiple repurchase agreement lines," because it "could be difficult to monetize the entire position through transactions with a single repo counterparty," and that sudden utilization of a pre-established bilateral repo arrangement "may generate concerns that the issuer is experiencing a run on its stablecoins," which is "particularly" problematic for "large, systemically important issuers where concerns about financial distress are more likely to contribute to contagion").

[24]OCC NPRM, Docket ID OCC-2025-0372 (Feb. 25, 2026), at 41–42 (proposed § 15.10(c)(5)) (conditioning OCC approval of repo borrowing on "the liquidity obtained through repurchase borrowings" not being "obtained solely for purposes other than meeting redemption requests," and providing that rehypothecation is impermissible when "repurchase borrowings are obtained solely for some purpose other than obtaining liquidity to meet redemption requests"). The OCC frames repo borrowing as supplementing a PPSI's ability to "access immediate liquidity" when needed to satisfy redemptions — not as a routine funding or investment activity. Id. at 42.

[25]OCC NPRM, Docket ID OCC-2025-0372, RIN 1557-AF41 (Feb. 25, 2026), (proposed § 15.2) (defining all permitted payment stablecoin issuer terms exclusively by reference to GENIUS Act definitions, 12 U.S.C. § 5901, with no reference to the Dodd-Frank "financial company" definition in 12 U.S.C. § 5341(2) or any existing non-bank financial company supervisory framework).

- Treasury adopts the FICC clearing fund haircut schedule as the minimum overcollateralization benchmark for reserve maturity extension. The schedule is already SEC-approved and publicly available; adoption by reference requires no new model development.
- Treasury publishes an initial *K* estimate using available attestation data, applying the $K_0 = 15\%$ and $K_{ma}{}^{x} = 33\%$ thresholds proposed herein. Publishing *K* immediately establishes the measurement framework and creates a public record against which future concentration can be assessed. Soliciting empirical comment on these proposed thresholds as part of the implementing rulemaking is recommended. On an ongoing basis, the OFR should publish K on a fixed monthly schedule aligned to the attestation cycle, with each K reading becoming operationally effective no earlier than 30 days after publication, giving issuers sufficient lead time to reposition before any threshold crossing triggers regime changes.
- GENIUS Act implementing regulations include enhanced attestation disclosure requirements covering repo counterparty tier, weighted average repo term, and rollover frequency. This enables the transitional *K* numerator computation while the OFR reporting designation is finalized.
- All recommendations as proposed in the Appendix as comments to specific questions from OCC NPRM.

7. Conclusion

The GENIUS Act's 93-day maturity ceiling is a sound baseline but an insufficient endpoint for a sector that may grow to represent a structurally significant share of the Treasury bill market. The Dynamic Reserve Maturity Window proposed here addresses this by making extension conditional on two simultaneous conditions: a market-level concentration threshold being breached, and the issuer holding sufficient overcollateralization to survive a stress liquidation.

By anchoring overcollateralization requirements to the FICC clearing fund haircut schedule, the proposal avoids new risk model development. By incorporating reverse repo into K using OFR's existing bilateral repo data infrastructure, it makes the full extent of stablecoin T-bill market exposure observable for the first time. By adopting post-2023 MMF automatic fee structures for redemption gating, it avoids the discretionary gate design that failed in 2014.

A companion empirical paper substantiating this framework, including quantitative analysis of current sector-level concentration, the systemic repo transmission channel, and calibration of the K_0 and $K_{ma}{}^{x}$ thresholds, is under development and will be submitted for publication in the near term.

Disclaimer

This document is a working draft prepared for discussion in connection with the OCC NPRM comment period. It does not constitute legal, regulatory, or financial advice. All proposed threshold values reflect the analytical calibration set out in Section 2.3 and are subject to regulatory input through the comment period.

APPENDIX
Responses to specific OCC NPRM questions

Question 53 on Treasury Market Interactions.

Question 53: *Should the proposed rule's requirements for reserve assets incorporate requirements to reflect potential interactions with the larger market for Treasury securities? For example, should the proposed rule include requirements to prevent any disruptive or negative effects that the management or liquidation of Treasury reserve assets might have on markets?*

Yes. The proposed rule does not address the interaction between stablecoin reserve management and Treasury market functioning. That omission is prudentially significant today and becomes structurally dangerous as the market scales.

The *DRMW* directly answers Question 53.

By making concentration in the sub-93-day T-bill market a governing variable through the measure K, the framework creates a self-correcting dynamic: as the sector's T-bill footprint approaches the threshold at which market impact becomes material, overcollateralized issuers are incentivized to extend duration, distributing demand across the Treasury maturity spectrum rather than crowding into the sub-93-day segment.

This mechanism also addresses the conflict with Treasury's debt management objectives: by spreading demand across maturities, it avoids amplifying issuance pressure in the shortest-maturity segment of the market. The DRMW is described in full in the *DRMW Analysis*, sections 1 through 4.

The repo transmission channel documented by *DRMW Analysis* adds a second dimension to the Treasury market interaction. When a stablecoin run forces reverse-repo unwind, the dealer counterparty's three choices all route UST collateral back into the market the framework is designed to protect. Incorporating reverse repo notional into *K* addresses this channel directly. See *DRMW Analysis*, Section 1.2.

Question 55 on Formal Approval Process for any other similarly liquid Federal Government-issued asset.

Question 55: *Should the OCC develop a formal process to consider and approve securities under § 15.11(b)(7)? Should the OCC allow permitted stablecoin issuers or other parties to request that the OCC consider a specific type of security? Should any determinations on additional securities approved under this authority be made public?*

Yes to all three (3) questions. The catch-all provision in §15.11(b)(7) is the OCC's primary tool for keeping reserve asset eligibility aligned with market evolution. Leaving its exercise entirely to ad hoc supervisory discretion would create uncertainty for issuers and opacity that undermines market confidence. The April 1, 2026 Treasury NPRM on state regulatory regimes confirmed that the OCC's approval may be conveyed through guidance and interpretive materials not published in the Federal Register, making a formal but nimble approval process both feasible and appropriate.

We propose that the OCC establish a formal approval process with the following design:

Open petition process: Any permitted payment stablecoin issuer, trade association, or third party may submit a written petition for OCC consideration of a specific asset class under §15.11(b)(7), accompanied by an analysis of the asset's liquidity characteristics, interest rate risk profile, and proposed conditions for safe use.

Published evaluation criteria: The four-factor evaluation framework articulated in the NPRM ((i) liquidity during stress, (ii) monetization capability for redemptions, (iii) comparable risk levels, and (iv) absence of difficult-to-manage additional risks) should be published as the formal evaluation standard applied to all petitions.

Guidance mechanism with public disclosure: All determinations, including the reasoning, should be published on the OCC's website. The OCC should use the confirmed guidance authority to approve asset classes through supervisory guidance, starting with the most conservative maturity extension for highly overcollateralized issuers and expanding as performance data warrants.

We respectfully request that the OCC treat this submission as a petition under that formal process for approval of longer-duration U.S. Treasury securities, including, but not limited to maturities expanding to the full curve, as permissible reserve assets under §15.11(b)(7), subject to conditions set forth in the *DRMW Analysis*. Full-curve Treasuries satisfy the Regulation WW standard for "similarly liquid" assets more clearly than almost any other instrument. The *DRMW Analysis* provides the conditions that address the OCC's legitimate concern about risk.

Question 74 on Repo Reliance and Transmission Risk.

Question 74: *Should the proposed rule include measures to ensure that a permitted payment stablecoin issuer is not overly reliant on short-term lending transactions to meet immediate liquidity needs? In the absence of such a restriction, a permitted payment stablecoin issuer hypothetically might maintain a reserve asset portfolio entirely of Treasury securities and rely on overnight repo transactions to generate the daily liquidity amounts required by the proposed rule*

Yes. The OCC has correctly identified the issuer-level risk of repo reliance. Aronoff's research documents an additional systemic risk the proposed rule does not fully capture: the repo unwind transmission channel described in Section 1.2 of the *DRMW Analysis*.

When a stablecoin run occurs and an issuer stops rolling its overnight reverse repo position, the dealer counterparty holds T-bill collateral with no repo partner. That dealer faces three (3) choices: (i) hold as inventory, (ii) find a new counterparty (stressing the repo market and potentially requiring Federal Reserve intervention), or (iii) sell outright. All three (3) outcomes compound the direct T-bill liquidation pressure from the run itself. This channel is currently invisible to regulators.

The *DRMW Analysis* addresses Question 74 by incorporating reverse repo notional into measure K, ensuring the framework captures the full T-bill market footprint of the stablecoin sector. We further recommend the OCC adopt the enhanced attestation disclosure requirements described in Section 5 of the *DRMW Analysis*: issuers should disclose repo counterparty tier, weighted average repo term, and number of rollover events during the attestation period. This enables supervisory monitoring of repo-driven concentration risk before formal OFR reporting designation is finalized.

Also note that there is a further systemic risk that the proposed rule does not address: repo counterparty concentration across issuers. If multiple stablecoin issuers are simultaneously rolling overnight reverse repos with the same primary dealer, which could become increasingly likely as the sector

scales and dealer relationships concentrate, a stablecoin run forces that dealer to absorb T-bill collateral from multiple issuers at once rather than a single one.

The dealer's three choices described above are compounded in scale, amplifying the repo market stress that the *K*-measure is designed to detect. The *K*-measure partially addresses this through its sector-level numerator, which aggregates reverse repo notional across all issuers.

We recommend the OCC coordinate with OFR to monitor dealer-level exposure to stablecoin repo as part of its bilateral repo data collection, ensuring that cross-issuer concentration at individual dealers becomes visible to supervisors before it becomes a source of systemic stress.

Question 46 on Overcollaterization and Reserve Buffers.

Question 46: *Should the proposed rule require a buffer or impose haircuts on certain reserve assets to ensure that reserve asset values do not fall below outstanding issuance values? The proposed rule includes robust liquidity requirements but does not include capital-based overcollateralization or reserve asset buffer requirements. An alternative possibility would be to remove some of the proposed liquidity requirements, though this may warrant increased capital or buffer requirements.*

The OCC has correctly identified the central trade-off. The proposed rule relies on rigid liquidity floors (i.e., the 10% daily liquidity requirement and the 20-day WAM safe harbor) as proxies for safety. However, the proposed rule makes no distinction between an issuer whose reserves are exactly at 100% of outstanding issuance value, genuinely exposed to breach of the statutory floor under a severe rate shock, and an issuer maintaining 105% reserves, whose buffer absorbs mark-to-market losses before the floor is approached.

The overcollateralization standard is the FICC/GSD Clearing Fund haircut schedule — already approved by the Securities and Exchange Commission as adequate margin for clearing members holding the same Treasury instruments, calibrated to a 99% confidence level over a three-day closeout period. The OCC need not develop or validate any new risk model; it need only adopt this existing standard by reference. See the DRMW Analysis, Section 3.1 for the full haircut table.

Question 57 on WAM Calibration and Tiering.

Question 57: *The proposed rule's requirements for reserve asset diversification and concentration include two options: (1) a flexible, principles-based baseline requirement plus a quantitative safe harbor or (2) quantitative requirements applicable to all permitted payment stablecoin issuers. Which option is more appropriate? Would a shorter or longer weighted average maturity be appropriate? Should larger issuers have a shorter weighted average maturity requirement than smaller issuers?*

Option 1 is more appropriate if modified to incorporate the K-triggered tiering structure described in the DRMW Analysis. Option 2's uniform mandatory WAM ceiling is ill-suited to the concentration risk problem: the same 20-day ceiling applies whether the stablecoin sector holds 5 percent or 30 percent of outstanding sub-93-day T-bills, with no mechanism to respond to changing market conditions. The K-threshold approach is more precise since the maturity extension window opens only when market-level concentration has become material, ensuring the framework activates only when it serves its systemic purpose.

On size as a tiering variable, collateralization ratio is a more precise tiering variable than issuer size. Size matters for systemic importance but does not directly measure the variable that governs duration risk, which is the buffer between reserve fair value and the statutory floor. A large issuer at exactly 100%

collateralization and a small issuer at 110% collateralization present opposite risk profiles and size-based tiering would treat them symmetrically or perversely. The framework set forth in the *DRMW Analysis* accommodates size through its two-condition structure: (i) larger issuers contribute more to *K* and face earlier activation of the elevated regime, and (ii) WAM expansion remains conditioned on the individual issuer's FICC haircut floor compliance.

Question 131 on Weekly Data Collection.

Question 131: *Has the OCC identified the appropriate data fields to collect from a permitted payment stablecoin issuer on a weekly basis? Should the OCC collect additional data regarding the custody of reserve assets? The OCC proposes to collect data concerning securities held as reserve assets (including CUSIPs, yield, weighted average maturity and weighted average life), and information regarding repurchase agreements and reverse repurchase agreements (including counterparty, clearing agency, collateral, and interest).*

The OCC's proposed weekly data collection is well-designed and directly supports the DRMW's observability needs. The existing proposed fields (CUSIP-level reserve asset data, WAM, WAL, and repo counterparty information) are the inputs the *K* measure requires. We recommend three additions to the proposed fields:

Repo rollover frequency: The proposed fields capture repo counterparty and collateral but not rollover frequency. Rollover frequency is a key variable for assessing how dependent an issuer is on continuous repo market access. A field for the number of repo rollovers during the weekly reporting period should be added.

CUSIP-level concentration percentage: The OCC is already collecting CUSIP-level data, and a derivative field, which is the issuer's holdings as a percentage of total outstanding in that CUSIP, is warranted. Such an addition would enable the OCC to identify individual CUSIP concentration before it becomes a market-moving position.

OFR reporting designation: To make *K* computable at the sector level, the OCC should coordinate with OFR to designate stablecoin issuers above $10 billion in outstanding issuance as required OFR bilateral repo reporters under existing Dodd-Frank Section 153 authority. The detailed statutory analysis supporting this size threshold, including why OFR's direct designation authority is the only viable mechanism for this entity class, is set out in Section 5 of the DRMW Analysis.

Question 194 on Voluntary Collateralization.

Question 194: *Should the OCC have a mechanism to account for voluntary overcollateralization of reserve assets? The OCC considered but declined to extend assessment discounts to over-collateralized reserve assets, concerned this may encourage mischaracterization of on-balance sheet assets as reserves.*

Yes, but through WAM extension eligibility, not assessment discounts. The OCC's concern about mischaracterization is well-founded for the assessment context. That concern does not transfer to DRMW eligibility.

An issuer that falsely attests to a collateralization ratio above the FICC haircut floor to access extended maturities faces potential enforcement action for false attestation and not merely an assessment adjustment. Utilizing the FICC/GSD Clearing Fund haircut schedule as the external benchmark means the OCC has a regulator-validated, publicly available standard against which attestations can be verified. There is no mischaracterization incentive analogous to the assessment context because the benefit of

overcollateralization under the DRMW, specifically, access to longer maturities when K exceeds the activation threshold, requires actual excess reserves.

Moreover, the stress regime's pass-through provision aligns incentives precisely with prudential objectives: when $K \geq K_{max}$, all reserve income flows to stablecoin holders until concentration falls. Proactive overcollateralization becomes the issuer's protection against that forfeiture of reserve income. We recommend the final rule affirm that voluntary overcollateralization above the FICC haircut floor is a recognized risk mitigation measure that earns expanded WAM eligibility when K exceeds the activation threshold, subject to attestation and OCC supervisory review.

Question 51 on Longer-Maturity Treasuries as Reserve Assets.

Question 51: *Should the OCC provide additional detail on what securities could be in scope for 'any other similarly liquid Federal Government-issued asset' under § 15.11(b)(7)? For example, should Treasury securities with remaining maturity of two years or less be permitted under § 15.11(b)(7)? What would be the implications for liquidity or interest rate risk of allowing these types of securities to be held as reserve assets? If the OCC were to permit two-year Treasury securities to be used as reserve assets, should the OCC impose any additional requirements?*

Yes. Treasury securities with remaining maturities up to two years should be approved as permissible reserve assets under §15.11(b)(7), subject to the conditions set forth in the DRMW Analysis. Further, treasuries with longer maturities should similarly be accepted as permissible reserve assets.

The implications for interest rate risk are addressed by the FICC/GSD Clearing Fund haircut schedule (the "FICC Haircut Schedule") adopted as the overcollateralization standard. The FICC Haircut Schedule applies a 2% haircut for maturities of 0 to 2 years and a 3% haircut for 2 to 5 years, which means an issuer must hold at least 102% collateralization to access 1 to 2 year maturities, and at least 103% to access 2 to 5 year maturities. These haircuts are calibrated to a 99% confidence level over a three-day closeout horizon, which is the exact stress scenario relevant to stablecoin redemption risk. The OCC need not develop new requirements; it need only adopt the FICC Haircut Schedule by reference and condition access on K exceeding the activation threshold.

The liquidity implication runs in the opposite direction from the OCC's concern: approving 1 to 2 year Treasuries as reserve assets reduces systemic concentration in the sub-93-day T-bill segment, distributing demand across the curve and reducing the fire-sale pressure discussed in the answer to Question 53. An issuer holding 2-year Treasuries with a 102% collateralization buffer does not need to sell during a stress event as its buffer absorbs the mark-to-market loss before the statutory 1:1 floor is breached. That issuer is a source of stability, instead of a transmission vehicle for market stress.

Question 52 on FRNs, TIPs and WAL/WAM Dual Reporting.

Question 52: *Should the proposed rule clarify that Treasury Floating Rate Notes (FRNs) and Treasury Inflation-Protected Securities (TIPS) be included as permissible reserve assets? If these securities are included, should there be additional requirements — for example, both weighted average life and weighted average maturity limits to accommodate interest rate resets in FRNs?*

Yes, FRNs and TIPS should be included as permissible reserve assets, subject to the same FICC haircut-linked overcollateralization requirements applicable to fixed-rate Treasuries of equivalent maturity. Both instruments are U.S. Government-issued, actively traded with deep secondary market liquidity, and already included in the FICC Haircut Schedule.

The only caution we would suggest on the conditional eligibility of such assets, is that given the limited supply and well-defined demand sources of FRNs and TIPS markets, similar concentration thresholds are introduced as the ones proposed by the DRMW framework on the sub-93 day T-bills.

Question 60 on Additional Risks on Diversification.

Question 60: *Option A for proposed § 15.11(c) would require that a permitted payment stablecoin issuer must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, or price risks. Are there other risks that should be added to this list, or removed from it?*

Yes. The proposed rule omits the most consequential reserve risk at market scale: systemic concentration risk. This is distinct from the four risks already listed, where none captures the risk that the aggregate sector-level holding of a narrow market segment (i.e., the sub-93-day T-bill universe) creates correlated liquidation pressure that exceeds dealer intermediation capacity during a stress event.

Systemic concentration risk is precisely the risk that the DRMW framework is designed to measure and manage through the *K*-measure. It operates at the sector level, not the issuer level, which is why the proposed rule's issuer-level diversification requirements do not address it.

An issuer can be fully diversified across counterparties and maturities within the sub-93-day T-bill segment and still contribute to sector-level fire-sale risk if every other compliant issuer is doing the same. As such, we strongly recommend the OCC add systemic concentration risk as a fifth risk category in the diversification requirement, measured through the K-threshold framework described in DRMW Analysis.

Question 72 on Deposit Caps at Single Depository Institutions

Question 72: *Should the OCC adopt any other restrictions on reserve asset concentration? Should the rule prohibit a permitted payment stablecoin issuer from entering into a reverse repurchase agreement with any counterparty that holds deposits that serve as reserve assets for the permitted payment stablecoin issuer? Should the OCC require that no more than 5, 10, or 15 percent of a permitted payment stablecoin issuer's reserve assets may be deposits or insured shares held at a single depository institution?*

No. The OCC should not adopt hard percentage caps, whether 5%, 10%, or 15%, on deposits at a single depository institution. Rigid caps of this kind are blunt instruments that treat all issuers identically regardless of their collateralization ratio, redemption profile, or the quality of the institution holding the deposits. An issuer maintaining 110 percent collateralization with deposits concentrated at a single well-capitalized, OCC-regulated bank presents a fundamentally different risk profile from an issuer at 1:1, so a uniform cap addresses neither distinction.

If there were to be a cap introduced, the cap should be minimum in the 20-25% range. Such a deposit cap (20-25%) should apply solely to unsecured demand deposit balances at a single depository institution; it should not apply to Treasuries held in custody at that same institution, which is governed by the custodian limit in Q73. Four to five banking relationships is operationally workable and consistent with how well-run institutional treasury desks operate. Below 20% starts to create partnership problems — not every bank wants stablecoin deposit exposure, and the ones that do are a finite set. The 5-10-15% options would force issuers into banks that haven't specifically underwritten the product, which actually increases operational risk.

Question 81 on Diversification Requirements based on Stress Tests

Question 81: *Should permitted payment stablecoin issuers be required to conduct stress tests, including stress tests to manage liquidity and interest rate risks? Should diversification requirements be based on the outcome of any stress tests? For example, permitted payment stablecoin issuers could be required to maintain a minimum amount of readily available reserve assets based on the results of liquidity stress tests. In particular, permitted payment stablecoin issuers could be required to maintain — or could elect to maintain as part of the proposed safe harbor — an amount of readily available reserve assets at least sufficient to meet outflow levels predicted by an internal liquidity stress test.*

Yes to stress testing requirements and relating diversification requirements to stress test outcomes. The OCC is identifying the right structure: a stress-test standard that issuers can elect as part of the safe harbor rather than being subject to uniform quantitative limits. The DRMW is the implementation of this structure for interest rate and concentration risk.

The FICC Haircut Schedule is already a stress-test standard. An issuer that maintains collateralization at or above the FICC floor for its target maturity has, by definition, passed the relevant stress test on a continuous basis. The OCC should explicitly recognize FICC haircut compliance as satisfying the stress test requirement for interest rate risk.

A liquidity stress test should also be introduced and explicitly modeled in concentrated counterparties/securities and well defined liquidation horizons (e.g., 1-hour, 24-hours, 72-hour industry liquidation.).

Question 73 on Custodian Concentration

Question 73: *Should the OCC's concentration requirements include requirements to not have more than a specified portion of reserve assets at a single custodian? Would requiring the use of more than one eligible financial institution as custodian impose undue burden or complexity on the management of reserve assets?*

Yes to a custodian concentration limit, and we support the 40 percent maximum already proposed under the NPRM’s Option A's safe harbor as the appropriate limit.

This cap ensures no single eligible financial institution holds a majority of a permitted payment stablecoin issuer's reserve assets while preserving the operational flexibility for issuers to maintain meaningful banking relationships. Lowering the cap further would require more fragmented banking relationships without commensurate prudential benefit, increasing operational complexity and counterparty management costs for both issuers and their banking partners.

Question 78 on Measuring and Managing Interest Rate Risk, Concentration and Price Risk

Question 78: *Should the final rule specify the manner in which banks must 'measure and manage' credit, liquidity, interest rate, price risk, and concentration risk under proposed § 15.11(c)? For example, should the OCC adopt related record retention or other requirements?*

Yes. The proposed rule identifies risks to be managed but does not specify a methodology for measuring them. That gap creates supervisory inconsistency: two issuers with identical portfolios could calculate their interest rate risk and concentration exposure using entirely different methods and both claim compliance. The OCC should specify minimum methodological standards while preserving flexibility for issuers to adopt more sophisticated approaches.

For interest rate risk, we recommend the OCC specify that the minimum required methodology is the FICC Haircut Schedule applied to each maturity bucket of reserve holdings. This provides a regulator-approved, publicly available baseline that any issuer can implement without proprietary models. Issuers adopting the DRMW may elect this standard as the operative methodology for their extended maturity tier overcollateralization calculations.

For concentration risk, we recommend the OCC specify that issuers above $10 billion in outstanding issuance must calculate and report to the OCC a sector-level concentration metric corresponding to the K-measure described in DRMW Analysis, mainly, the issuer's own sub-93-day T-bill holdings plus reverse repo notional as a percentage of total outstanding sub-93-day T-bills. Publishing *K* at the issuer level, alongside the sector-level *K* published by OFR, gives supervisors the dual-layer visibility needed to identify both issuer-specific and sector-wide concentration before it becomes a market-disrupting event.

On record retention, we support a requirement that issuers retain daily records of reserve asset composition, collateralization ratios, and repo counterparty exposures for a minimum of three years, consistent with the OCC's existing record-keeping standards for national banks. The weekly OCC data collection proposed in Question 131 provides real-time supervisory visibility; daily internal records ensure that supervisors can reconstruct the issuer's risk profile at any point within a review period.

Question 77 on Off-The-Run Treasury Liquidity Concerns

Question 77: *Should the proposed rule include special limits on Treasury bonds and notes that may be more thinly traded and therefore more likely to sell at a discount? Older and off-the-run Treasury securities may be more difficult to sell and may only be marketable at a discount. Should the proposed rule limit the portion of reserve assets that Treasury bonds and notes can comprise — for example, 20 percent of total reserve assets?*

No. The OCC's concern about off-the-run Treasury liquidity is valid but a percentage cap as a proposed remedy is the wrong approach. The FICC Haircut Schedule, adopted as the overcollateralization standard in Section 3.1 of the DRMW Analysis, already addresses this risk directly: it applies higher haircuts to longer-maturity and less-liquid instruments, requiring issuers to hold correspondingly higher collateralization buffers. An issuer holding off-the-run Treasuries automatically faces a higher overcollateralization requirement given that the haircut prices the liquidity risk without any separate cap. The OCC should adopt the FICC Haircut Schedule by reference rather than impose a percentage limit that would be irrelevant for well-collateralized issuers and won’t address the underlying risk for all other issuers.