BlackRock

May 1, 2026

By Electronic Transmission

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 1E-216
Washington, DC 20219

Re: 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 Docket ID: OCC-2025-0372

To Whom It May Concern:

BlackRock, Inc. (together with its affiliates, "BlackRock")[1] respectfully submits this comment letter to the Office of the Comptroller of the Currency ("OCC") on its proposed rulemaking[2] to implement the Guiding and Establishing National Innovation for U.S. Stablecoins ("GENIUS") Act (the "Proposal"). Our comments to the Proposal are informed by our experience and role as an investment manager of reserve assets for payment stablecoins, as well as an issuer of money market funds ("MMFs") and exchange-traded funds ("ETFs"), some of which may qualify as reserve assets under Section 4 of the GENIUS Act.

We believe that payment stablecoins will continue to play a critical role in our evolving financial ecosystem based on their ability to bridge traditional and digital financial infrastructures. With an appropriate regulatory regime, payment stablecoins can provide new forms of financial utility such as near-frictionless payments and real-time settlement across blockchain networks, as well as important operational efficiency benefits that could reduce counterparty and

[1] BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

[2] *Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency*, 91 Fed. Reg. 10202 (Mar. 2, 2026).

settlement risk.[3] These efficiencies can also improve investment experiences for investors by broadening access to new investment opportunities, optimizing associated costs, and enhancing market liquidity, all of which would support greater financial inclusion.

We support the OCC's efforts to implement a regulatory regime for permitted payment stablecoin issuers ("PPSIs") that enables responsible innovation and focuses on monetary soundness and user confidence through robust liquidity, risk management, and supervisory rules. In our view, balancing these goals requires a proportionate and flexible regulatory approach that accounts for how stablecoin issuers operate today and adapts to future market developments.

We appreciate that the Proposal seeks to provide rigorous but flexible standards for PPSIs. Certain aspects of the requirements for reserve assets under proposed § 15.11, however, might frustrate the objectives of the GENIUS Act and the OCC. As we discuss further below, some of these proposed requirements could create market uncertainty and greater operating inefficiencies and introduce, or even elevate, risks that the Proposal appropriately seeks to mitigate. Certain proposed requirements could also inhibit the use of certain eligible assets as reserves such as government money market funds ("GMMFs") and ETFs, which also are investment companies registered under section 8(a) of the Investment Company Act of 1940 ("1940 Act")[4] ("registered funds"). These effects would be contrary to the GENIUS Act's underlying objective of permitting high-quality and highly liquid instruments to serve as reserve assets. To avoid this outcome, we urge the OCC to more closely align the proposed reserve asset requirements with the actual liquidity and risk characteristics of these eligible funds.

In this letter, we share our views, along with requests for clarification and recommendations, across the following areas:

- **Reserve Asset Diversification and Concentration Requirements**: With respect to reserve asset diversification and concentration requirements, BlackRock supports proposed "Option A," which would combine a principles-based framework with an optional quantitative safe harbor.[5]
- **Revisions to the Quantitative Safe Harbor**: BlackRock requests the following clarifications and revisions with respect to the proposed "quantitative safe harbor"[6]:

[3] Such operational efficiencies may include automated margin calls, collateral substitutions, and shortened settlement timelines, all of which could mitigate manual reconciliation processes and reduce other similar frictions.

[4] 15 U.S.C. § 80a-8(a).

[5] Proposed § 15.11(c).

[6] Proposed § 15.11(c).

- **Exclude "Self-Custodied" Government Money Market Fund Shares from the 40 Percent Eligible Financial Institution Concentration Limit**: We request clarification that the proposed 40 percent concentration limit for reserve assets at any one eligible financial institution would not apply to GMMF shares that are "self-custodied"[7] by a PPSI.
- **Confirm that the 40 Percent Eligible Financial Institution Concentration Limit is Not Applied to Service Providers of a PPSI's Government Money Market Fund Reserve Assets**: We request confirmation that a PPSI is not required to look through its GMMF reserve assets to apply the 40 percent concentration limit to the GMMF's custodian and/or other service providers that the GMMF utilizes.
- **Allow Government Money Market Funds with Same-Day Settlement to Fulfill the "Weekly" Liquidity Requirement**: We recommend the inclusion of qualifying GMMFs that generally provide for T+0 settlement as a reserve asset to count towards the "weekly"" liquidity requirement (*i.e.*, 30 percent).[8]
- **Specify the Weighted Average Maturity Calculation Approach for Government Money Market Funds**: BlackRock requests that the OCC clarify how weighted average maturity (WAM) should be calculated for certain reserve asset components, including GMMFs, when calculating the WAM for a PPSI's portfolio of reserve assets.

- **Eligibility of ETFs as Reserve Assets and Quantitative Safe Harbor Treatment**: BlackRock requests that the OCC confirm that ETFs whose holdings are limited to the specified categories of eligible reserve assets under the GENIUS Act are eligible reserve assets.[9] We support an Option A approach for ETFs, and we also recommend revisions to the quantitative safe harbor framework—which are similar to our recommendations for GMMFs—to accommodate their product profile.
- **Additional Eligible Reserve Assets and OCC Approval Process**: BlackRock recommends that the OCC, as part of a final rule, approve U.S. Treasury Floating Rate Notes ("FRNs") with remaining maturities of up to two years as additional eligible reserve assets[10] and develop a formal process for considering and approving other assets as reserve assets.

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[7] We explain how we utilize the term "self-custody" with respect to MMF shares further below. *See infra* Section II.B.

[8] Proposed § 15.11(c) (2)(ii).

[9] 12 U.S.C. § 5903(a)(1)(A)(vi).

[10] Proposed § 15.11(b)(7).

- **No Additional Quantitative Diversification Limit on Tokenized Assets**[11]: BlackRock urges the OCC not to impose additional quantitative diversification limits on reserve assets that a PPSI holds in tokenized form.
- **Flexibility on Ongoing Capital Requirements for PPSIs and Additional Study of Haircut or Buffers for Reserve Assets**[12]: BlackRock supports the OCC's proposed principles-based approach to variable capital charges applicable to a PPSI based on holding certain reserve assets and recommends conducting further study and industry outreach before prescribing any minimum buffers or haircuts for reserve assets.
- **Permitted Use of Separately Managed Accounts**[13]: BlackRock supports the OCC's clarification that PPSIs may retain investment managers through separately managed accounts (SMAs) to manage reserve assets.

In the following sections below, we discuss each of these recommendations and requests in more detail.

I. BlackRock Supports the Diversification and Concentration Requirements Under Option A

The OCC requests comment on two potential approaches to diversification and concentration requirements for reserve assets under proposed § 15.11(c). Option A would combine a principles-based general requirement that a PPSI's reserve assets are "sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks" with an optional quantitative safe harbor for compliance on each business day consisting of (i) 10% minimum "daily" liquid reserve assets threshold;[14] (ii) a 30% minimum "weekly" liquid assets threshold;[15] (iii) a 40% maximum concentration limit for reserve assets at any single eligible financial institution;[16] (iv) a maximum 50% concentration limit for daily liquid reserve assets

[11] Proposed § 15.11(b)(8); Proposal at 10256 (Question 70).

[12] Proposed § 15.41.

[13] Proposed § 15.10(a)(8).

[14] Proposed § 15.11(c)(2)(i) would require that at least 10 percent of a PPSI's required reserve assets be held as deposits or insured shares payable upon demand or money standing to the credit of an account with a Federal Reserve Bank.

[15] Proposed § 15.11(c)(2)(ii) would require a PPSI to hold at least 30 percent of its reserve assets as deposits or insured shares payable upon demand, money standing to the credit of an account with a Federal Reserve Bank or amounts receivable and due unconditionally within five business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions.

[16] Proposed § 15.11(c)(2)(iii) would require that no more than 40 percent of a PPSI's reserve assets be held any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures.

at any single eligible financial institution;[17] and (v) a weighted average maturity ("WAM") for a PPSI's portfolio of reserve assets of no more than 20 days.[18] Option B would exclude the principles-based general requirement and would instead apply these quantitative requirements to PPSIs on a mandatory basis.

BlackRock supports the adoption of Option A, which we believe appropriately balances rigor, flexibility and clarity for PPSIs to manage their reserves in a manner that promotes the stable value of the stablecoin relative to a fixed amount of monetary value.[19] In our view, Option A would best enable the OCC to establish reserve asset requirements that can be tailored to the business model and risk profile of PPSIs that support their ongoing operations.[20] Such flexibility would permit a broader range of PPSIs to manage their reserve assets in a manner that allows them to better adjust their mix of holdings in response to evolving market conditions. This would potentially enable more effective risk management of reserve assets, as decisions could be informed by economic and market dynamics. Further, the optional quantitative safe harbor would help to provide regulatory clarity and facilitate PPSI accountability for maintaining high-quality reserve assets that are highly liquid, appropriately diversified, and readily monetizable under a wide array of market conditions and events.

II. BlackRock Requests Clarifications and Revisions to the Quantitative Safe Harbor Requirements for Government Money Market Funds

Notwithstanding support for Option A, however, BlackRock urges the OCC to adopt several changes to the proposed quantitative safe harbor in Option A to avoid disparate impacts on the ability of PPSIs to hold GMMFs as reserve assets, which we believe confers important investment and operational benefits to PPSIs. First, we request clarification that the 40 percent concentration limit for reserve assets at any eligible financial institution neither applies to "self-custodied" GMMF shares nor on a "look-through" basis to a GMMF's custodian or other service providers. We also recommend the explicit inclusion of GMMFs that generally provide for T+0 settlement as a reserve asset that would count towards the proposed "weekly" liquidity requirement. Further, we recommend that the OCC provide guidelines for how to calculate the WAM for certain reserve assets, including GMMFs, when calculating the WAM of a PPSI's reserve asset portfolio.

A. Appropriateness and Benefits of Government Money Market Funds as a Reserve Asset

GMMFs have long been an established, highly regulated tool for cash management among both retail and institutional investors, while also playing a

[17] Proposed § 15.11(c)(2)(iv).

[18] Proposed § 15.11(c)(2)(v).

[19] Our support for Option A, with requested clarifications and changes to the quantitative safe harbor requirements, applies to both GMMFs and ETFs. *See infra* Sections II-III.

[20] 12 U.S.C. 5903(a)(4)(A)(iii) (directing the OCC to issue corresponding regulations).

vital role in providing short-term financing to businesses, banks, and governments. As the largest segment of the money market fund industry—holding more than $6.2 trillion in assets[21]—GMMFs offer high liquidity, price stability, and transparency under the SEC's comprehensive regulatory framework under Rule 2a-7.[22] Among other requirements, these funds must invest at least 99.5% of their assets in cash, government securities,[23] or fully collateralized repurchase agreements, typically consisting of short-term[24] U.S. Treasuries.[25]

Importantly, GMMFs have features that align with the core traits of quality, safety, liquidity, and operational simplicity, thus making them a highly suitable and reliable investment option for stablecoin issuers to manage reserve assets. Their structure enhances operational efficiency and liquidity management for investors, as shares can be typically redeemed at a stable net asset value (NAV) of $1.00 without requiring investors to directly liquidate underlying securities. GMMFs also provide professional management, diversification, custody, and reporting into a single vehicle, making them especially attractive relative to directly managing a Treasury portfolio.

Widely regarded as among the most conservative and liquid investment products available, GMMFs have consistently demonstrated resilience during multiple periods of market stress.[26] For example, GMMFs absorbed approximately $834 billion in inflows in March 2020[27] during the COVID-19 shock and MMFs generally recorded about $480 billion in inflows in 2023 when regional banks were experiencing stress.[28] These events underscore their role as the liquidity vehicle of choice for investors seeking stability during market dislocations, and reinforce the appropriateness of including GMMFs as reserve assets under the GENIUS Act.

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[21] ICI, *Money Market Fund Assets* (Apr. 18, 2026), https://www.ici.org/research/stats/mmf.

[22] 17 C.F.R. § 270.2a-7.

[23] *See* 15 U.S.C. 80a-2(a)(16) (defining "government security" as "any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.").

[24] *See* 17 C.F.R. § 270.2a-7(a)(11) (defining "eligible security" as a security "[w]ith a remaining maturity of 397 calendar days or less").

[25] 17 C.F.R. § 270.2a-7(a)(14).

[26] GMMF shares may be classified as cash equivalents under U.S. Generally Accepted Accounting Principles (GAAP). *See Money Market Fund Reforms*, Release No. 33-11211, 88 Fed. Reg. 51404 (Aug. 3, 2023).

[27] ICI, *Report of the COVID-19 Market Impact Working Group: Experiences of U.S. Bond Mutual Funds During the COVID-19 Crisis* (Nov. 2020), *available at* https://www.ici.org/pdf/20_rpt_covid3.pdf.

[28] OFR, *U.S. Money Market Funds Reach $6.4 Trillion at End of 2023* (Mar. 26, 2024), https://www.financialresearch.gov/the-ofr-blog/2024/03/26/us-money-market-funds-at-end-of-2023/.

B. The 40 Percent Eligible Financial Institution Concentration Limit Should Not Apply to "Self-Custodied" Government Money Market Fund Shares

BlackRock requests clarification that the proposed 40 percent concentration limit for a PPSI's reserve assets at any eligible financial institution would not apply to reserve assets that are "self-custodied" by a PPSI, in particular GMMF shares. Proposed § 15.11(c) seeks to promote reserve asset diversification and limit a PPSI's exposure to any single financial institution by requiring the PPSI to hold no more than 40 percent of its reserve assets "at any one eligible financial institution," including through deposits, custody arrangements, repurchase transactions, or "other exposures."[29] Because the term "eligible financial institution" would include the PPSI itself, the Proposal would appear to apply the 40 percent limit to assets that are "self-custodied" by a PPSI. However, the application of the 40 percent concentration limit would hinder a PPSI's ability to directly redeem reserve assets promptly in periods of market stress and introduce additional operational complexity and credit risk.

As a technical matter, we refer to "self-custody" to describe how a PPSI "holds" its GMMF shares, which differs fundamentally from commonly understood custody arrangements for traditional securities.[30] Institutional investors—including PPSIs—generally hold MMF shares directly, with ownership recorded on the GMMF's books and records maintained by its transfer agent,[31] rather than through a custodial intermediary such as a bank. GMMF shares themselves are not certificated, and consequently, are not physically held or otherwise "custodied."[32]

Accordingly, under this arrangement, applying the proposed 40 percent limit would not provide meaningful policy benefits. Self-custody of GMMF shares does not undermine the OCC's objective of ensuring that reserve assets remain readily available to meet redemption requests. On the contrary, where a PPSI holds GMMF shares directly, it retains the un-intermediated ability to directly redeem its GMMF shares, and the value and liquidity of those shares are not dependent on the financial condition of the PPSI itself. Requiring the PPSI to interpose a custodial intermediary—which the 40 percent requirement would necessitate—would likely

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[29] Proposal at 10216–18.

[30] *See* ICI, *How US-Registered Investment Companies Operate and the Core Principles Underlying Their Regulation* at 24 (May 2022) (describing custody requirements for funds under the 1940 Act), *available at* https://www.ici.org/system/files/2023-06/us-reg-funds-principles.pdf. *See also* SEC, Investor Bulletin: Custody of Your Investment Assets (Mar. 4, 2013) (describing custody requirements for investment advisers (managers), https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-73.

[31] The transfer agent maintains the official list of record shareholders and the number of shares owned by those shareholders.

[32] We note that the underlying portfolio assets of the GMMF are custodied with a qualified custodian pursuant to the section 17(f) of the 1940 Act. *See infra* note 37.

reduce its ability to access direct redemption or other disposition of reserve assets promptly in stressed market scenarios.

Further, the proposed 40 percent limit would introduce additional operational complexity and other risks that would be contrary to the OCC's policy objective of mitigating such risk exposures. As proposed, a PPSI could comply with the limit by having its GMMF shares held by another eligible financial institution (*e.g.* an unaffiliated bank) acting as custodian. Doing so, however, would fragment the PPSI's reserves across multiple custodians. Relative to simply holding the GMMF shares itself, this would reduce a PPSI's ability to access liquidity as a single pool, thereby increasing the risk of delayed redemption during stress events. Fragmented custody also introduces additional settlement, reconciliation, and coordination risk across providers.[33] Additionally, the limit could create unnecessary complexities with accessing reserve assets with changes to the custodian's operating condition, even though the GMMF shares themselves pose no such risk. These externalities underscore why applying the 40 percent limit to self-custody arrangements does not meaningfully address the risks the OCC seeks to mitigate.

Accordingly, we urge the OCC to clarify in the final rule that the 40 percent concentration limit does not apply to reserve assets that are self-custodied by the PPSI, particularly with respect to GMMF shares.

C. The 40 Percent Eligible Financial Institution Concentration Limit Should Not Be Applied to Service Providers of a PPSI's Government Money Market Fund Reserve Assets

BlackRock requests confirmation that a PPSI would not be required to "look through" a GMMF (as a reserve asset) and apply the proposed 40 percent concentration limit to the fund's custodian or other service providers. In the proposal, the OCC offers an example where a PPSI with $20 billion of outstanding issuance value would be limited to maintaining up to $8 billion in reserve assets at "any one institution," such as an "*invest[ment] in a single investment fund*," [emphasis added] to comply with the proposed 40 percent limit.[34] This, in our view, could be interpreted to mean that the 40 percent requirement would apply beyond the custodian of a PPSI's reserve assets to the custodian of a GMMF's portfolio assets, or even to other service providers that the fund utilizes (*e.g.*, the investment manager).[35] Such a requirement would effectively impose additional constraints that significantly depart from the OCC's policy objective of addressing custody risk

[33] We note that we raise similar concerns in the context of applying the proposed 40 percent limit to ETFs held as reserve assets. *See infra* Section III.A.

[34] Proposal at 10218.

[35] While the OCC discusses a look-through approach for sub-custodial arrangements in which a PPSI's own assets are ultimately custodied at a single financial institution, *see* Proposal at 10216, that rationale would not apply to GMMFs.

of the reserve assets held at the PPSI's level and ensuring the PPSI's ready access to reserve assets.

A look-through approach to the custodian of the GMMF would inappropriately extend the proposed limit beyond its intent and improperly conflate credit or counterparty risk, or even manager or sponsor risk, with custody risk. As such, the GMMF's custodian or investment manager would be treated as an "exposure" of the PPSI, which is inconsistent with both the legal and economic structure of GMMFs and the robust regulatory frameworks that apply to them. The portfolio assets of the GMMF are owned by the fund itself[36] and held with a qualified custodian that is subject to a comprehensive regulatory custody framework under SEC rules.[37] Further, a GMMF's investment manager is subject to regulatory framework for GMMFs set forth under Rule 2a-7 of the 1940 Act. These existing rules are designed to promote GMMF stability and resilience, further highlighting the inappropriateness of applying the 40 percent limit on a look-through basis.

Importantly, we strongly emphasize that the Proposal does not otherwise impose any proposed single-asset limitation on reserve assets, nor does it otherwise suggest that holdings in a single GMMF should be limited. Any interpretation or revision that effectively imports a "investment manager limit" or similar constraint would represent a significant departure from the OCC's objectives.

D. Government Money Market Funds Should Count Towards the Weekly Liquidity Requirement

BlackRock supports the weekly liquidity requirement under proposed § 15.11(c)(ii) and recommends that the rule also explicitly include qualifying GMMFs with same-day settlement (*i.e.*, on a T+0 basis, except in limited circumstances)[38] as a reserve asset that can fulfill this weekly liquidity requirement. Under the proposed rule, 30 percent of a PPSI's reserve assets must include readily accessible cash, money held in a Federal Reserve account, or other reserve assets for which proceeds (from sale or via maturity) are guaranteed to be received within

[36] The PPSI directly owns an undivided interest in the GMMF itself—not a pro rata interest in the underlying assets of the GMMF—and thus has legal and economic exposure to the fund as an investment vehicle.

[37] Section 17(f) of the 1940 Act and SEC Rules 17f-1 through 17f-7 establish a comprehensive framework that requires fund assets to be maintained with a qualified custodian in a manner designed to ensure safekeeping, proper segregation or identification, and protection of the fund's ownership interests, including in the event of custodian insolvency. 15 U.S.C. § 80a-17(f); 17 C.F.R. §§ 270.17f-1 to 17f-7.

[38] Under the 1940 Act, the SEC may permit delayed redemptions in certain circumstances where necessary to protect fund shareholders and facilitate orderly fund operations. *See* 15 U.S.C. § 80a-22(e).

five business days.[39] We agree that PPSIs should hold a certain amount of reserve assets in highly liquid assets to address multi-day run scenarios, which would be generally consistent with the SEC's own weekly liquidity requirement for GMMFs under Rule 2a-7.[40] Under the SEC's approach, GMMFs are required to hold at least 30% of assets in "weekly liquid assets" that can "readily be converted to cash," which consists of cash, U.S. Treasury securities, certain government securities, and *securities that mature or are payable within five business days* [emphasis added].[41]

Given the alignment between the objective of the OCC's proposed requirement and SEC's objective with respect to mandatory weekly liquid assets in MMFs, we believe that the OCC should add qualifying GMMFs to the listed scope of permissible assets. In our view, the liquidity profile of GMMFs fits with, or even exceeds that of, the products that the SEC currently permits as weekly liquid assets under Rule 2a-7. GMMFs are also typically redeemed with settlement occurring on the same-day or next-day basis (*i.e.*, T+0 or T+1). Further, as noted above, GMMFs are among the most conservatively managed and highly liquid investments, which we believe would be even more so the case under the GENIUS Act's eligible reserve asset framework.[42] These attributes—liquidity and price stability—are why GMMFs are attractive to investors during periods of market stress. Therefore, in our view, allowing PPSIs to meet the proposed weekly liquidity requirement via eligible GMMFs would enhance, and not reduce, their ability to satisfy redemption requests during stressed markets.

E. The OCC Should Specify the Weighted Average Maturity Calculation Approach for Government Money Market Funds

BlackRock recommends that the OCC further clarify how the proposed WAM requirement would apply to reserve assets. As articulated in the Proposal, to protect against interest rate risk, proposed § 15.11(c)(2)(v) would require a PPSI's reserve assets to have a WAM of no more than 20 days to qualify for the Option A safe harbor. The Proposal specifies that a WAM calculation would be determined by looking at the PPSI's total portfolio of reserve assets. Based on BlackRock's

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[39] Proposed § 15.11(c)(2)(ii) (specifying "deposits or insured shares payable upon demand, money standing to the credit of an account with a Federal Reserve Bank or amounts receivable and due unconditionally within five business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions.").

[40] Similarly, the SEC's objective behind its own requirement for GMMFs is to support the ability to meet redemptions in stressed market conditions. *See* 2014 SEC Money Market Fund Reform Rule at 47930 (explaining that the purpose of the minimum daily and weekly liquidity requirements are to "increase a fund's ability to pay redeeming shareholders in times of stress when the fund cannot rely on the market or a dealer to provide immediate liquidity.").

[41] GMMFs can include as part of their weekly liquid assets securities that have a legal right to receive cash in five business days. 17 CFR § 270.2a-7(a)(32).

[42] 12 U.S.C. § 5903(a)(1)(A) (specifying that qualifying GMMFs may only invest in a limited set of reserve assets under section 4(a)(1)(A)(i)-(v)).

extensive experience managing the WAM for various asset types, we believe that clear regulatory guidelines for how those calculations are made could help to minimize potential inconsistencies between firms. Therefore, we recommend that the OCC specify how the WAM should be calculated for certain instruments, including GMMFs, to the extent that it would promote greater consistency.[43]

III. BlackRock Requests Confirmation on the Eligibility of Qualifying ETFs as Reserve Assets and Provides Recommended Quantitative Safe Harbor Treatment

BlackRock requests confirmation that ETFs whose holdings are limited to specified eligible reserve assets under the GENIUS Act also qualify as eligible reserve assets. Section 4(a)(1)(A)(vi) of the Act specifies that all securities issued by a registered fund are eligible reserve assets, so long as those funds invest solely in the reserve assets enumerated in clauses (i) through (v) of section 4(a)(1)(A).[44] Accordingly, we note that ETFs, which are registered funds under the 1940 Act, qualify as reserve assets, subject to the statutory investment limitations.[45]

The Proposal, however, creates ambiguity around this statutory provision by requesting comment on whether securities issued by investment companies *other than GMMFs* [emphasis added] could be permitted as reserve assets.[46] We are concerned that such ambiguity would likely constrain the adoption by PPSIs of eligible non-GMMF funds, such as Treasury ETFs, as reserve assets.[47] This outcome would be inconsistent with the GENIUS Act, which envisions that PPSIs can access other non-GMMF registered funds that adhere to its specified reserve asset composition requirements. Absent certainty, PPSIs would likely be reluctant to include such securities among their reserve assets, which would unduly restrict the scope of eligible registered fund securities with a similar liquidity profile to other reserve assets. In our view, this could contradict the OCC's own diversification and

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[43] *See also infra* Section III.D (requesting similar guidance for calculating the WAM for ETFs).

[44] 12 U.S.C. § 5903(a)(1)(A). We note that the GENIUS Act, as enacted, permits a broader scope of registered funds to be eligible reserve assets than earlier drafts of the legislation. *See* S. Comm. on Banking, Hous., & Urban Affs., *Stablecoin Draft Text* (discussion draft Oct. 2024), https://www.hagerty.senate.gov/wp-content/uploads/2024/10/Stablecoin-Draft-Text.pdf.

[45] *See* 15 U.S.C. § 80a-3(a)(1). ETFs are governed by a specific regulatory framework under SEC Rule 6c-11. 17 C.F.R. § 270.6c-11. We note that there may be other types of registered funds (*e.g.*, open-end mutual funds) that could also qualify as eligible reserve assets.

[46] The OCC requests comment on "[whether] section 4(a)(1)(A)(vi) permit[s] securities issued by investment companies registered under section 8(a) of the Investment Company Act of 1940 that are not Government money market funds to be reserve assets for payment stablecoins issued by permitted payment stablecoin issuers?". Proposal at 10253 (Question 44). GMMFs are registered funds under the 1940 Act and are governed by a specific regulatory framework under SEC Rule 2a-7. 17 C.F.R. § 270.2a-7.

[47] For a description of Treasury ETFs, *see infra* Section III.C. We have observed that there may be similar ETFs that are currently available that could qualify as reserve assets.

concentration objectives for reserve assets. Therefore, we request clarification as to the eligibility of ETFs.

Further to this confirmation, we also recommend that the OCC adopt the Option A approach (*i.e.*, principles-based requirements for reserve asset diversification and concentration with a quantitative safe harbor) for qualifying ETFs based on the reasons discussed above. With respect to the proposed quantitative safe harbor, however, we request additional clarifications and revisions below to account for the distinct risk and market profiles of qualifying ETFs.

A. The 40 Percent Eligible Financial Institution Concentration Limit Should Not Apply to Qualifying ETFs

We recommend that the OCC not apply the proposed 40 percent concentration limit with respect to qualifying ETFs held as reserve assets with an eligible financial institution. ETF shares are generally held by an institutional investor through a third-party custodial entity (*e.g.*, an unaffiliated bank) that is subject to legal and regulatory frameworks that address customer asset segregation from the custodian's own assets and provide protections in the case of bankruptcy of the custodian.[48] The proposed concentration limit, however, would fragment custody arrangements of a PPSI's ETF reserve assets across multiple providers, which we believe could create unnecessary operational risks and inhibit the PPSI's ability to access liquidity in an efficient manner to facilitate redemptions. At a minimum, the OCC should first assess how existing custody frameworks address ETFs held as reserve assets and clearly specify how the additional concentration limit would provide additional meaningful benefits that outweigh the potential complexities.[49]

B. The 40 Percent Eligible Financial Institution Concentration Limit Should Not Be Applied to Service Providers of a PPSI's ETF Reserve Assets

We also request confirmation that a PPSI would not be required to "look through" an ETF and apply the proposed 40 percent concentration limit for reserve assets at any eligible financial institution to an ETF's custodian, sponsor and/or manager, or other applicable service provider.[50] Similar to our concerns arising from the OCC's reference to "*invest[ment] in a single investment fund*" when

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[48] Those shares are held in book-entry form through a central securities depository (CSD) (*i.e.*, the Depository Trust Company). The custodian, in turn, maintains records that reflect the investor's beneficial ownership of those shares.

[49] We note our support for SIFMA/SIFMA AMG's recommendation to the OCC regarding the proposed concentration limit. Specifically, they recommend that the OCC instead introduce a qualitative requirement that each PPSI monitor and manager is custodial concentration risk through its operational risk management framework, which we agree would allow for existing custody requirements to apply as appropriate.

[50] *See supra* Section II.C (requesting similar confirmation for GMMFs held as reserve assets).

describing how the proposed 40 percent limit would apply, requiring application beyond the PPSI's custodian to an ETF's custodian or others would also be contrary to the Proposal's intent and improperly conflate different risk profiles. An ETF's custodian, sponsor and/or manager, or service provider should not be treated as an "exposure" of the PPSI, and doing so would be inconsistent with the legal and economic structure of ETFs and the robust regulatory frameworks that already apply to them. Among other things, the portfolio assets of the ETF are owned by the fund itself[51] and held with a qualified custodian that is subject to a comprehensive regulatory framework for custody under SEC rules.[52]

C. Qualifying ETFs Should Count Towards the Weekly Liquidity Requirement

We also recommend that qualifying ETFs be permitted to count toward the 30 percent weekly liquidity requirement. Qualifying ETFs such as Treasury ETFs invest in high-quality, liquid assets that are primarily short-term U.S. Treasury securities. Their structural design and characteristics—including daily price and portfolio transparency, as well as intra-day trading and deep secondary market liquidity—provide enhanced price discovery and make them efficient and resilient investment vehicles. We also note that transactions in qualifying ETFs are subject to a T+1 settlement period, which falls within the proposed redemption window, thereby making them suitable as a reserve asset that can be readily converted to cash.

D. The OCC Should Specify the Weighted Average Maturity Calculation Approach for Qualifying ETFs

To the extent that the OCC determines to specify how the WAM should be calculated for certain instruments, including GMMFs, we recommend that it also provide guidance for calculating the WAM for qualifying ETFs that are held as reserve assets. Doing so would promote consistency among PPSIs when calculating the WAM for their reserve asset portfolio.

IV. BlackRock Recommends Additional Eligible Reserve Assets and Development of an OCC Approval Process

BlackRock recommends that the OCC, pursuant to its authority under the GENIUS Act and as part of any final rule,[53] approve U.S. Treasury Floating Rate Notes ("Treasury FRNs") with remaining maturities of up to two years as an

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[51] The PPSI has legal and economic exposure to the ETF as an investment vehicle.

[52] *See supra* notes 37 and 45 (describing the regulatory framework applicable to ETFs under the 1940 Act and accompanying regulations, including custody requirements for fund portfolio assets).

[53] *See* 12 U.S.C. § 5903(a)(1)(A)(vii) (specifying that eligible reserve assets may include "[a]ny other similarly liquid Federal Government-issued asset approved by the primary Federal payment stablecoin regulator").

additional category of eligible reserve assets.[54] Two-year Treasury FRNs exhibit limited price volatility, strong secondary market liquidity, and risk characteristics that are comparable to Treasury bills. These characteristics can be attributed in part to their frequent coupon reset—weekly, based on short-term interest rates—such that they pose low duration risk. As an additional eligible reserve asset, we believe that they could support additional diversification and capacity in stablecoin reserve portfolios in a manner consistent with the underlying objectives of the GENIUS Act.[55]

We would also support the OCC's development of a formal and transparent process for considering and approving additional securities under proposed § 15.11(b)(7). PPSIs and other stakeholders should be allowed to request that the OCC evaluate specific types of securities, subject to clearly articulated criteria and through a transparent process with a defined time review period. As part of any such process, a record of any such determinations made under this authority should be public, including the rationale for approval or denial, to ensure consistent application.

V. The OCC Should Not Adopt Additional Quantitative Diversification Limits on Tokenized Reserve Assets

BlackRock urges the OCC not to impose additional quantitative diversification limits on tokenized forms of reserve assets under proposed § 15.11(b)(8). The OCC requests comment on whether it should impose this type of limit and asks whether a 20 percent threshold of a PPSI's total reserve assets might be appropriate.[56] We believe that a categorical limit of this type would not be appropriate because it does not account for the actual risk profiles of the assets. Those risk profiles are driven primarily by the asset's credit quality, duration, and liquidity, not whether the asset is held or transferred on a distributed ledger. Further, tokenized financial assets, as a general matter, seek to provide the same or substantially similar rights and exposure as non-tokenized versions. Thus, a

[54] Additionally, we would support additional details from the OCC on other securities that it would consider to be in scope as "any other similarly liquid Federal Government-issued asset" under proposed § 15.11(b)(7). Proposal at 10254 (Question 51).

[55] In addition to this recommendation, we also recommend that the OCC consider two other clarifications to the scope of eligible reserve assets. First, we recommend that the OCC take actions to clarify that repurchase and reverse repurchase agreements can be collateralized partly with cash, which aligns with current standard market practices and avoids unnecessary operational and market capacity constraints. Second, we also recommend that the OCC issue guidance that a registered fund that otherwise qualifies as a reserve asset under proposed § 15.11(b)(6) would be able to invest in "any other similarly liquid Federal Government issued asset" that the OCC subsequently approves under proposed § 15.11(b)(7) to ensure that future OCC actions do not disadvantage PPSIs holding their reserves in eligible registered funds.

[56] Proposal at 10256 (Question 70).

quantitative limit that is based on an asset's technological form would be extraneous to the OCC's objectives.[57]

Further, a quantitative limit would impose a de facto single-asset limit on certain types of reserve assets that may offer meaningful benefits to PPSIs in tokenized form. We note, for example, the significant growth and progress in the development of tokenized MMFs, which can offer significant advantages to investors through near-instant settlement, more efficient subscription and redemption processes, and enhanced transferability.[58] Constraining the use and adoption of these products would be contrary to the underlying objectives of the OCC's reserve asset framework and deprive PPSIs of the technological and operational benefits that they would offer.

VI. BlackRock Supports a Flexible Ongoing Capital Requirement for PPSIs and Further Study of Minimum Haircuts for Reserve Assets

BlackRock supports retaining the proposed principles-based approach to ongoing capital requirements for PPSIs and not adopting more prescriptive requirements at this stage of industry development and implementation. As proposed, PPSIs would be required to calculate a minimum ongoing capital requirement based on an evaluation of the risks associated with its business model and risk profile.[59] While the OCC is not currently proposing any specific minimum capital requirement or a related floor, it discusses potential future options in the Proposal for imposing such mechanisms.[60] These include variable capital charges based on a percentage of outstanding issuance, with components that address price and liquidity risks associated with reserve assets when those assets need to be liquidated at below-market value to meet redemptions, as well as the price and credit risk associated with certain reserve assets.[61] We believe that the proposed approach is warranted at this time based on the limited empirical data available for PPSIs. Further, the proposed approach would also position the OCC to better observe how any risks may manifest in practice and what mitigating actions market

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[57] Notably, the OCC itself and other prudential regulators have signaled a technology-neutral approach to tokenized securities. In the context of capital treatment for eligible tokenized securities, they have confirmed that technologies used to issue and transact in a security do not generally impact capital treatment and that the capital rule is technology neutral. Accordingly, eligible tokenized securities should be treated in the same manner as the non-tokenized forms under the capital rules. *See* OCC, *Capital Treatment of Tokenized Securities: Frequently Asked Questions*, News Release No. 2026-14 (Mar. 5, 2026), https://www.occ.gov/news-issuances/news-releases/2026/nr-ia-2026-14a.pdf.

[58] *See, e.g.*, GFMA, *The Impact of Distributed Ledger Technology in Capital Markets* at 197 (2025) (discussing tokenization of funds), *available at* https://www.gfma.org/wp-content/uploads/2025/08/1.-full-report-impact-of-dlt-in-cap-mkts-final-1.pdf.

[59] Proposed § 15.41(a)(2).

[60] Proposal at 10240.

[61] The OCC specifically cites uninsured bank deposits and certain reverse repo agreements for which a variable capital charge would be appropriate. *Id.*

participants could take to address such risks and serve as an alternative to prescriptive regulatory actions.

Additionally, we recommend that the OCC conduct further study to inform any potential haircuts or other types of buffers for specific types of reserve assets.[62] The OCC requests feedback on whether its reserve asset framework should require a buffer or impose haircuts to manage interest rate risk and other types of risk, which could ensure that reserve asset values do not fall below their outstanding issuance values. While such requirements may promote safety and resilience and address risks from unexpected losses, they may also—if not sufficiently well-tailored to the attendant costs and risks—inhibit PPSI growth and diminish the potential benefits stablecoins offer. As the stablecoin industry matures, further information points will become available to inform the need and potential form of any prescriptive requirements, such as insights on how PPSIs manage reserves under the GENIUS Act and other rules, including those of the OCC.[63] Absent a thorough, data-based, understanding and analysis of "real world" PPSI operations, a prescriptive approach likely would introduce unintended capital inefficiencies and operational complexities that exacerbate, rather than mitigate, reserve asset risks.[64]

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[62] A study, for example, should consider the liquidity risks of each type of reserve asset under market stress conditions, such that they would affect the PPSI's ability to access and monetize assets. Further, the OCC's study should also consider the efficacy of minimum haircut requirements under other regulatory regimes, such as the framework for eligible swaps margin collateral.

[63] *See, e.g.*, Proposal at 10242 (noting that proposed asset diversification and liquidity requirements could help mitigate the risks of loss without a financial capital requirement). With respect to concerns about reserve repo requirements, the OCC should consider the adoption of the SEC's repo clearing mandate, as well as the existing haircuts that would likely be present as a part of standard market convention. *See Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities*, Exchange Act Release No. 34-99149, 89 Fed. Reg. 2714 (Jan. 16, 2024) (Treasury repo clearing mandate); R. Jay Kahn & Matthew McCormick, *Proportionate Margining for Repo Transactions*, FEDS Notes (Bd. of Governors of the Fed. Reserve Sys.) (Feb. 14, 2025) (noting that tri-party repo haircuts "have long hovered almost uniformly around 2 percent"), https://www.federalreserve.gov/econres/notes/feds-notes/proportionate-margining-for-repo-transactions-20250214.html.

[64] For example, a look-through capital regime could incentivize stablecoin issuers to avoid qualifying GMMFs or qualifying ETFs with any exposure to assets subject to higher capital charges (*e.g.*, repo or uninsured bank deposits), even where such exposures are prudently managed and collateralized. PPSIs may concentrate holdings in a limited subset of assets—such as direct Treasury bills—rather than maintaining diversified exposure across short-term funding markets. This concentration could increase vulnerability to market dislocations in a single asset class and reduce the resilience of reserve asset portfolios.

VII. The OCC Should Clarify that PPSIs Can Manage Reserve Assets via a Separately Managed Account

BlackRock supports the OCC clarifying that a PPSI may retain an asset manager through a SMA under proposed § 15.10(a)(8).[65] Allowing the use of SMAs would facilitate prudent, professional reserve asset management while preserving strong safeguards for stability and consumer protection. SMAs can ensure that reserve assets remain legally owned and controlled by the issuer, reduce potential risks associated with commingling or rehypothecation, and provide enhanced transparency into underlying holdings and risk exposures to the PPSI. Clear confirmation of this authority would align the Proposal with established market practices, support sound risk management, and advance the GENIUS Act's objectives without introducing additional safety and soundness concerns.

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We thank the OCC for the opportunity to comment on the Proposal. Please contact the undersigned if you have any questions or comments regarding BlackRock's views or if we can be of any assistance.

Sincerely,

Benjamin A. Tecmire
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[65] The OCC explicitly requests comment on whether it should provide this clarification. Proposal at 10252 (Question 26).