NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
PROPOSED NEW 23 NYCRR 202

AUTHORIZED PAYMENT STABLECOIN ISSUERS

I, Kaitlin Asrow, Acting Superintendent of Financial Services, pursuant to the authority granted by sections 10, 14, 36, 37, 39, 40 and 128 of the Banking Law and sections 102, 201, 202, 301, 302, and 404 of the Financial Services Law, do hereby promulgate the addition of new Part 202 to Title 23 of the New York Compilation of Codes, Rules and Regulations, to take effect on the effective date of the Guiding and Establishing National Innovation for U.S. Stablecoins Act, Public Law 119-27 (12 U.S.C. § 5901 *et seq*.), to read as follows:

(All of the following material is new)

A new Part 202 is added as follows:

Section 202.1 Scope and Purpose.

This Part reaffirms the department's payment stablecoin regulatory regime and aligns the regime with the Federal regulatory framework under the Guiding and Establishing National Innovation for U.S. Stablecoin Act ("GENIUS Act"), as defined at 12 C.F.R. § 1521.1(c)[1].

Section 202.2 Definitions.

(a) The following terms shall have the meaning given to such terms in 12 C.F.R. § 15.2[2] for the purposes of this Part: affiliate, Bank Secrecy Act, board of directors, director, distributed ledger, eligible financial institution, Federal Reserve, insider, insured depository institution, OCC, outstanding issuance value, payment stablecoin, person, registered public accounting firm, and subsidiary.

(b) The following definitions shall also apply for the purposes of this Part:

(1) "Authorized payment stablecoin issuer" means a person approved by the superintendent to issue one or more payment stablecoins.

(2) "Department" means the New York State Department of Financial Services.

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[1] 12 C.F.R. § 1521.1(c) as proposed by the Department of Treasury in the Federal Register on April 3, 2026. *See* GENIUS Act Broad-Based Principles for Determining Whether a State-Level Regulatory Regime Is Substantially Similar to the Federal Regulatory Framework, 91 Fed. Reg. 16844 (April 3, 2026). The Federal Register is available online at https://www.federalregister.gov/. Copies of the sections referenced in this Part may be obtained from this department by writing to: New York State Department of Financial Services, Office of General Counsel, One State Street, 20th floor, New York, NY 10004, or by sending an email to regnotification@dfs.ny.gov.

[2] A reference to a section of 12 C.F.R. Part 15 is a reference to the respective section of such Part in the proposed regulations of the OCC published in the Federal Register on March 2, 2026. *See* 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). The Federal Register is available online at https://www.federalregister.gov/. Copies of the sections referenced in this Part may be obtained from this department by writing to: New York State Department of Financial Services, Office of General Counsel, One State Street, 20th floor, New York, NY 10004, or by sending an email to regnotification@dfs.ny.gov.

(3) "GENIUS Act" means the Guiding and Establishing National Innovation for U.S. Stablecoins Act, Public Law 119-27 (12 U.S.C. § 5901 *et seq*.)[3].

(4) "Limited purpose trust company" means a trust company chartered under the Banking Law which:

(i) does not receive deposits from the general public; and

(ii) has been exempted by the superintendent from the requirements of section 32 of the Banking Law.

(5) "Reserve asset" means an asset maintained by an authorized payment stablecoin issuer of a type permitted by section 202.6(b) of this Part.

Section 202.3 Application and Approval.

(a) The following types of entities may apply for approval from the superintendent to issue one or more payment stablecoins:

(1) a limited purpose trust company;

(2) an applicant for a limited purpose trust company charter; and

(3) such other types of entities as may be determined by the superintendent to be eligible to apply consistent with the requirements of the GENIUS Act and safety and soundness.

(b) Notwithstanding subdivision (a) of this section, a public company (as defined in section 12(A)(ii) of the GENIUS Act (12 U.S.C. § 5903(a)(12)(A)(ii))) that is not predominantly engaged in one or more financial activities (as defined in section 12(A)(i) of the GENIUS Act (12 U.S.C. § 5903(a)(12)(A)(i))), and its wholly or majority owned subsidiaries or affiliates, shall not be eligible to apply for approval to issue a payment stablecoin except as provided in section 4(a)(12) of the GENIUS Act (12 U.S.C. § 5903(a)(12)).

(c) An application under this Part shall be in writing, in a form prescribed by the superintendent on the department's website and shall contain the information and materials required by the superintendent.

(d) As part of its application, the applicant shall demonstrate the following:

(1) the applicant has the ability, based on its financial condition and resources, to meet the requirements for issuing payment stablecoins under this Part;

(2) no officer or director of the applicant has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud;

[3] A reference to any section of the United States Code (U.S.C.) in this Part is a reference to the respective section as in effect on the date of adoption of this Part. The U.S.C. is published jointly by Office of the Law Revision Counsel, U.S. House of Representatives, H2-308 Ford House Office Building, Washington, D.C. 20515. The U.S.C. is available online at https://uscode.house.gov/. Copies of the U.S.C. sections referenced in this Part may be obtained from this department by writing to: New York State Department of Financial Services, Office of General Counsel, One State Street, 20th floor, New York, NY 10004, or by sending an email to regnotification@dfs.ny.gov.

(3) the competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent companies are such as to warrant the belief that the applicant's business will be conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this Part, and in a manner commanding the confidence and trust of the community; and

(4) the applicant has demonstrated that it will, upon approval, be compliant with all of the requirements of this Part.

(e) If the superintendent finds that the applicant has demonstrated that it satisfies the requirements of subdivision (d) of this section, the superintendent shall approve the application. If the superintendent does not so find, the superintendent shall deny the application. If the application is denied, the applicant may reapply.

(f) An authorized payment stablecoin issuer shall obtain the superintendent's prior approval before issuing any distinguishable brand of payment stablecoin.

(g) Existing Issuers.

(1) Nothing in this section shall require an authorized payment stablecoin issuer that has been approved by the superintendent to issue a payment stablecoin before the effective date of this Part to seek an additional approval by the superintendent to issue such payment stablecoin.

(2) An authorized payment stablecoin issuer that has received approval from the superintendent to issue a payment stablecoin prior to the effective date of this Part shall be required to comply with the requirements of this Part in all respects within 12 months of the effective date of this Part, except with respect to the certification required under section 202.9(b) of this Part.

Section 202.4 Prohibited Activities.

(a) In general. An authorized payment stablecoin issuer shall not engage in any activity prohibited by or otherwise inconsistent with the GENIUS Act or 12 C.F.R. § 15.10.

(b) Prohibition on rehypothecation.

(1) An authorized payment stablecoin issuer shall comply with section 4(a)(2) of the GENIUS Act (12 U.S.C. § 5903(a)(2)) and 12 C.F.R. § 15.10(c)(5).

(2) The superintendent may grant prior approval in accordance with section 4(a)(2)(C)(ii) of the GENIUS Act (12 U.S.C. § 5903(a)(2)(C)(ii)).

(c) Prohibition on tying. An authorized payment stablecoin issuer shall comply with section 4(a)(8) of the GENIUS Act (12 U.S.C. § 5903(a)(8)).

(d) Prohibition on certain marketing practices. An authorized payment stablecoin issuer shall comply with section 4(a)(9) of the GENIUS Act (12 U.S.C. § 5903(a)(9)) and 12 C.F.R. § 15.10(c)(1)-(2).

(e) Prohibition on the misrepresentation of insured status. An authorized payment stablecoin issuer shall comply with section 4(e)(2)(A) of the GENIUS Act (12 U.S.C. § 5903(e)(2)(A)) and 12 C.F.R. § 15.10(c)(3).

(f) Prohibition on interest. An authorized payment stablecoin issuer shall comply with section 4(a)(11) of the GENIUS Act (12 U.S.C. § 5903(a)(11)) and 12 C.F.R. § 15.10(c)(4).

Section 202.5 Officers and Directors.

No individual may serve as an officer or director of an authorized payment stablecoin issuer if such person has been convicted of a felony offense set forth in section 4(f)(1) of the GENIUS Act (12 U.S.C. § 5903(f)(1)).

Section 202.6 Reserves.

(a) Backing and redeemability.

(1) An authorized payment stablecoin issuer shall maintain reserves in accordance with section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. § 5903(a)(1)(A)) and 12 C.F.R. § 15.11(a).

(2) An authorized payment stablecoin issuer shall obtain the prior approval of the superintendent to self-custody reserves or hold reserves within the custody of any eligible financial institution that is not an insured depository institution.

(3) If an authorized payment stablecoin issuer issues more than one distinguishable brand of payment stablecoin:

(i) reserves shall be separately identifiable by each brand of payment stablecoin and each brand of payment stablecoin shall independently comply with paragraph (1) of this subdivision and 12 C.F.R. § 15.11(a); and

(ii) the authorized payment stablecoin issuer shall maintain segregated pools of reserves for each brand of payment stablecoin, each of which shall be kept and recorded separately, unless prior written approval allowing for commingling is received from the superintendent.

(b) Composition. An authorized payment stablecoin issuer's reserve assets shall be composed exclusively of assets authorized under section 4(a)(1)(A) of the GENIUS Act (12 U.S.C. § 5903(a)(1)(A)) and 12 C.F.R. § 15.11(b).

(1) The superintendent may allow reserve assets listed in section 4(a)(1)(A)(vii) of the GENIUS Act (12 U.S.C. § 5903(a)(1)(A)(vii)), provided that such assets have been approved by the OCC pursuant to 12 C.F.R. § 15.11(b)(7).

(c) Asset diversification and concentration. An approved payment stablecoin issuer shall manage its reserve assets in accordance with section 4(a)(4)(A) of the GENIUS Act (12 U.S.C. § 5903(a)(4)(A)) and 12 C.F.R. § 15.11(c).

(d) Minimum insured amount. An authorized payment stablecoin issuer with an outstanding issuance value of $25 billion or more shall, on each business day, maintain at least 0.5 percent of its reserve assets, up to a cap of $500 million, in the form of insured deposits or insured shares at an insured depository institution.

(e) Composition report. An authorized payment stablecoin issuer shall comply with section 4(a)(1)(C) of the GENIUS Act (12 U.S.C. § 5903(a)(1)(C)) and 12 C.F.R. § 15.11(e), for each distinguishable brand of payment stablecoin issued, including but not limited to requirements that the authorized payment stablecoin issuer publish the monthly composition of the issuer's reserve assets. The composition report shall be in a form set forth on the department's website.

(f) Monthly certification; examination of reports by registered public accounting firm.

(1) An authorized payment stablecoin issuer shall comply with section 4(a)(3)(A) of the GENIUS Act (12 U.S.C. § 5903(a)(3)(A)) and 12 C.F.R. § 15.11(f)(1).

(2) Each month, the chief executive officer and chief financial officer (or the persons performing the equivalent functions) of an authorized payment stablecoin issuer shall submit to the superintendent a certification as to the accuracy of each monthly report required under subdivision (e) of this section, which certification shall be in such form as the superintendent may prescribe.

(3) The examination report required under paragraph (1) of this subdivision shall include an attestation of the registered public accounting firm to management's assertions regarding the information disclosed in the previous month-end report required under subdivision (e) of this section.

(g) Failure to meet reserve assets requirement.

(1) An authorized payment stablecoin issuer shall notify the superintendent on any day on which its reserve asset amount has fallen below the required minimum in subdivision (a) of this section.

(2) An authorized payment stablecoin issuer that fails at any time to satisfy the minimum reserve asset requirement in subdivision (a) of this section:

(i) is prohibited immediately from issuing any new payment stablecoins except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase; and

(ii) may not resume issuance until the authorized payment stablecoin issuer satisfies its minimum reserve asset requirement.

(3) If an authorized payment stablecoin issuer fails to meet its minimum reserve asset requirement for 15 consecutive business days (which may be extended in the superintendent's sole discretion), it shall:

(i) begin liquidation of reserve assets and redemption of outstanding payment stablecoins; and

(ii) not charge customers a fee to redeem their payment stablecoins at any time during the liquidation.

(4) If at any point the superintendent determines that an authorized payment stablecoin issuer has not demonstrated that it meets the reserve asset requirements in subdivisions (a), (b), (c), or (d) of this section, the superintendent may require the issuer to submit a plan describing how the authorized payment stablecoin issuer will attain compliance and the timeline for the plan. If the superintendent determines, either before or after the submission of a plan, that an authorized payment stablecoin issuer faces a significant risk of being unable to attain compliance with the reserve requirements in subdivision (a), (b), (c), or (d) of this section within a reasonable period, the superintendent may order the issuer to initiate redemption of all outstanding payment stablecoins.

(h) Annual attestation.

(1) The authorized payment stablecoin issuer shall obtain an annual attestation report by a registered public accounting firm, attesting to management's assertions concerning the effectiveness of the internal controls, structure, and procedures for compliance with the requirements described in subdivision (f) of this section and such other items that the superintendent may require.

(2) For each annual attestation described in paragraph (1) of this subdivision, the authorized payment stablecoin issuer shall produce a copy to the superintendent in writing, not more than 120 days after the end of the period covered by the report.

Section 202.7 Redemption.

(a) An authorized payment stablecoin issuer shall comply with section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. § 5903(a)(1)(B)) and shall publicly disclose its redemption policy, which shall include, at a minimum, the following information:

(1) the timeframe in which the issuer shall redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins under subdivision (b)(1) of this section;

(2) a statement explaining the limitation in subdivision (b)(2) of this section;

(3) a statement explaining the scenarios under which the redemption period may be extended as described in subdivision (c) of this section;

(4) a statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin; and

(5) the minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

(b) An authorized payment stablecoin issuer's redemption policy shall provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins:

(1) that timely redemption shall not exceed two business days following the date of the requested redemption; and

(2) that any discretionary limitations on timely redemption can only be imposed by the OCC, Federal Reserve, or the superintendent.

(c) The superintendent may, in their sole discretion, extend timely redemption if the superintendent determines that the authorized payment stablecoin issuer poses a threat to safety and soundness or financial stability or such an extension is otherwise in the public interest.

(d) An authorized payment stablecoin issuer shall comply with 12 C.F.R. § 15.12(d).

(e) An authorized stablecoin issuer shall submit to the superintendent for prior approval the redemption policy required by subdivision (a) of this section.

Section 202.8 Capital and Operational Backstop.

(a) An authorized payment stablecoin issuer shall maintain common equity tier 1 capital and additional tier 1 capital, as defined in 12 C.F.R. § 15.40(b) and (c), respectively, commensurate with the level and nature of all risks to which the authorized payment stablecoin issuer is exposed, including risks for off-balance sheet activities:

(1) the superintendent shall tailor such capital requirements to the business model and risk profile of the authorized payment stablecoin issuer;

(2) such capital requirements shall not exceed requirements that are sufficient to ensure the ongoing operations of the authorized payment stablecoin issuer, as determined by the superintendent; and

(3) such capital requirements shall be at least as stringent and protective as is required by 12 C.F.R. § 15.41.

(b) An authorized payment stablecoin issuer shall have a process for assessing its overall capital adequacy in relation to its business model and risk profile and a comprehensive strategy for sustaining an appropriate level of capital to maintain ongoing operations.

(c) The superintendent may establish other required capital thresholds or metrics, including additional types of capital or risk-based capital requirements.

(d) An authorized payment stablecoin issuer shall maintain an operational backstop to help ensure that, during a business disruption that impacts operations, a liquid pool of identifiable assets exists to allow the issuer to meet short-term liquidity needs, stabilize the issuer after the disruption, and continue or resume normal operations. Such operational backstop shall:

(1) require assets that meet or exceed the minimum amounts required under 12 C.F.R. § 15.41(b)(1); and

(2) consist of such assets as required under 12 C.F.R. § 15.41(b)(2).

(e) The superintendent may revise the authorized payment stablecoin issuer's capital requirement or operational backstop if there is a change to the business model or risk profile of the authorized payment stablecoin

issuer, or if the superintendent determines that such change is necessary to ensure the safety and soundness of the authorized payment stablecoin issuer, provided that any revision shall be consistent with the requirements under subdivision (a) or (d) of this section, as applicable. The superintendent shall effectuate such revision by so notifying the authorized payment stablecoin issuer in writing.

(f) Failure to meet minimum capital or backstop requirements.

(1) An authorized payment stablecoin issuer shall comply with its minimum capital and backstop requirements.

(2) An authorized payment stablecoin issuer that fails to satisfy its minimum capital or backstop requirement at the end of a quarter is prohibited from issuing any new payment stablecoins, except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase starting on the first day of the following month and until such time as it satisfies its minimum capital and backstop requirements.

(3) If an authorized payment stablecoin issuer fails to meet its minimum capital or backstop requirements at the end of two consecutive quarters, it shall:

(i) begin liquidation of reserve assets and redemption of outstanding payment stablecoins;

(ii) not charge customers a fee to redeem their payment stablecoins; and

(iii) not issue any new payment stablecoins going forward.

Section 202.9 Bank Secrecy Act, Anti-Money Laundering, and Sanctions Compliance.

(a) To ensure compliance with the Bank Secrecy Act and economic sanctions requirements, each authorized payment stablecoin issuer shall comply with the Bank Secrecy Act, sections 4(a)(5) and 4(a)(6)(B) of the GENIUS Act (12 U.S.C. § 5903(a)(5) and (6)(B)), and applicable regulations at 31 CFR chapter V and 31 CFR chapter X, including any Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Program, Economic Sanctions Compliance Program, and reporting requirements.[4]

(b) Not later than 180 days after the approval of an application to issue one or more payment stablecoins under this Part, and on an annual basis thereafter, each authorized payment stablecoin issuer shall submit to the superintendent, in the form and manner required by the superintendent, a certification in accordance with section 5(i) of the GENIUS Act (12 U.S.C. § 5904(i)).

[4] 31 C.F.R. chapter V and 31 C.F.R. chapter X, in each case, as amended by regulations proposed by the Financial Crimes Enforcement Network in the Federal Register on April 10, 2026. *See* Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements, 91 Fed. Reg. 18582 (April 10, 2026). The Federal Register is available online at https://www.federalregister.gov/. Copies of the sections referenced in this Part may be obtained from this department by writing to: New York State Department of Financial Services, Office of General Counsel, One State Street, 20th floor, New York, NY 10004, or by sending an email to regnotification@dfs.ny.gov.

(1) An authorized payment stablecoin issuer that is approved by the superintendent to issue one or more payment stablecoins as of the effective date of this Part shall submit the certification required by this subdivision not later than 180 days after such date.

(2) The superintendent shall make certifications described in this subdivision available to the Secretary of the Treasury upon request.

(c) If an authorized payment stablecoin issuer fails to timely submit the certification required by subdivision (b) of this section, the superintendent may, without limitation, revoke such issuer's authorization to issue payment stablecoins.

Section 202.10 Operational and other standards.

(a) Internal controls and information systems. An authorized payment stablecoin issuer shall have internal controls and information systems to support effective risk management that are appropriate for the size and complexity of the authorized payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for:

(1) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies;

(2) effective risk assessment;

(3) timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this Part;

(4) adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and

(5) compliance with applicable laws and regulations.

(b) Internal audit system. An authorized payment stablecoin issuer shall have an internal audit system that is appropriate to the size and complexity of the authorized payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for:

(1) adequate monitoring of the system of internal controls through an internal audit function, or for an authorized payment stablecoin issuer whose size, complexity or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls;

(2) independence and objectivity;

(3) qualified persons responsible for the audit function;

(4) adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings;

(5) adequate documentation of tests and findings and any corrective actions;

(6) verification and review of management actions to address deficiencies; and

(7) review by the authorized payment stablecoin issuer's audit committee or board of directors of the effectiveness of the internal audit systems.

(c) Interest rate exposure. An authorized payment stablecoin issuer shall:

(1) manage interest rate risk in a manner that is appropriate to the size and complexity of the authorized payment stablecoin issuer and the complexity of its assets and liabilities; and

(2) provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.

(d) Asset growth. An authorized payment stablecoin issuer's asset growth shall be prudent and commensurate with the authorized payment stablecoin issuer's risk management capabilities, operational capacity, and staffing.

(e) Earnings. An authorized payment stablecoin issuer shall establish and maintain a system that is commensurate with the authorized payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by this Part.

(f) Insider and affiliate transactions.

(1) An authorized payment stablecoin issuer shall ensure that transactions between the authorized payment stablecoin issuer and insiders or affiliates:

(i) are not excessive and do not pose significant risks of material financial loss;

(ii) (*a*) are conducted on terms that are the same or at least as favorable to the authorized payment stablecoin issuer as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates; or

(*b*) in the absence of comparable transactions, are offered on terms and under circumstances that, in good faith, would be offered to or would apply to non-affiliates or non-insiders; and

(iii) are appropriately documented and reviewed by the board of directors.

(2) An authorized payment stablecoin issuer shall appropriately monitor and validate compliance with the requirements of paragraph (1) of this subdivision.

(g) Oversight of service provider arrangements. An authorized payment stablecoin issuer shall:

(1) exercise appropriate due diligence in selecting its service providers;

(2) require its service providers by contract to implement appropriate measures designed to meet the applicable requirements of this Part; and

(3) as appropriate, monitor its service providers to confirm they have satisfied their obligations under this Part. As part of this monitoring, an authorized payment stablecoin issuer shall review audits, summaries of test results, or other equivalent evaluations of its service providers.

(h) Liquidity, diversification, and concentration. An authorized payment stablecoin issuer shall:

(1) appropriately monitor and validate compliance with the requirements of section 202.6 of this Part; and

(2) manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the authorized payment stablecoin issuer.

(i) Consumer protection laws. An authorized payment stablecoin issuer shall appropriately monitor and validate compliance with any applicable Federal or State laws relating to consumer protection.

Section 202.11 Information Technology and Security.

(a) An authorized payment stablecoin issuer shall comply with all requirements contained in Part 500 of this Title applicable to class A companies without giving effect to section 500.19 of this Title, and such additional requirements that lead to regulatory outcomes that are at least as stringent and protective as required by 12 C.F.R. § 15.13(b).

(b) For purposes of this section only, the following definitions shall apply:

(1) “Customer” means a person that purchases (through any consideration) the products or services from another person.

(2) “Nonpublic information” includes all information identified under section 500.1(k) of Title 23, as well as all information:

(i) provided by a customer to an authorized payment stablecoin issuer to obtain a financial product or service;

(ii) about a customer resulting from any transaction involving a financial product or service between the authorized payment stablecoin issuer and a customer; and

(iii) otherwise obtained by the authorized payment stablecoin issuer in connection with providing a financial product or service to a customer.

“Nonpublic information” as defined in this paragraph does not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

(3) "Publicly available information" includes all information identified under section 500.1(o) of Title 23, as well as information that a person has a reasonable basis to believe is lawfully made available to the general public from a distributed ledger.

(c) In addition to the notice requirements under section 500.17(a) of Title 23, if an authorized payment stablecoin issuer determines that there has been unauthorized access to one or more customer's nonpublic information, the authorized payment stablecoin issuer shall:

(1) notify affected or possibly affected customer(s) as soon as possible and without unreasonable delay from the determination that information has been or will be misused, and in accordance with the form, timing, and content requirements contained in section 899-aa of the General Business Law, including permissible delays due to the legitimate needs of law enforcement, as provided in subdivision four of section 899-aa of the General Business Law; and

(2) notify all customers in a group if the authorized payment stablecoin issuer determines that a group of files has been accessed improperly but is unable to identify which specific customers' information has been accessed and the circumstances of the unauthorized access lead the authorized payment stablecoin issuer to determine that misuse of the information is reasonably possible.

Section 202.12 Examination, Records, Enforcement, Etc.

(a) Examination.

(1) The superintendent may examine an authorized payment stablecoin issuer at any time when in the judgment of the superintendent such examination is necessary or advisable.

(2) An authorized payment stablecoin issuer shall be examined at least once in each calendar year, unless the superintendent determines consistent with the requirements of section 36 of the Banking Law, or other applicable law, to modify such examination schedule.

(3) Examination of an authorized payment stablecoin issuer may, in the discretion of the superintendent, be conducted on-site or remotely.

(b) Access. An authorized payment stablecoin issuer shall, whenever the superintendent so requires, provide the superintendent full and immediate access to:

(1) all officers, directors, employees, agents, and contractors of the authorized payment stablecoin issuer;

(2) all books, records, documents, and other information of any type; and

(3) all facilities of, or used by, the authorized payment stablecoin issuer or its affiliates, wherever located.

(c) Records retention policy. Each authorized payment stablecoin issuer shall implement and maintain a records retention policy designed to ensure that the authorized payment stablecoin issuer is able to demonstrate compliance with the GENIUS Act, this Part, and all other applicable laws, regulations, and guidance.

(d) Reports. An authorized payment stablecoin issuer shall provide to the superintendent any and all periodical or special reports that the superintendent requires, at such times and in such form and manner as the superintendent prescribes.

(e) Audits. An authorized payment stablecoin issuer with an outstanding issuance value of more than $50 billion that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. §§ 78m(a) or 78o(d)) shall comply with section 4(a)(10) of the GENIUS Act (12 U.S.C. § 5903(a)(10)) and 12 C.F.R. § 15.14(l), as applicable, and, in addition, shall submit the audited financial statements to the superintendent.

(f) Enforcement. The superintendent may, under the Banking Law, the Financial Services Law, or other applicable law, take one or more enforcement actions against an authorized payment stablecoin issuer for any violation of this Part.

Section 202.13 Transition; Waiver.

An authorized payment stablecoin issuer shall comply with the requirements regarding transition and waiver in accordance with section 4(d) of the GENIUS Act (12 U.S.C. § 5903(d)) and regulations thereunder.

Section 202.14 Supervisory agreements; existing guidance.

(a) Supervisory agreements. In the event of any inconsistency between applicable provisions of this Part and an authorized payment stablecoin issuer's supervisory agreement with the department, the terms of this Part shall supersede and govern to the extent of the inconsistency.

(b) 2022 stablecoin guidance. The superintendent's June 8, 2022, Industry Letter titled "Guidance on the Issuance of U.S. Dollar-Backed Stablecoins" is hereby withdrawn as of the effective date of this Part.

Section 202.15 Insolvency.

The State insolvency regime applicable to authorized payment stablecoin issuers shall be implemented in a manner consistent with section 11 of the GENIUS Act (12 U.S.C. §§ 5910-5911).

Section 202.16 Custody requirements.

(a) Custody. Any person that is subject to the supervision of the department, including but not limited to an authorized payment stablecoin issuer, shall, with respect to custodial or safekeeping services covered by section 10 of the GENIUS Act (12 U.S.C. § 5909), comply with all applicable requirements of section 10 of the GENIUS Act (12 U.S.C. § 5909) and any applicable Federal regulations thereunder, as well as with all other applicable requirements, including but not limited to applicable authorization requirements, under the Banking Law, the Financial Services Law, and the regulations thereunder.

(b) Information sharing. The superintendent shall make available to the Federal Reserve such information as the Federal Reserve determines is necessary and relevant to the categories of information under section 10(d) of the GENIUS Act (12 U.S.C. § 5909(d)).

Section 202.17 Effective date.

This Part shall become effective upon the effective date of the GENIUS Act.

Section 202.18 Severability.

If any provision of this Part or the application thereof to any person or circumstance is adjudged invalid by a court of competent jurisdiction, such judgment shall not affect or impair the validity of the other provisions of this Part or the application thereof to other persons or circumstances.