HENRY COCHRAN

Proposal and Comment Information

Title: Implementing the Federal Reserve Board's Responsibilities under the GENIUS Act, R-1899

Comment ID: FR-2026-0033-01-C01

Subject

Comments on Docket No. R-1899 (RIN 7100-AH29) and Docket No. R-1900 (RIN 7100-AH30) — cash-like tax treatment of payment stablecoins

Submitter Information

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Board of Governors of the Federal Reserve System
Attention: Secretary Benjamin W. McDonough

I am commenting on the Board's proposals to implement a regulatory framework for Board-supervised payment stablecoin issuers under the GENIUS Act.

The proposals are built around a payments instrument: 1:1 reserves, high-quality liquid assets, and redemption at par. That design only works in practice if people can spend a payment stablecoin the way they spend a dollar.

Under current federal tax treatment, digital assets are generally property. Buying coffee, paying rent, or moving $50 between wallets can therefore be a reportable event if fair market value differs even slightly from basis. That is the wrong rule for a GENIUS Act payment stablecoin that is required to stay at one dollar and to be redeemed at par. It adds recordkeeping and tax risk to ordinary payments and will push users back to cash and cards.

I am not asking the Federal Reserve to change the Internal Revenue Code. I am asking the Board to treat this as part of whether the framework will actually be used:

1. State in the final rule preamble that GENIUS-compliant payment stablecoins are intended to function as a means of payment, not as investment property.
2. Coordinate with the Treasury Department and the IRS so that spending or transferring a GENIUS-compliant payment stablecoin at or very near par is not a taxable event, including a simple de minimis rule for everyday payments.
3. Make that coordination explicit in the Board's interagency work, because prudential rules on reserves and redemption cannot deliver a usable payments instrument if tax rules still treat every $1 transfer as a property sale.

Without cash-like tax treatment, the Board can require safe reserves and still see limited adoption. With it, the product the statute and these proposals describe can be used for ordinary payments.

Thank you for considering this comment.

Henry Cochran
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