TRIPLE OPTIC SYSTEMS, INC., CARLOS FELIPE COSME

Proposal and Comment Information

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

Comment ID: FR-2026-0033-01-C31

Subject

Docket No. R-1899 — Comment on GENIUS Act Proposed Rule — Triple Optic Systems, Inc.

Submitter Information

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Organization Type: Organization

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Board of Governors of the Federal Reserve System,

Triple Optic Systems, Inc. submits the attached comment on the proposed rule Implementing the Board's Responsibilities Under the GENIUS Act, Docket No. R-1899, RIN 7100-AH29 (91 Fed. Reg. 61580, Sept. 29, 2026).

Respondent: Triple Optic Systems, Inc. The full comment is attached as a PDF (comment-final.pdf).

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VIA THE BOARD'S ONLINE COMMENT PORTAL (federalreserve.gov/apps/proposals)

Board of Governors of the Federal Reserve System Washington, DC 20551

Re: Comment on Proposed Rule — Implementing the Board's Responsibilities Under the GENIUS Act Docket No. R-1899 · RIN 7100-AH29 · 91 Fed. Reg. 61580 (Sept. 29, 2026)

Submitted by: **Triple Optic Systems, Inc.** Commenter contact: Carlos Felipe Cosme, President, Triple Optic Systems, Inc., FL
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I. Introduction and basis of this comment

Triple Optic Systems, Inc. is a U.S. technology company whose work concerns the integrity of evidence in autonomous and machine-driven systems: how a system proves what it did, to whom, and on what record. We are not a payment stablecoin issuer, a custodian, or an accounting firm, and we do not comment as any of those. We comment on one slice of this proposed rule — the reserve-evidence architecture of proposed §§ 247.11(d)–(g) and 247.14(h) and (i), and Questions 83–91, 141, 142, and 144 — because that slice is our practice: the design of reports, examinations, and certifications that a supervisor and a market can actually rely on.

Our comment is the product of a structured stress test. One team modeled how a Board-supervised permitted payment stablecoin issuer (PPSI), its affiliates, and its custodians could optimize the *appearance* of reserve compliance under the rule as proposed; a second team defended the rule and designed what it lacks; a reviewing seat then ruled on every finding against the text. The recommendations below are confined to what survived.

We begin with what the stress test confirmed. **The machinery is right.** The monthly composition report under § 247.11(d) is examined by a registered public accounting firm *before* publication, and the examination report is published with it (§ 247.11(e)(1)). The certifying officers carry criminal exposure for a knowingly false certification (§ 247.11(e)(2); GENIUS Act § 4(a)(3)(C), applying 18 U.S.C. 1350(c)). A one-to-one failure triggers notice and a remediation plan within 24 hours and, absent cure, liquidation and par redemption beginning the next business day, with no redemption fees and no new issuance in the interim (§ 247.11(f)). The Board collects a confidential weekly feed (§ 247.14(h)) and will publish a quarterly report carrying a CFO declaration and director attestation (§ 247.14(i)). What the rule has not yet specified is the *evidentiary content* of those instruments: what the monthly report must prove, what the examination must test, and what the weekly feed must contain. A snapshot regime with unspecified evidence content certifies the day the issuer prepared for. Parts II–VII supply the content standards; each is keyed to a question the Board itself has asked.

II. Summary of recommendations

1. **Random-day report:** adopt the randomly selected day composition report floated in Question 144, and add the month's minimum daily backing ratio to the monthly report. (E-1)

2. **Examination criteria:** reasonable assurance; the engagement letter must require attestation of compliance with § 247.11; criteria must include custodian confirmations and recomputation from source records — management assurances are not sufficient. (E-2)
3. **Report content:** CUSIPs, maturity buckets, counterparty-issuer concentration, insured vs. uninsured deposit claims, tenor as weighted average maturity; custodians and depository institutions named. (E-3)
4. **Linkage and legal availability:** a per-custodian segregation-and-availability statement in the report, with affiliate-held reserves — including a parent's Federal Reserve Bank account — expressly addressed. (E-4)
5. **Tokenized reserves:** dual custody-location disclosure with a one-asset-one-count rule. (E-5)
6. **Weekly feed fields:** custody of reserves, encumbrance flags, intramonth minimum backing; publish the backing subset on a lag. (E-6)
7. **Measurement discipline:** a daily one-to-one determination duty at independently priced fair value, so the § 247.11(f) clock starts on a measurement the rule required. (E-7)
8. **Publication integrity:** publish the certification with the report; discrepancies republished at equal prominence; brand-level issuance disclosed in white-label arrangements. (E-8)

III. The snapshot problem (Question 144; Question 88)

The § 247.11(d) report is a snapshot as of noon on the last day of the previous month. That instant is fixed, public, and known a year ahead. An issuer short of eligible reserves mid-month can hold eligible assets across the snapshot — the rule itself contemplates repurchase and reverse repurchase agreements, including intraday maturities, as reserve assets — report a compliant composition, and unwind on the first of the month. The § 247.11(e) examination then examines the snapshot, faithfully. Nothing in the proposal requires disclosure of the month's *minimum* backing, its average composition, or positions taken across the snapshot that reverse immediately after it.

Question 144 asks whether the Board should *also* require a composition report as of a day randomly selected each month by the issuer's registered public accounting firm. **Yes — this is the single highest-value change available in the reporting subpart, and it should be adopted.** A random day the issuer cannot prepare for converts the monthly regime from a portrait into evidence. Two design points: the selection should be made by the accounting firm without advance notice to the issuer, and the random-day report should be published together with the next month-end report so the two can be read against each other. Pair it with one further number in the § 247.11(d) report itself: the **minimum daily one-to-one backing ratio during the reported month, and the date on which it occurred**. That single figure costs an issuer that already measures its reserves almost nothing, and it makes window dressing visible rather than merely possible. The Board's authority is not in doubt: section 4(h) of the Act empowers regulations "to prevent evasion" of section 4's requirements, and dressing a fixed snapshot is evasion of the one-to-one requirement's substance. On Question 88, we would not require real-time publication of the full composition report — assurance over real-time figures is genuinely

difficult — but the two items that *can* be presented currently, outstanding issuance value and reserve fair value in aggregate, should be published with the monthly report as of its publication date, so the public record is never a full month stale on the two numbers that matter most.

IV. The examination must test evidence, not assertions (Question 91)

Question 91 asks the right question in its final clause: "Would assurances from the management of the Board-supervised PPSI regarding the information in the issuer's weekly or monthly report be sufficient? If not, what other criteria should be included?" **No.** An examination whose criteria run to management's own records and representations verifies that the report matches what the issuer says — it does not verify the reserves. The failure mode of a reserve regime is not arithmetic error; it is fabricated, relabeled, or encumbered assets, and those pass any check that begins and ends with the issuer's ledger.

We recommend the Board specify four criteria in the final rule: (1) the examination is performed at the **reasonable assurance** level; (2) the engagement letter is required to include the accounting firm's **attestation of whether the PPSI is in compliance with the reserve requirements of § 247.11**, as Question 91 contemplates; (3) the criteria include **independent confirmation with each custodian and depository institution holding reserve assets**, obtained by the firm directly, not through the issuer; and (4) the criteria include **recomputation of the composition from source records** — custodian statements and settlement records — rather than from the issuer's reporting extracts. The CEO/CFO certification under § 247.11(e)(2), backed by § 4(a)(3)(C)'s criminal penalties, is a sound accountability layer; it is not a substitute for examination criteria, because it attaches to what the certifiers *know*, and manufactured records are manufactured precisely below that line.

V. Content, naming, and linkage (Questions 83, 86, 87, 85)

On Question 83: the report should include **CUSIPs of securities**; composition **by asset type, by maturity bucket, and by counterparty issuer**; a distinction between **insured and uninsured eligible deposit claims**; and a definition of average tenor as **weighted average maturity**. Country of custody is a sufficient geographic granularity for most categories, provided the custodian is named — which brings us to Question 86. **Yes: the report should list and name the insured depository institutions and the custodians holding reserve assets.** An unnamed "geographic location of custody" cannot be confirmed, challenged, or priced. Naming is also what makes Question 86's second half achievable: reserve assets "appropriately traceable and linked to their corresponding stablecoin." We recommend the final rule require, per custodian, a statement that the reserve assets are held in accounts segregated for the issuer and are legally available to satisfy holder claims — and require express disclosure where they are not. The preamble's footnote 43 identifies the sharpest case: balances a parent insured depository institution holds at a Federal Reserve Bank are the parent's own, and the Reserve Banks do not recognize a PPSI subsidiary's third-party interest in them. If reported reserves sit in that posture, holders and supervisors should learn it from the report, not from a footnote in a rulemaking. On

Question 87, tokenized reserves should be disclosed with the custody location of **both** the tokenized instrument and the underlying asset, under a one-asset-one-count rule with a stated linkage key, so the token and its underlying can never be counted in two categories or two entities. On Question 85, where one issuer issues multiple stablecoins under different brands against pooled reserves, outstanding issuance should be disclosed **by brand** even though reserves are pooled; a consolidated report that cannot show a brand-level position invites the pooled average to dilute a weak brand invisibly.

VI. The weekly feed and the measurement duty (Questions 142, 141; § 247.11(f))

The confidential weekly reporting under § 247.14(h) is the right supervisory complement to the public monthly snapshot — but its value is set by its fields, not its frequency. On Question 142: the Board should add **data regarding the custody of reserve assets** (the question's own suggestion), **encumbrance and rehypothecation flags** for each reserve category, and the **intramonth minimum backing ratio**; daily or real-time submission of the full form would be burdensome, but the backing-ratio and custody subset is data any prudently run issuer already produces daily. The backing subset should be **made public on a lag** — for example with the following month's composition report — so the public layer is not blind for thirty days at a time while the supervisory layer sees weekly. On Question 141, these field additions are the changes we would make to the reporting requirements; we identify nothing in the proposed reports that should be removed.

Finally, the remedial machinery of § 247.11(f) — notice and plan within 24 hours, liquidation from 5:00 p.m. the next business day, no fees, no new issuance — is well designed *once triggered*. Its trigger is the issuer's own determination that it has failed the one-to-one requirement. The final rule should therefore specify the measurement duty that makes the trigger honest: a Board-supervised PPSI should be required to **determine its one-to-one position on each business day, at fair value derived from pricing sources independent of the issuer**, and to retain the records of those determinations. The preamble's own worked example — a $5 million shortfall on $100 million of issuance, worsening from $0.95 to $0.92 of coverage as par redemptions proceed — is an argument about hours, not reporting periods. A clock that starts when the issuer chooses to look will start late.

VII. Publication integrity (Questions 89, 90)

On Question 89: **yes** — the CEO/CFO certification should be published on the issuer's website together with the composition report, in a form the Board specifies. A certification filed only with the Board asks the public to trust an attestation it cannot read. On Question 90: we would retain the proposal's baseline — publication of the examined report, with the examination report published at the same time (§ 247.11(e)(1)) — rather than move to earlier unexamined publication. If the Board nonetheless permits publication before examination, any discrepancies the examination uncovers should be required to be disclosed **at the same location, with the**

same prominence, and in a form linked to the original report, so that the correction travels with the number it corrects. A two-step sequence without that condition is a one-way valve: the unexamined figure circulates, the examined one footnotes.

VIII. Conclusion

The proposed rule builds the right instruments: an examined monthly report, a criminally backed certification, a weekly supervisory feed, a published quarterly report, and a fast remedial ratchet. Our recommendations go to the evidentiary content of those instruments — a random day alongside the fixed one, a floor alongside the snapshot, examination criteria that reach source records, named custodians, an availability statement, and a daily measurement duty under the 24-hour clock. Each is within the questions the Board has asked and the anti-evasion authority the Act supplies. We appreciate the Board's consideration.

Respectfully submitted,

Triple Optic Systems, Inc. Carlos Felipe Cosme, President November 5, 2026

Appendix A — Exhibit map

Part	Recommendation	Source exhibits	Questions answered
III	Random-day report; intramonth minimum backing; current aggregate figures	E-1	Q144, Q88
IV	Examination criteria: reasonable assurance; § 247.11 compliance attestation; custodian confirmations; recomputation from source records	E-2	Q91
V	CUSIPs, maturity buckets, counterparty concentration, insured/uninsured split, tenor definition	E-3	Q83
V	Named custodians and depository institutions; segregation and legal-availability statement; affiliate-held reserves disclosed	E-4	Q86
V	Tokenized reserves: dual location, one-count rule	E-5	Q87
V	Brand-level issuance in white-label arrangements	E-8	Q85

VI	Weekly feed: custody data, encumbrance flags, intramonth minimum; public lagged subset	E-6	Q142, Q141
VI	Daily one-to-one determination duty (independent pricing, records retained)	E-7	§ 247.11(f)
VII	Certification published in specified form	E-8	Q89
VII	Equal-prominence discrepancy republication if pre-examination publication is allowed	E-8	Q90