ELITE EXCLUSIVITY, LP, REMI ALLI

Proposal and Comment Information

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

Comment ID: FR-2026-0033-01-C37

Submitter Information

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Organization Type: Organization

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Please see the attached technical comment submitted by Elite Exclusivity, LP (Principal: Remi Alli, JD, MS) regarding Docket No. R-1899 (Implementing the Federal Reserve Board's Responsibilities Under the GENIUS Act), addressing custodial asset segregation under 12 U.S.C. § 92a(c), dual-capacity safekeeping under 12 U.S.C. § 24(Seventh), and operational resilience following the November 16, 2026 JPMorgan Chase and United Airlines system disruptions.

ELITE EXCLUSIVITY, LP*

Regulatory Policy & Institutional Governance | Principal: Remi Alli, JD, MS | Chief Policy Adviser, Government Blockchain Association (GBA)

VIA ELECTRONIC SUBMISSION (Docket No. R-1899 / FR-2026-0033-01) **November 16, 2026**

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

> **RE: Technical Comment on Implementing the Federal Reserve Board's Responsibilities Under the GENIUS Act (Docket No. R-1899; FR-2026-0033-01; FR Doc. 2026-19860)**

Dear Secretary Misback:

Elite Exclusivity, LP (Principal: Remi Alli, JD, MS) submits this technical comment regarding the Federal Reserve Board's proposed rule implementing the Guiding and Establishing National Innovation for U.S. Stablecoins ("GENIUS") Act (Docket No. R-1899), specifically addressing enhanced custodial standards for payment stablecoin reserve assets, reserve liquidity management, and operational resilience.

I. Single-Correspondent Concentration and Non-Cyber Operational Contagion

The Board's proposed custodial standards appropriately prioritize the safety, liquidity, and bankruptcy remoteness of reserve assets backing permitted payment stablecoins. Recent operational events underscore why custodial concentration and tightly coupled legacy core systems pose acute liquidity risks even in the absence of malicious cyberattacks.

On November 16, 2026, two major U.S. enterprises—JPMorgan Chase and United Airlines—experienced separate internal software and hardware disruptions within hours of each other, following an FAA telecom router failure on November 13 and a Microsoft cloud disruption on November 12. During the JPMorgan Chase hardware software defect, interbank and peer-to-peer payment rails stalled across otherwise healthy counterparty institutions. When stablecoin reserve custody and settlement depend on a small handful of legacy commercial money-center banks, an internal software change or hardware defect at a single correspondent institution can freeze reserve liquidity and redemptions across the broader market.

II. Recognizing Off-Balance-Sheet National Trust Bank Custodians (12 U.S.C. § 92a(c))

To prevent single-correspondent bottlenecks and guarantee strict asset segregation under the GENIUS Act, the Board's final rule should explicitly recognize federally chartered OCC National Trust Banks (12 U.S.C. § 92a; 12 C.F.R. Part 9) and ring-fenced bank operating subsidiaries (12 C.F.R. Part 15) as qualifying reserve custodians where:

1. **Off-Balance-Sheet Fiduciary Segregation:** Cash and short-term U.S. Treasury reserves are held strictly off-balance-sheet pursuant to 12 U.S.C. § 92a(c), insulating reserve assets from both issuer and custodian insolvency;
2. **Dual-Capacity Operational Separation:** Fiduciary asset custody (12 U.S.C. § 92a) is cleanly separated from ministerial cryptographic key safekeeping (12 U.S.C. § 24(Seventh); OCC Bulletin 2026-4), preventing key-management software updates from impairing legal title or redemption accounting; and
3. **Change-Management Controls (SR 11-7):** Custodians maintain documented change-management circuit breakers and fallback settlement procedures aligned with Federal Reserve SR 11-7 so non-cyber software updates cannot disrupt par-value redemptions.

III. Redundant Settlement Rails and Master-Account Risk Calibration (12 U.S.C. § 248a)

Because permitted payment stablecoin reserves under the GENIUS Act are restricted to high-quality liquid assets—principally cash and short-term U.S. Treasury securities—fully reserved fiduciary custodians present negligible credit or maturity-transformation risk to the Federal Reserve System. Permitting qualifying, 100%-reserved trust custodians to settle Treasury and cash movements across redundant payment rails (12 U.S.C. § 248a) distributes operational load across multiple independent technical stacks rather than concentrating redemption flows inside a single commercial bank's legacy core.

Respectfully submitted,

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Principal, Elite Exclusivity, LP
Chief Policy Adviser, Government Blockchain Association (GBA)

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* *Institutional Scope Notice:* Elite Exclusivity, LP (Principal: Remi Alli, JD, MS) is a regulatory policy and treatise publishing firm. This technical analysis is submitted under the First Amendment Petition Clause and Administrative Procedure Act (5 U.S.C. § 553(c)) and does not constitute formal legal representation, a legal opinion, or regulatory certification.