

GUSTAVO H. R. PESSOA

Proposal and Comment Information

Title: Application Procedures for Board-Supervised Insured Depository Institutions Seeking Approval for a Subsidiary to Issue Payment Stablecoins, R-1900

Comment ID: FR-2026-0034-01-C12

Subject

Docket No. R-1900; RIN 7100-AH30 — Comments from Gustavo H. R. Pessoa

Submitter Information

Name: Gustavo H. R. Pessoa

Submitted Date: 10/23/2026

Dear Secretary McDonough,

Please find attached my individual comments on the proposed application procedures in Docket No. R-1900, RIN 7100-AH30.

The response addresses Questions 6, 7, 8, 10, 14 and 15. It recommends a clear record of substantial completeness and decision dates, an information index accompanying the application letter, and targeted use of existing and supplementary information. The aim is to make the review process easier to navigate while preserving the statutory assessment.

I am an economist and professor at Fundação Getulio Vargas in São Paulo, Brazil, responding in an individual academic capacity. My affiliation is provided for identification only.

Thank you for considering these comments.

Respectfully,
Gustavo H. R. Pessoa
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A clear application record for payment stablecoin decisions

Comments on payment stablecoin application procedures

Docket No. R-1900 | RIN 7100-AH30 | 23 October 2026

Dear Secretary McDonough,

I submit these comments in an individual academic capacity as an economist and professor at Fundação Getulio Vargas in São Paulo. My affiliation is provided for identification only. I recommend retaining an application letter, supported by a short index connecting material issues to the evidence and the applicable decision timetable. These comments address Questions 6, 7, 8, 10, 14 and 15 and concern the application procedure, rather than the separate proposed prudential requirements.

Completeness and the decision timetable

Under section 5(d) of the GENIUS Act, the regulator must notify an applicant about substantial completeness within 30 days of receipt and decide a substantially complete application within 120 days. Failure to decide within that statutory period results in deemed approval. A substantially complete application retains that status unless a material change requires it to be treated as a new application. These are statutory provisions; R-1900 proposes procedures for implementing them. [1]

The final rule and completeness notices should distinguish evidence sufficient to reach a decision from evidence demonstrating that approval is warranted. A record can permit an informed adverse decision. Treating every unresolved concern about approval as missing information could blur that distinction. Conversely, an index showing that each requested document exists would not establish completeness if material information within those documents were missing.

I recommend a written status record identifying the submission date, the applicable decision deadline and any information still required. Under the proposal, the submission date would be the appropriate Reserve Bank's receipt of the final necessary materials, rather than the date of the completeness notification. The notification should expressly confirm that date. If the Board later identifies a material change, its notice should explain the changed fact, the statutory factor that can no longer be evaluated and the supplementary information needed. It should then confirm the revised submission date when the necessary information is received. [2]

Requests that clarify an unchanged proposal should be distinguished from material changes that justify treating it as new. For example, explaining an existing allocation of responsibilities is different from replacing the entity responsible for a critical activity. The distinction requires judgment; a short written explanation would make that judgment reviewable without creating an exhaustive list of possible changes. An ordinary clarification request should not, by itself, imply a restarted decision period.

An application letter with an information index

I favor retaining an application letter supported by a standard information index, rather than replacing the letter with a comprehensive fixed form. Proposed section 247.30(b)(1) already calls for a table of contents. [2] The suggested index would go further by connecting documents to the statutory factors and unresolved issues, rather than merely listing their location. A letter accommodates different operating and ownership arrangements; an index helps the reviewer locate supporting evidence and the applicant identify omissions.

The Board could publish an optional index organized around the required information and statutory factors. Each entry would identify the relevant document, section, version and responsible entity, or explain why the item is not applicable. Applicants could use an equivalent format. The index would serve as a navigation aid, not a substantive approval test or an assurance that a complete set of attachments necessarily establishes substantial completeness.

That approach has a cost: an index can become another document to maintain. The Board should therefore avoid requiring applicants to reproduce the underlying narrative in its cells. A reference should ordinarily be enough. Standard headings and document identifiers would provide much of the benefit of a structured form while leaving room to explain unusual arrangements. Any subsequent changes to the index should be clearly dated so that applicants can determine which version they used.

For the policies, agreements and procedures under review, I recommend permitting a concise account of how the documents fit together. The useful question is whether a reviewer can trace a proposed activity to the entity authorized to perform it, the applicable agreement and the record that would evidence completion. This would support evaluation of the existing statutory factors without adding a new prudential obligation.

A hypothetical application might describe a customer request handled by a distributor, an issuer authorizing the corresponding action and a service provider updating the records. The supporting account should identify who can instruct each step, which document gives that authority and who resolves an exception. If two documents assign the same responsibility differently, the application should explain how the inconsistency will be resolved. The example illustrates a review method; it is not evidence about any particular issuer.

The proposal permits draft or proposed documents as part of an application. [2] Applicants would benefit from guidance distinguishing unresolved commercial drafting from missing information material to the statutory assessment. A document index could mark a draft, describe outstanding terms and state when finalization is expected. Where approval would depend on a final agreement or another verifiable step, the Board should distinguish that potential approval condition from an informational deficiency preventing a decision. That distinction would preserve scrutiny without treating every unfinished document identically.

Reuse of information and supplementary requests

For a wholly owned subsidiary, I support the proposal's effort to use information already available to the Board. [2] An applicant should be able to identify the relevant earlier filing or supervisory record, its date and what has changed. The reviewer could then request only the

update or additional evidence needed for the particular proposal. A general statement that the Board already knows the bank would be too imprecise to support this approach.

Reused information should remain appropriate to the proposed issuer's actual activities and responsibilities. A parent bank's policy may be relevant, but the application should explain its application to the subsidiary and any differences. Access restrictions on supervisory information must also be respected: a public application need not reproduce a confidential record to identify it through an appropriate confidential channel. These are recommendations for managing the application record, not a request to reduce statutory scrutiny.

Where practicable, the Board and appropriate Reserve Bank should consolidate supplementary requests, identify the responsible reviewer and connect each request to the unresolved issue. Applicants should be able to answer through a short response table referencing revised materials. The record should separate a question awaiting an answer, an answer received and an issue resolved. This would reduce the risk that a question already answered in one document remains open elsewhere.

The Board should preserve flexibility to seek necessary evidence while making the status of each application intelligible. A concise information index, explicit dates, targeted supplementary requests and documented treatment of material changes would support that objective. The practical measure of a clear process is whether both parties can identify the same outstanding issue, the evidence needed to resolve it and the legal timetable within which a decision must be made.

Respectfully submitted,

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23 October 2026

Sources

[1] GENIUS Act, Public Law 119-27, section 5, Approval of subsidiaries of insured depository institutions and Federal qualified payment stablecoin issuers

[2] Federal Reserve Board, Application Procedures for Board-Supervised Insured Depository Institutions Seeking Approval for a Subsidiary To Issue Payment Stablecoins, 91 FR 61346, 29 September 2026

[3] Federal Reserve Board, Docket R-1900 — Current proposal details