

November 4, 2025

Rachael E. Beitz
General Counsel
Office of the General Counsel
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: GENIUS Act Implementation; RIN 1505-ZA10; Docket Number TREAS-DO-2025-0037

Dear Ms. Beitz,

Transparency International U.S. (“TI US”) appreciates the opportunity to comment on the Advance Notice of Proposed Rulemaking (“ANPRM”) regarding implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (“GENIUS”) Act.¹ We strongly urge the U.S. Department of the Treasury (“Treasury”) to fully implement key provisions of the Act to close remaining illicit finance gaps and strengthen U.S. leadership on global anti-money laundering and counter-terrorism financing (“AML/CFT”) standards. Building on our prior recommendations to Senate leadership during negotiations on the GENIUS Act,² TI US offers the following comments to support a strong and effective implementation process that upholds U.S. commitments to transparency, accountability, and financial integrity.

TI US is part of the world’s largest global coalition dedicated to fighting corruption. With more than 100 national chapters worldwide, Transparency International (“TI”) works with citizens, governments, and the private sector to promote transparency and accountability, strengthen the rule of law, and curb the abuse of power in all its forms.

Overview

The stated purpose of the GENIUS Act is to work toward creating clear rules for stablecoins that encourage responsible innovation while protecting U.S. markets from illicit finance. But to achieve that balance, Treasury’s implementation must address several remaining vulnerabilities, especially those involving foreign issuers reaching U.S. users through unregulated platforms, the

¹ U.S. Department of the Treasury, “GENIUS Act Implementation,” 90 Fed. Reg. 45159, Sept. 19, 2025, <https://www.federalregister.gov/documents/2025/09/19/2025-18226/genius-act-implementation>.

² TI US, Free Russia Foundation, Financial Accountability and Corporate Transparency (FACT) Coalition, and Nate Sibley, Kleptocracy Initiative, Hudson Institute, “Urgent Amendments Needed to Address Illicit Finance Risks in the GENIUS Act,” May 7, 2025, <https://us.transparency.org/resource/letter-from-counter-kleptocracy-groups-urging-amendments-to-the-genius-act/>.

lack of clear AML/CFT safeguards for secondary market participants, and the need for effective, enforceable systems to detect and stop unlawful transactions. Our comments focus on four areas where Treasury's regulations can best protect the integrity of the U.S. financial system and establish global U.S. leadership on AML/CFT standards for the industry.

I. Definition of DASPs, Safe Harbors, and Extraterritorial Scope

(ANPRM Questions 1-5, 8-9)

"The term 'digital asset service provider' means a person that, for compensation or profit, engages in the business ... of exchanging, transferring, or acting as custodian for digital assets." (Sec. 2(7)).

Treasury should interpret the definition of digital asset service provider ("DASP") using a risk-based lens that encompasses centralized and decentralized intermediaries that, for compensation or profit, exchange, transfer, match, custody, or otherwise facilitate stablecoin transactions, including those developing or operating decentralized platforms with control or influence over their use. Limiting the definition would recreate the notorious "Tether loophole," allowing foreign, non-permitted stablecoins to circulate through decentralized exchanges.

"Treasury may issue regulations providing for safe harbors ... consistent with the purposes of the GENIUS Act, limited in scope, and applying to a de minimis volume of transactions." (Sec. 3(c)(1))

Treasury should exercise its authority under Section 3(c)(1) with restraint, adopting only narrow and temporary safe harbors that remain fully subject to AML/CFT and sanctions obligations. Creating broad or premature exemptions would risk reopening loopholes that have previously allowed unregulated offshore issuers to access the U.S. financial system. Treasury should first put core safeguards in place and consider any transition relief only where it is clearly necessary and low risk.

"These provisions are intended to have extraterritorial effect if conduct involves the offer or sale of a payment stablecoin to a person located in the United States." (Sec. 3(e))

TI US supports the Act's express intent that its prohibitions apply extraterritorially to conduct involving U.S. persons or U.S. markets. Treasury should clarify that this includes any activity directed at or affecting U.S. users, regardless of where a platform or entity is based.

II. AML/CFT Programs and Technical Standards

(Questions 23-25)

"PPSIs are subject to all Federal laws applicable to financial institutions ... relating to economic sanctions, prevention of money laundering, customer identification and due diligence." (Sec. 4(a)(5))

Treasury should require effective AML/CFT programs for all permitted stablecoin issuers and for any DASPs that move, hold, or facilitate stablecoin transactions. While the GENIUS Act

directly applies these obligations to issuers, Treasury should interpret its rulemaking authority such that it covers all intermediaries (centralized or decentralized) that help move funds or exercise control or influence over stablecoin systems. That approach would be consistent with Congress's intent to prevent, and Treasury's strong interest in preventing, America's adversaries from moving illicit finance throughout the digital asset market.

These programs must include:

- Collecting and verifying beneficial ownership information;
- Applying "Know Your Customer" due diligence requirements regarding all beneficial owners;
- Monitoring transactions for risks such as corruption, sanctions evasion, or other criminal activity;
- Filing suspicious activity reports and maintaining appropriate records; and
- Screening transactions against sanctions lists and sharing information as required under the Bank Secrecy Act.

These obligations should apply consistently across all intermediaries, whether centralized or decentralized. Treasury should also make clear that AML/CFT requirements extend to secondary market participants (such as exchanges and custodians) whose operations directly affect the integrity of U.S. markets.

"A PPSI may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order." (Sec. 4(a)(6)(B))

Consistent with our earlier recommendations that regulators ensure enforceability and accountability across the stablecoin market, Treasury should also set clear, verifiable standards for how issuers and service providers comply with lawful orders. Those standards should ensure that companies can quickly update and apply sanctions lists, freeze or reject tokens when required, maintain audit logs and basic incident-response procedures, and regularly test and certify their systems.

Treasury should clarify that "lawful orders" include judicial orders, Office of Foreign Assets Control ("OFAC") designations, subpoenas, and information sharing requests under the USA PATRIOT Act. Issuers should also maintain the internal controls and system reliability needed to comply with such orders promptly and without interruption.

III. Foreign Issuers and Comparability (Questions 26-36)

"Treasury may designate a foreign issuer as non-compliant ... and specify the criteria for determining when an issuer is no longer non-compliant." (Sec. 8(b)(3))

Building on our earlier recommendation that only countries with strong AML/CFT and beneficial ownership transparency rules be treated as "comparable," Treasury should also establish clear standards for when a foreign issuer that violates U.S. law may reenter the market. A foreign issuer should not regain access to U.S. markets until it has met all legal obligations,

complied with any applicable administrative orders, ceased all U.S.-facing activities, and established credible compliance systems.

“Treasury may determine whether a foreign regulatory and supervisory regime is comparable to the requirements established under the GENIUS Act.” (Sec. 18(b))

Treasury should recognize a foreign regime as “comparable” only if it meets U.S. AML/CFT and sanctions standards and can effectively enforce them, including the ability to freeze or block illicit transactions. Jurisdictions with weak enforcement or inadequate beneficial ownership transparency rules should not qualify.

IV. State and Decentralized Regimes

(Questions 18-19, 23-24)

“Treasury shall establish broad-based principles for determining whether a state-level regime is substantially similar to the federal regulatory framework.” (Sec. 4(c)(2))

A state regime should be considered “substantially similar” only if it provides safeguards and oversight comparable to federal standards for AML/CFT and sanctions compliance. The “substantially similar” designation should not be used to weaken federal standards or create new regulatory loopholes.

“Treasury requests comment on the application of AML and sanctions requirements to decentralized platforms and intermediaries.” (ANPRM Sec. IV)

Treasury should make clear that AML/CFT and sanctions obligations apply to all parties that develop, operate, or exercise control or influence over decentralized platforms used to issue or trade stablecoins. No participant should be exempt simply because a platform markets itself as “decentralized.” Treasury should also preserve authority to take action against mixing and anonymizing services that enable sanctions evasion or other illicit activity.

Conclusion

TI US urges Treasury to pursue robust implementation of the GENIUS Act consistent with the above recommendations in order to close known illicit finance gaps, strengthen oversight of foreign and decentralized actors, and fortify U.S. leadership in global AML/CFT standards. A well-implemented framework can both support responsible innovation and prevent the kinds of corruption and financial crime that erode trust in financial systems and global markets.

Thank you for the opportunity to comment on this rulemaking. For additional information or questions, please contact Scott Greytak, Deputy Executive Director of Transparency International U.S., at sgreytak@us.transparency.org.

Respectfully submitted,

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