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U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
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Re: GENIUS Act Implementation ANPRM – Comment Letter of The International Franchise Association, National Association of Convenience Stores and National Retail Federation (RIN 1505-ZA10)

Dear Counselors:

The International Franchise Association ("**IFA**"), National Association of Convenience Stores ("**NACS**") and National Retail Federation ("**NRF**") respectfully submit this comment letter to the U.S. Department of the Treasury ("**Treasury**") in response to the Advance Notice of Proposed Rulemaking ("**ANPRM**") that Treasury issued to solicit comments on questions relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (the "**GENIUS Act**").[1] Specifically, the ANPRM seeks comments on potential regulations that Treasury may promulgate to implement the GENIUS Act, including with respect to prohibitions on certain issuances, offerings and marketing of payment stablecoins.

IFA, NACS and NRF support Congress' and Treasury's leadership and efforts in bringing regulatory clarity for payment stablecoins and sees the implementation of the GENIUS Act as a major step forward in ensuring oversight and stability over the digital asset ecosystem. However, in respect of Section 4(a)(11) of the GENIUS Act – which prohibits permitted payment stablecoin issuers and foreign payment stablecoin issuers from paying any form of interest or yield to holders – IFA, NACS and NRF are concerned that an overly broad interpretation could inadvertently prohibit or restrict the offering of routine rewards, loyalty programs, and other payment stablecoin incentives. Prohibiting or restricting such incentives would significantly hinder payment stablecoin adoption, limit competition, and exacerbate the burden of rising card processing fees on franchisees, merchants of all types, and ultimately consumers.

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[1] Treasury, *GENIUS Act Implementation*, Advance Notice of Proposed Rulemaking, 90 Fed. Reg. 45159 (Sept. 19, 2025).

About the Associations

NACS is an international trade association representing the convenience store industry with more than 1,300 retail and 1,600 supplier companies as members, the majority of whom are based in the United States.[2]

The convenience store industry has become a fixture in American society and a critical component of the nation's economy. In 2024, the convenience store industry employed approximately 2.74 million employees and generated $837.4 billion in total sales, representing approximately 3.2% of U.S. Gross Domestic Product.

The industry, however, is truly an industry of small business. More than 60% of convenience stores are single-store operators. Less than 0.2% of convenience stores that sell gas are owned by a major oil company and about 4% are owned by a refining company. More than 95% of the industry, then, are independent businesses.

Members of the industry process more than 160 million transactions every single day. That is the equivalent of serving about half of the U.S. population. In fact, 93% of Americans live within 10 minutes of one of the 152,000 convenience stores across the nation. These businesses are particularly important in urban and rural areas of the country that might not have as many large businesses. In these locations, the convenience store not only serves as the place to get fuel but is often the grocery store and center of a community.

NRF, the world's largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail succeed. NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing $5.3 trillion to annual GDP and supporting one in four U.S. jobs — 55 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

The vast majority of businesses within the retail industry are small businesses, accounting for 98% of retail businesses. As Main Street businesses, retailers are staples within their communities and serve as a barometer for economic health and consumer strength. Retailers are key players in the U.S. payments system, providing consumers with physical and digital channels to purchase goods and services. Advancements in payments technology have experienced significant growth in recent years, and retailers have adapted to offer their customers quality services and products at affordable prices.

IFA is the largest organization representing franchising. Its members include franchise companies in over 300 different industries, individual franchisees, and companies that support those franchise companies in marketing, law, technology, human resources, business development,

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[2] Background data on NACS comes from the NACS, State of the Industry Annual Report of 2024 Data (available at [NACS State of the Industry Enterprise | NACS]).

and operations. At a time of economic instability in the U.S., the more than 800,000 franchised establishments operating in the U.S. serve as powerful engine of economic growth, contributing an estimated $896.9 billion in economic output and providing an estimated 8.8 million direct jobs in 2024.[3]

But the numbers tell only part of the story. Franchising touches nearly every aspect of daily life for most Americans, as hundreds of different business models use franchising as a means for distributing goods and services, including: automotive services; business services; children's products and services; cleaning and maintenance services; education, training and staffing; financial services; food and restaurants; health, personal care and fitness; home-based and mobile services home products and services; internet and technology services; retail; senior care and healthcare; sports and recreation; travel and cruise services; hotel and lodging; and many others. Unlike large corporations, the businesses that distribute these goods and services are locally owned and operated small businesses, serving as pillars of their communities that invest in the local and state infrastructure.

Contrary to common mischaracterization of franchising, it is not big business. Franchising is small business. More than 80% of franchise owners operate just one location. As is often the case, small businesses are disproportionately affected by regulations, compared to larger firms that have the legal and executive firepower to navigate difficult administrative and operational changes.

IFA's and NACS' members rely on affordable, transparent, and competitive payment solutions. The markets for consumer to business payments in the United States today, which are dominated by legacy banks and credit card companies, are simply broken. The market is not competitive and has not kept pace with innovations that have taken hold in much of the world. Stablecoin-based payment systems present a promising opportunity to increase competition in retail payments and provide relief for small business owners. However, that opportunity will be undermined if Treasury interprets Section 4(a)(11) of the GENIUS Act to prohibit or restrict rewards or incentives tied to payment stablecoin transactions.

Questions and Comment

Section 4(a)(11) of the GENIUS Act prohibits permitted payment stablecoin issuers and foreign payment stablecoin issuers from paying the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

Question 14: Should any regulations be issued to clarify the meaning of "pay," "interest," "yield," "solely," or otherwise clarify the scope of Section 4(a)(11)? In particular, should any regulations be issued to clarify whether, and to what extent, any indirect payments are prohibited?

[3] Ashley Rogers, Jin Qi & Khadija Cochinwala, 2025 FRANCHISING ECONOMIC OUTLOOK 1-2, (INT'L FRANCHISE ASS'N 2025), https://www.franchise.org/franchising-economic-outlook/.

Yes, implementing regulations should explicitly provide that Section 4(a)(11) of the GENIUS Act does ***not*** encompass rewards, loyalty programs or incentives and that any business in the payment stablecoin value chain other than issuers can offer consumers the full range of rewards, loyalty programs or incentives that they choose in order to compete for those customers.

Section 4(a)(11) of the GENIUS Act was designed to prevent permitted payment stablecoin issuers and foreign payment stablecoin issuers from offering deposit-like interest or yield tied solely to the holding, use, or retention of a payment stablecoin. However, Section 4(a)(11) should not be interpreted to prohibit common commercial practices that incentivize adoption of payment stablecoins, including through the offering of rewards, incentives or loyalty programs. Rewards programs (whether in cash, tokens, or other consideration) are conditional, typically tied to specific transactions or behaviors, and are not guaranteed income derived solely from holding an asset. Unlike banks, non-bank payment providers rely heavily on such mechanisms to attract consumers and encourage network participation.

The terms of section 4(a)(11) are clear in applying exclusively to permitted payment stablecoin issuers and foreign payment stablecoin issuers. There is simply no basis to apply the restriction in the GENIUS Act to any other business involved with payment stablecoins. Doing so would undermine the clear delineation of the difference between stablecoin issuers and other entities in the GENIUS Act. In order to remain true to the specific language of the GENIUS Act, the limitation on the payment of interest or yield must remain narrowly focused on issuers.

There are approximately 831,000 franchised establishments operating in the United States today, more than half of which are operated by small business owners.[4] Similarly, there are approximately 100,000 convenience stores operated by small business owners in the United States. In recent years, these businesses have faced mounting financial pressure from steadily rising credit card processing fees, escalating labor costs, supply chain disruptions, and general economic volatility. Together, these challenges have eroded profitability and limited the ability of small business owners to maintain affordable prices for consumers. As payment card network fees (i.e. "swipe fees") continue to rise, these small business owners are left with few practical alternatives for accepting digital payments without eroding their already narrow profit margins. Many small business owners cite swipe fees as their second highest operating cost behind labor.[5]

In light of the above, Treasury should interpret the terms "pay," "interest," and "yield" narrowly to capture only return-on-funds arrangements paid directly by issuers of payment

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[4] U.S. House Comm. on Small Bus., Chairman Williams: A Small Part in a Big Company: Examining the Power of Franchising in the American Economy (May 15, 2025) (noting that there are an estimated 831,000 franchise businesses in the United States that generate close to 900 billion dollars in economic output), https://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=407225.

[5] Stephanie Martz, "Retailers Say Small Businesses Are Hardest Hit by Rising Credit Card Swipe Fees," National Retail Federation (May 4, 2022) (https://nrf.com/media-center/press-releases/retailers-say-small-businesses-are-hardest-hit-rising-credit-card-swipe).

stablecoins. There should be no limitation on legitimate commercial incentives tied to the use of a payment rail by entities such as stablecoin exchanges, digital wallets, merchants, or others in the stablecoin market.

The regulations also should not overly restrict business relationships between businesses in the stablecoin market. For example, regardless of the commercial arrangement or deals between stablecoin issuers and exchanges, wallets, or merchants, no entity other than the issuer should be restricted from offering consumers a full range of financial incentives or rewards. Any such limitation would only serve to provide credit card companies with a monopoly on consumer rewards or loyalty.

Clarifying this distinction is critical to fulfilling the GENIUS Act's purpose of enabling alternative forms of payment, including payment stablecoins, which are not subject to traditional credit card processing fees. Any regulations that disadvantage payment stablecoin users as compared to credit card users would undermine the GENIUS Act's objectives and impede consumer adoption of payment stablecoins as viable, lower-cost payment methods.

This clarification is also essential to preserving competition in payments as rewards and incentives will be key to advancing the adoption of payment stablecoin. Restricting such incentives would stifle competition and reinforce the existing dominance of traditional card networks. For franchised businesses and convenience store retailers, particularly those operated by small business owners, the loss of a competitive payment alternative would exacerbate cost pressures on small businesses and limit consumer choice and undermine the goal of payment stablecoin adoption that the GENIUS Act supports.

Accordingly, Treasury should clarify that rewards, loyalty programs and incentives are ***not*** within the scope of Section 4(a)(11)'s prohibition. This approach would be consistent with Congress' intent in enacting the GENIUS Act and support the continuing advancement of innovation and competition while providing long overdue cost relief opportunities to small business owners.

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IFA, NACS and NRF appreciate the opportunity to comment on the ANPRM and hope that Treasury finds these comments helpful. We welcome the opportunity to further discuss these points at Treasury's convenience. Thank you for the opportunity to submit our views, and for considering our perspective.

Respectfully submitted,

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