Tips For Issuers Left In Lurch Without Genius Act Final Rules

By **David Zaslowsky** (July 31, 2026)

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When commentators were discussing the Guiding and Establishing National Innovation for U.S. Stablecoins, or Genius, Act, over the last few months, much of the attention was focused on the failure of all the relevant federal agencies (e.g., the Federal Deposit Insurance Corp., U.S. Department of the Treasury, Office of the Comptroller of the Currency, Financial Crimes Enforcement Network and Federal Reserve) to complete final implementing regulations by the July 18 deadline in the statute.

That development is significant, but the more consequential issue may be whether the industry will have enough time to prepare once those regulations are issued. The statute takes effect on the earlier of Jan. 18, 2027, or 120 days after the date on which the primary federal payment stablecoin regulators issue any final regulations implementing the act, which means we will soon be approaching the point where every day of delay narrows the practical compliance runway.

One must also ask whether Congress will want the Genius Act to become effective on the outside date of Jan. 18, 2027, if the attendant regulations are not in place, or whether the statute might be amended to change the effective date.

Section 13(a) of the Genius Act states that "not later than 1 year after the date of enactment of this Act, each primary Federal payment stablecoin regulator, the Secretary of the Treasury, and each State payment stablecoin regulator shall promulgate regulations to carry out this Act through appropriate notice and comment rulemaking." That deadline was July 18.

Steps have been taken toward the goal in Section 13, such as through various notices of proposed rulemaking[1]. However, the deadline passed without a complete set of final rules.

Numerous proposals addressing reserves, liquidity, capital, custody, licensing, anti-money laundering controls, sanctions compliance and risk management requirements have not yet been finalized.

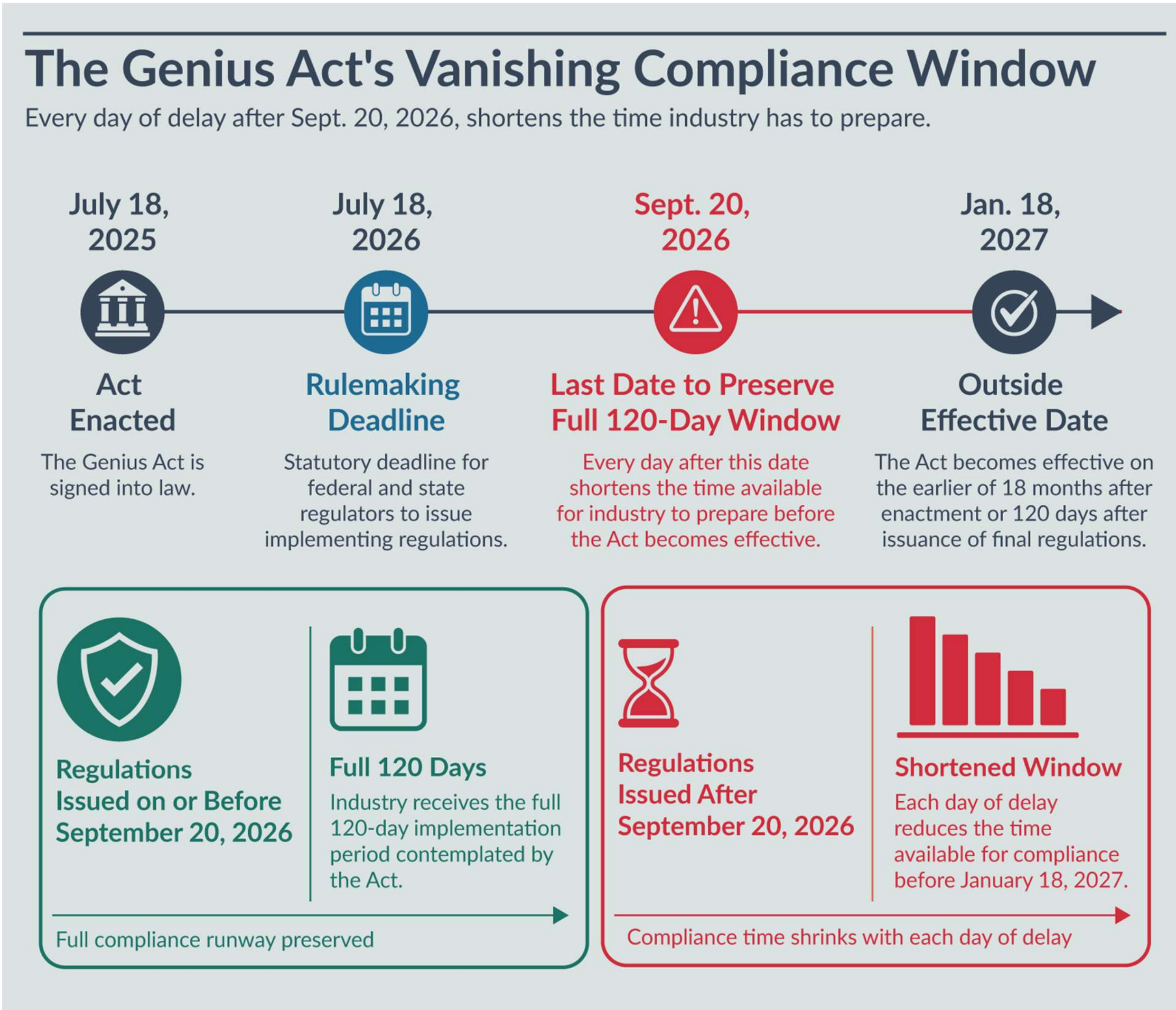
Standing alone, a missed rulemaking deadline would not be particularly unusual. Federal agencies frequently miss statutory deadlines, especially when multiple regulators must coordinate complex rulemakings, as is the case here.

There is, however, a more significant issue with respect to the Genius Act because of the interaction between the act's rulemaking provisions and its effective date provisions.

Under Section 20 of the act, the statute becomes effective on the earlier of (1) 18 months after enactment or (2) the date on which the primary federal payment stablecoin regulators issue any final regulations implementing the act.

Because enactment occurred on July 18, 2025, the outside effective date is Jan. 18, 2027. As a result, there is a critical date 120 days before Jan. 18, 2027 — approximately Sept. 20, 2026.

After that point, every day of delay shortens the period between publication of the final regulations and the act's outside effective date, thereby reducing the amount of time industry participants will have to prepare for compliance.



(Source: Baker McKenzie)

The fact that Congress created a 120-day alternative effective date arguably reflects recognition that regulated entities ordinarily require meaningful time to implement complex regulations. Indeed, the statutory structure suggests Congress contemplated that regulations normally would precede effectiveness by approximately four months.

If final regulations are issued on Sept. 1, the effective date would occur approximately 120 days later, allowing industry participants the full implementation period between issuance of final regulations and effectiveness that was contemplated by the act's timing provisions.

If, however, final regulations are not issued until, for example, Oct. 15, regulated entities would have only about 95 days before the act becomes effective on Jan. 18. Rules issued on Nov. 15 would leave approximately 64 days. Rules issued in mid-December could leave firms with barely a month to implement potentially extensive compliance obligations.

The practical implications are significant because the unfinished rules do not concern minor administrative requirements. Regulators are still working through issues involving reserve management, capital standards, custody requirements, redemption procedures, risk management and anti-money laundering controls.

These are foundational aspects of a stablecoin business and often require significant legal, operational, technological and governance changes.

For many firms, compliance will not simply involve revising a policy manual. Companies may need to update governance structures, negotiate new banking and custody arrangements, revise customer agreements, implement new monitoring systems, establish reporting procedures, engage auditors and obtain board approvals.

Even organizations with sophisticated compliance programs typically measure such implementation projects in months rather than weeks.

The shrinking timeline is particularly important for smaller issuers and prospective entrants.

Large market participants generally possess established legal, compliance, treasury and risk management functions. Emerging firms often do not. A compressed implementation schedule could disproportionately affect new entrants that the legislation was intended to encourage.

A compressed compliance window could affect regulators as well. If rules are issued too late:

- Firms will likely ask for guidance;
- Agencies may receive waves of exemption requests;
- Examiners may need to exercise enforcement discretion; and
- Regulators may effectively create informal transition periods.

What should lawyers be telling clients now? The most important advice may be not to wait for final regulations.

Conduct an immediate baseline assessment.

Companies should conduct a Genius Act readiness assessment based on the statute itself. Although many implementation details remain uncertain, the legislation already establishes the broad framework governing reserves, disclosures, redemptions, supervision and compliance obligations.

Identifying likely gaps now may save valuable time later.

Monitor the trajectory of the proposal rather than waiting for final rules.

While draft rules may change, they often provide the clearest indication of regulatory priorities and likely supervisory expectations. Organizations that begin planning based on existing proposals may be better positioned to respond when final rules arrive.

Identify no-regrets compliance measures.

Companies should identify so-called no-regrets compliance measures that are unlikely to be affected by future revisions. Governance reviews, sanctions and anti-money laundering assessments, documentation projects, vendor diligence, and internal risk management evaluations can often begin before every regulatory detail is finalized.

Secure budget and external resources early.

If final regulations are delayed until later this year, demand for specialized compliance consultants, auditors and technology vendors may surge simultaneously across the industry. Early planning could prove to be a competitive advantage.

The conventional narrative is that regulators missed a deadline. The more consequential takeaway may be that the compliance runway envisioned by the Genius Act is steadily shrinking. If final regulations are not issued by approximately Sept. 20, industry participants will begin losing part of the 120-day implementation period effectively built into the statute's structure.

For stablecoin issuers and other market participants, the question is no longer whether regulations are coming. The question is whether they will arrive with enough time for firms to prepare.

And, of course, the question must be asked whether Congress might prefer to amend the current Jan. 18, 2027, outside effective date of the Genius Act if the attendant regulations are not in place.

As Jan. 18, approaches, these may become the most important questions in U.S. digital asset regulation.

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Graphic by Jason Mallory.

[1] https://blockchain.bakermckenzie.com/2026/07/01/fdic-proposal-takes-bank-like-aml-approach-to-stablecoins/.