



November 4, 2025

US Department of the Treasury  
Attention: Office of General Counsel  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Re: Advance Notice of Proposed Rulemaking (ANPRM) – GENIUS Act Implementation  
Comments - Tax Issues for Regulated Investment Companies

Dear Sir or Madam:

The Investment Company Institute<sup>1</sup> appreciates the opportunity to submit comments regarding the Advance Notice of Proposed Rulemaking (ANPRM) under the GENIUS Act, as it pertains to tax issues affecting Regulated Investment Companies (RICs). The characterization of a financial instrument or other asset for federal income tax purposes in many cases determines or affects how it is taxed. It is critical that RICs be permitted to transact in stablecoins and understand how they will be treated for tax purposes.

## **Background: RIC Tax Qualification Requirements**

RICs are governed by subchapter M of the Internal Revenue Code, which imposes strict limitations on the types of investments they may hold. To maintain RIC status, these companies must derive at least 90% of their gross income from specific sources, such as dividends and interest, and must also satisfy an asset diversification test.<sup>2</sup> For the asset test, cash and cash items (including receivables), government securities, and securities of other

---

<sup>1</sup> The Investment Company Institute (ICI) is the leading association representing the asset management industry in service of individual investors. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors in other jurisdictions. Its members manage \$41.5 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 120 million investors. Members manage an additional \$9.7 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI has offices in Washington DC, Brussels, and London.

<sup>2</sup> See §851(b).

RICs are not subject to concentration limits, while other securities are subject to 50%, 25%, and 5/10% tests.<sup>3</sup>

## **Stablecoin Tax Treatment: Request for RIC Guidance**

Given the increasing use of stablecoins as a digital payment method and store of value, we respectfully request that Treasury provide guidance on their classification for both the income and asset tests applicable to RICs. Specifically, clarification is needed on whether stablecoins may be treated as a cash-equivalent, similar to cash or cash items for purposes of the asset test for tax purposes. The recent White House report on US leadership in digital financial technology summarizes this issue and provides a recommendation with sound policy reasons for treating stablecoins in a way that does not impede the widespread use of payment stablecoins as financial assets that function as cash-equivalents for tax purposes.<sup>4</sup>

We agree with this approach and recommend guidance classifying stablecoins as cash-equivalents for purposes of the RIC income and assets tests. Additional considerations and complexities could arise should stablecoins instead be treated as debt for purposes of the RIC qualification tests and other tax purposes. The requested guidance will help ensure uniform tax compliance and prevent unintended consequences for funds seeking to transact in stablecoins.

## **Wash Sale Rule: Recommendation for Stablecoin Exemption**

We further request clarification that stablecoins are exempt from the wash sale rules. There are strong policy reasons for this exemption, as stablecoins are designed to function similarly to cash and serve as a digital payment mechanism,<sup>5</sup> and strong technical reasons, as stablecoins aren't securities.

## **Request for Tax Reporting Simplification**

To reduce unnecessary administrative burden, we recommend relief from filing Forms 1099-B or 1099-DA given that the value of providing such reporting is minimal due to the immaterial

---

<sup>3</sup> §851(b)(3).

<sup>4</sup> *STRENGTHENING AMERICAN LEADERSHIP IN DIGITAL FINANCIAL TECHNOLOGY*, at pages 130-131, available at <https://www.whitehouse.gov/crypto/>.

<sup>5</sup> See the White House report *STRENGTHENING AMERICAN LEADERSHIP IN DIGITAL FINANCIAL TECHNOLOGY*, at page 132, available at <https://www.whitehouse.gov/crypto/>.

gains and losses expected. This relief would streamline compliance and reflect the practical nature of these assets, which are not typically held for investment or speculative purposes. If some tax reporting is deemed necessary, a de minimis rule for small gains and losses would help reduce compliance burdens.

### **Broader Digital Asset Tax Issues: Request for Further Dialogue**

In addition to the issues addressed above, we note that there are numerous other tax considerations related to digital assets that may not be directly addressed by the GENIUS Act. ICI supports administrative guidance providing clear rules for the taxation of digital assets and welcomes the inclusion of digital assets on the recent Priority Guidance Plan.<sup>6</sup> Clear tax rules should promote US leadership in digital assets.

We respectfully request the opportunity to discuss these broader matters with Treasury officials to ensure a comprehensive and effective regulatory framework for digital asset taxation. We also note that ICI supports broader legislation on taxation of digital assets, including legislation amending the RIC income and asset tests to expand RIC access to certain digital assets.

We appreciate Treasury's attention to these important issues and look forward to continued engagement as regulations are developed. ICI may submit additional comments on other aspects of the GENIUS Act. Please do not hesitate to contact us to discuss these recommendations or any other matters related to digital asset taxation.

Respectfully submitted,



Katie Sunderland  
Associate General Counsel - Tax  
Investment Company Institute



Mike Horn  
Deputy General Counsel – Tax  
Investment Company Institute

---

<sup>6</sup> <https://www.irs.gov/pub/irs-counsel/2025-2026-initial-pgp.pdf>