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The OCC's "Wise" Decision: How the Denial of a Bank Charter Application Provides a Clearer Road Map for Stablecoin Issuers

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Key Takeaways

- The OCC's denial of Wise National Trust's bank charter application signals heightened expectations for prospective permitted payment stablecoin issuers, given the agency's central role in approving such applicants.
- Applicants must build out robust AML/CFT compliance programs, governance, risk management and internal controls before applying and be able to show these frameworks can support the business from day one.
- Senior management and the board must have banking regulatory expertise directly relevant to the proposed activities; a strong commercial team alone will not satisfy supervisory expectations.
- Applicants should expect extensive supervisory due diligence, including field investigations that reach beyond the written record to interviews with employees, vendors and others.
- Regulators will assess an applicant in the context of its wider corporate group, so historic regulatory issues at affiliated entities can materially affect an application, and an unsuccessful filing may be publicly denied with attendant market fallout.

In a surprising twist, the Office of the Comptroller of the Currency (OCC) denied an application for a national trust bank charter submitted by proposed Wise National Trust, a subsidiary of Wise plc, a global payments company headquartered in the United Kingdom. (Wise),[1] based on myriad concerns related to Wise's anti-money laundering compliance and management.[2] Notably, many of these concerns came to light shortly after Wise submitted its application to the OCC, when Wise US became a party to a multistate consent order addressing deficiencies in its Bank Secrecy Act, Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) program.[3]

Noting that the OCC “evaluates a proposed institution's organizing group and its business plan together, and the OCC's judgment concerning one may affect the evaluation of the other,” in connection with Wise's application, the OCC found that:

> (i) the application did not demonstrate that the bank would be operated in compliance with laws and regulations;
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> (ii) the organizers did not demonstrate that they have sufficient familiarity with national banking laws and regulations;
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> (iii) the proposed management and board did not demonstrate sufficient competence relevant to the services to be provided by the proposed bank, most notably with respect to legal and regulatory requirements relating to the exercise of fiduciary activities by national banks; and
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> (iv) the organizers collectively failed to demonstrate sufficient experience with relevant banking laws and regulations related to fiduciary activities.[4]

With its publication on July 24, 2026, the Decision created a firestorm of business and operational issues for Wise. Of immediate consequence, Wise's share price fell approximately 9 percent on the day of the announcement.[5] Further, Wise has reportedly abandoned its pursuit of a national trust bank charter; public reports available as of the date of this Alert describe Wise's intention to file an application with the OCC under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) to act as a permitted payment stablecoin issuer (PPSI).[6]

Why This Matters

At the outset, given the OCC's outsized role in the approval of PPSIs,[7] the Decision serves as a stark warning to PPSI applicants to fully build out the anti-money laundering compliance programs required for such applications. While the OCC's anti-money laundering proposal has not been finalized, the agency's proposed rule, required under the GENIUS Act to ensure that PPSIs meet Bank Secrecy Act and sanctions and compliance standards, reflects a position that PPSIs must comply with regulations jointly promulgated by FinCEN and OFAC.[8] Applicants should therefore expect to demonstrate not only that appropriate policies have been developed, but also that robust governance, risk management and internal control frameworks have been embedded within the proposed institution and are capable of supporting the business from day one.

Beyond Policies: Governance, Management and Culture

More broadly, the Decision underscores that the OCC's assessment extends well beyond the existence of compliance policies and procedures. It places considerable emphasis on whether an

applicant's governance framework, board composition and senior management collectively demonstrate the experience and judgment necessary to oversee a regulated banking organization.

Importantly, the Decision also lays out the critical importance that all components of an applicant's submission reflect a broad understanding of the qualities and attributes necessary to build a management team that reflects capabilities and experience in issues throughout the applicant's business plan (with an important emphasis on individuals with strong anti-money laundering compliance backgrounds). Notably, the Decision states that the OCC's determination was based on "information available to the OCC, including information obtained during the field investigation and other supervisory and regulatory information." The reference to *field investigation* makes clear that any submission, especially one marred by prior regulatory lapses, will not be determined merely upon what the applicant "puts into the record," but will also be examined by discussions with current and potential employees, potential vendors, and others likely to have direct responsibilities with respect to the applicant's proposed business. The Decision also demonstrates that regulators will closely scrutinize whether key personnel possess experience that is directly relevant to the proposed activities. A strong commercial management team may not, by itself, satisfy supervisory expectations where experience of banking regulation, fiduciary activities or financial crime compliance is lacking.

Equally important, the Decision suggests that the OCC will look beyond written submissions to assess whether an applicant has developed a culture of regulatory compliance throughout the organization. This includes the experience of senior personnel, the allocation of compliance responsibilities and the credibility of the institution's overall governance arrangements.

The Application Process as an Interactive Undertaking

The Decision also represents a unique shift in the treatment of bank applications (including but not limited to those related to charters). Significant applications, like that submitted by Wise in connection with a trust bank charter, are multifaceted, interactive undertakings. Typically, there is at least one pre-filing meeting with a team from the banking agency to discuss important considerations tied to the application, including factors such as capital, management and the applicant's proposed business plan. During this meeting (or throughout the course of multiple meetings between the applicant and regulators), the parties engage in dialogue to ensure that the applicant's submission has the best possible chance of approval upon formal submission. Moreover, in Katten's experience, if an application is submitted for which a favorable decision is not likely to be rendered, the federal banking agency typically suggests a withdrawal of such application to avoid the reputational and market fallout typically attendant with a denial of the submission (which is usually public and reflected on the agency's website).

Prospective applicants should therefore view the application process as substantially more than the submission of a technically complete filing. The Decision suggests that successful applicants will be expected to demonstrate that their governance arrangements, management team, compliance infrastructure and broader control environment are already sufficiently mature to support the proposed business.

The Decision also serves as a reminder that regulators are likely to consider an applicant within the context of its wider corporate group, rather than viewing the proposed entity in isolation. Historic regulatory issues affecting affiliated entities may therefore influence supervisory confidence in the proposed institution (and therefore have a material bearing on an application), even where the application itself relates to a newly established entity.

A Public Warning to Future Applicants

The public cannot discern the course of Wise's application based upon the Decision. For example, was the applicant made aware prior to denial that certain portions of its application failed to reflect an understanding of the OCC's standards? While it is too soon to tell, the publication of the Decision may reflect a new process adopted by the OCC in connection with its decisions that should function as a glaring yellow (if not softly red) light to potential applicants: namely, if the application submission is not fully reflective of all of the components of good banking management, it will be publicly denied and the attendant market impact will be felt.

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1 As set forth in the Decision (defined below), the application was “sponsored by Wise US Holdings, Inc., Austin, Texas (Wise US Holdings). Wise US Holdings is an indirect subsidiary of Wise plc (collectively with Wise US Holdings and Wise plc's other subsidiaries, Wise).”

2 OCC, “Corporate Decision #1381,” available here, (the Decision).

3 See the Decision.

4 See the Decision.

5 *Yahoo!Finance*, “Wise tumbles as US regulator rejects banking licence application,” available here.

6 Reuters, “Wise tumbles after US declines national trust bank application,” available here.

7 Pursuant to the GENIUS Act, the OCC's jurisdiction with respect to PPSIs includes: national bank and federal savings bank subsidiaries that are organized as PPSIs and approved by the OCC; federal qualified nonbank PPSIs chartered or licensed by the OCC; and certain foreign payment stablecoin issuers.

8 Notably, the banking industry is generally in favor of the OCC's proposed regulation. See the American Bankers Association comment letter available here.

CONTACTS

For more information, please contact your Katten attorney or any of the following Financial Markets and Funds attorneys.



Christina J. Grigorian
+1.202.625.3541
christina.grigorian@katten.com



Daniel J. Davis
+1.202.625.3644
daniel.davis@katten.com



Charlotte Hill
+44 (0) 20 7776 7635
charlotte.hill@katten.co.uk

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