DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.dcuc.org

Jason Stverak
Chief Advocacy Officer

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Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Delivered electronically via: https://www.regulations.gov

RE: Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the NCUA [NCUA-2026-1024]

Dear Ms. Conyers-Ausbrooks:

The Defense Credit Union Council (DCUC)[1] appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rule to implement portions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) for entities subject to the NCUA's authority. This proposed rulemaking supplements the NCUA's previous Licensing Proposal and would implement the regulatory regime for NCUA-Licensed Permitted Payment Stablecoin Issuers (PPSIs) and federal insured credit unions (FICUs).[2]

DCUC is the nation's leading advocate for credit unions that serve active-duty military, veterans, and their families worldwide. DCUC's member credit unions operate throughout the United States and overseas, and serve communities where secure, efficient, and resilient payment systems are necessary for financial readiness and security.

DCUC appreciates the NCUA's thoughtful implementation of the GENIUS Act and supports establishing a supervisory framework that promotes safety and soundness and responsible innovation. Credit unions should have the same opportunity as other federally regulated financial institutions to participate in the emerging payment stablecoin market. DCUC generally supports the NCUA's proposal and offers the following feedback to improve clarity, flexibility, and operational efficiency.

DCUC's Principal Recommendations

- Maintain consistency with the federal banking agencies whenever possible.
- Adopt principles-based requirements throughout the regulation.
- Avoid unnecessary operational, timing, and reporting requirements.

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[1] The Defense Credit Union Council represents more than 200 defense-affiliated credit unions and over 40 million members—including active-duty servicemembers, Guard and Reserve personnel, veterans, Department of Defense civilians, and military families.

[2] *See* 91 Fed. Reg. 6531 (Feb. 12, 2026).

- Preserve regulatory flexibility as PPSIs develop.
- Clarify consumer protection expectations and examination standards.
- Review regulatory requirements after implementation and refine them, as necessary.

Proposed Regulatory Definitions

Definitions should remain consistent with those adopted by the federal banking agencies and existing interagency regulations whenever possible. Consistency across the federal payment stablecoin regulators will reduce uncertainty and facilitate compliance. Where definitions can be consistent with the GENIUS Act text, we encourage that consistency in the regulatory text. Specific comments regarding this section are as follows:

- The definition of "Director" should not cover advisory directors or individuals that do not have voting authority. Given the agency's time, money, and effort to conduct the extensive background checks for these individuals, the definition should not be too broad to include more individuals than necessary.

- The NCUA notes that the GENIUS Act frequently relies on banking-specific terminology, referring to "deposits" for example and not explicitly addressing credit union terminology such as "shares." It would be helpful to include in the NCUA's regulations definitions for banking terms such as "deposits," as defined by the Federal Deposit Insurance Act. The NCUA should also provide an explicit interpretation in Part 706, the final rule's preamble, or other guidance that the definition of Monetary Value and/or Payment Stablecoin in the GENIUS Act expressly covers a Digital Asset for which an issuer has an obligation to redeem funds placed in a Share Account at a FICU.

- Proposed § 706.2 would define a Parent Company as an Insured Credit Union(s) that will own, control, or hold the power to vote 10 percent or more of any class of voting securities, or has the ability to direct the management or policies, of a PPSI. If no Insured Credit Union will own, control or hold the power to vote 10 percent or more of any class of voting securities, the Insured Credit Union with the largest percentage of voting securities in relation to all other Insured Credit Unions is considered the Parent Company. DCUC supports the proposed 10 percent ownership threshold for defining a Parent Company, particularly when combined with a control-based standard. This approach appropriately captures formal ownership and the ability to direct management or policies.

- As stated on our comment letter in response to the NCUA's Licensing Proposal, in the instance of many credit unions owning a small percentage of the PPSI, such as in the NCUA's previous example of one hundred FICUs each owning 1 percent, the regulation should expressly permit participating FICUs to designate one FICU as the Parent Company.[3] This would promote clear accountability, streamline the application process, and avoid ambiguity where no single entity holds a significant percentage of ownership.
- DCUC supports 10 percent as an appropriate threshold for identifying Principal Shareholders. We also believe that NCUA-licensed PPSIs should be permitted to have non-FICU investors and that there should not be a cap on non-FICU investment. Limiting such investment would constrain capital formation and reduce credit unions' ability to participate meaningfully in the development of stablecoin infrastructure. At the same time, governance control should be aligned with FICUs where the entity is positioned among credit unions.

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[3] *See* Defense Credit Union Council, *Comment Letter on the NCUA's Proposed Rule on Investments in and Licensing of Permitted Payment Stablecoins Issuers*, NCUA-2025-1335, submitted Apr. 13, 2026.

- The NCUA should only review Officers and Directors of an investing shareholder when the investing shareholder would have a material amount of control of the PPSI. Anything beyond that review would require an unreasonable amount of time and resources from the NCUA.

Overall, the proposed definitions are sufficiently clear. As credit unions begin to comply with these requirements and issues arise, DCUC will communicate any additional clarifications that would help the industry.

Severability

NCUA's proposed § 706.3 would provide that the provisions of proposed Part 706 are separate and severable from one another and if any provision is stayed or determined to be invalid, the remaining provisions will continue in effect. DCUC supports the NCUA's inclusion of this severability clause. This clause provides clarity for market participants on how to comply with the NCUA's GENIUS Act regulations pending any re-proposal and is necessary given the significant changes introduced by the GENIUS Act.

NCUA-Licensed PPSIs

The NCUA specifically requests comment on whether there should be a formal process for clarification regarding NCUA-Licensed PPSI permissible activities. The NCUA should welcome inquiries from the industry regarding permissible activities and periodically publish Letters to Credit Unions illustrating permissible activities. This guidance would be helpful to credit unions as they become increasingly active in this market and additional direction is needed for compliance.

The NCUA is also requesting comment on whether to prohibit an NCUA-Licensed PPSI from issuing more than one brand of Payment Stablecoin (*i.e.,* more than one set of Payment Stablecoins marketed under the same name). This prohibition is currently unnecessary and the NCUA should provide flexibility in the regulatory requirements unless it discovers a policy position that justifies a change. It is also unnecessary to include explicit language prohibiting an NCUA-Licensed PPSI from engaging in unsafe or unsound practices, as this is implicit in the regulatory requirements and already addressed through the NCUA's supervisory authority under the GENIUS Act.

Furthermore, it is unnecessary for PPSIs to be required to provide disclosures stating that Payment Stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States, or that Payment Stablecoins are not subject to deposit or share insurance. Given the one-to-one backing requirements and the fact that consumers are unlikely to confuse payment stablecoins with legal tender, mandatory disclosures of this nature would likely create more confusion than clarity. We also do not believe further clarity is needed regarding the prohibition on the use of deceptive names, marketing, and representations in proposed § 706.201(c)(1) through (3). The NCUA can revisit these provisions should a future need develop for a clarification.

Reserve Assets

In proposing regulations to implement the Reserve Asset diversification requirement, the NCUA includes two alternative options in proposed § 706.202(c), only one of which would be selected in the final rule. "Option A" would include a principles-based general requirement with an optional safe harbor containing quantitative requirements. "Option B" would make the quantitative requirements mandatory for all NCUA-Licensed PPSIs.

DCUC strongly supports the inclusion of Option A, a principle-based general requirement. Option A has several standards as an optional safe harbor whereas Option B would impose the same quantitative standards as mandatory requirements and would not include the baseline principles-based requirement. While we agree that Option B is transparent, we believe the flexible principles-based approach of Option A is more practical for credit unions entering this market. Option A also more effectively addresses differences in business models. Because this framework is new, DCUC does not yet have sufficient implementation experience to recommend changes to the proposed quantitative thresholds. The NCUA should solicit feedback within the next two years and make any necessary adjustments to these thresholds accordingly. DCUC currently does not support imposing additional requirements beyond those included in Option A or additional restrictions on reserve asset concentrations.

Furthermore, the NCUA should not include additional provisions to require PPSIs to conduct stress tests to manage liquidity and interest rate risks; require PPSIs to adopt written plans or policies and procedures on liquidity planning; or require additional reporting requirements. There should also not be requirements that PPSIs monitor the financial condition of Eligible Financial Institutions holding Reserve Assets. These requirements have no policy basis at this time but would nevertheless impose extensive compliance burden. If a need later presents itself, the NCUA can revisit whether to include these additional provisions.

Redemption

Section 706.203 of the proposed rule addresses redemption requirements imposed by the GENIUS Act and, consistent with the statute, proposed § 706.203(a) requires an NCUA-Licensed PPSI to publicly disclose its current redemption policy.

The NCUA proposes defining "timely" for purposes of redemption in proposed § 706.203(b)(1)(i) as not exceeding two business days. We encourage the NCUA to provide a more flexible period of at least three business days. We also support including a longer redemption period in times of economic or other stress, such as five business days or seven calendar days.

In addition, we support defining the term "redemption" for purposes of these requirements to provide additional clarity. Furthermore, there should not be requirements that PPSIs deliver notice to current Customers for fee changes, as the benefit of this requirement would not outweigh the compliance burden. These disclosures should be optional and provided at the industry's discretion.

Risk Management

The GENIUS Act requires the NCUA to issue regulations implementing appropriate operational, compliance, and information technology risk management requirements and standards, including Bank Secrecy Act (BSA) and sanctions compliance standards, and that regulatory requirements and standards be "principles-based." DCUC supports the NCUA's goal to provide consistent standards with the other federal payment stablecoin regulators when possible and supports the NCUA largely paralleling the Office of the Comptroller of the Currency's (OCC) approach with these provisions.

DCUC also supports the NCUA not including additional requirements beyond those contained in the Department of Treasury's Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC) recently issued separate proposed rulemaking, which could cause confusion and inconsistency in the industry.[4]

And, there should not be additional requirements for PPSIs to acquire insurance against certain risks, as this should be at the discretion of the PPSI.

Audits, Reports, and Supervision

The GENIUS Act mandates that the NCUA may only request examinations at a cadence and in a format that is similar to that required for similar entities the agency regulates. As such, NCUA is proposing an examination program that is similar to its examination program for FCUs. DCUC believes the NCUA's examination approach should not be more extensive than what is provided for credit unions, per the statute's direction. We also encourage the NCUA to provide PPSIs with additional clarity regarding what consumer protection regulations apply to them and how compliance with consumer regulations will be evaluated in examinations.

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[4] *See* 91 Fed Reg. 18582 (Apr. 10, 2026).

The NCUA is proposing in § 706.205(h) to require PPSIs to submit certain information on a weekly basis, in the manner and form specified by the NCUA to assist in ongoing supervision of the PPSI. This would include information regarding the issuance and redemption, Trading Volume, and Reserve Assets for each Payment Stablecoin issued. While the NCUA reasons that this regular data reporting will allow it to tailor its examinations to be more targeted and risk-based, monthly reporting would provide the NCUA with sufficient supervisory information while significantly reducing compliance burden. We encourage the NCUA to require this reporting to be monthly to ease compliance burden, especially given that PPSIs would also be required to provide quarterly reporting under § 706.205(i). Because the GENIUS Act directs the NCUA to supervise PPSIs in a manner comparable to similarly situated regulated entities, the agency should ensure that reporting requirements remain proportionate to demonstrable supervisory need. Furthermore, these more frequent reports should not be made public, since the quarterly reports will be public and provide better context.

Proposed § 706.205(m) would address changes in Control of an NCUA-Licensed PPSI and would require a Person seeking to acquire Control of a PPSI to follow the requirements of proposed 12 CFR 706.111 in Subpart A as if the Person were a FICU seeking to become a new Parent Company of an NCUA-Licensed PPSI. Thus, consistent with § 706.111, a Person seeking to acquire Control would need to provide 60 days' prior notice to the NCUA.

We do not believe it is necessary to provide additional provisions detailing the consequences of failing to follow the procedures under § 706.111, both for new potential FICU Parent Companies and Persons acquiring Control of an NCUA-Licensed PPSI. The NCUA can revisit the issue and make regulatory amendments to include these provisions should a need later warrant additional requirements.

Capital and Operational Backstop

The GENIUS Act requires the NCUA to establish capital requirements for PPSIs. The capital requirements must be tailored to the business model and risk profile of PPSIs and not exceed requirements sufficient to ensure the ongoing operations of PPSIs. Consistent with the statute and the capital requirements proposed by the OCC, the NCUA is proposing a minimum capital requirement that will be tailored to the business model and risk profile of an NCUA-Licensed PPSI. The NCUA's proposed approach for capital focuses primarily on the operational risk of Payment Stablecoin issuers. We agree with the NCUA's approach and recognize that the NCUA can revise any requirements as it gains additional experience and data from reviewing PPSIs.

The NCUA is proposing to establish a minimum capital requirement framework based on the lifecycle of the PPSI. Under this framework, the NCUA will establish the minimum capital requirement for a PPSI as part of the licensing process that will apply for a minimum period, generally three years. The NCUA intends to establish a monetary capital amount for each PPSI that must be maintained and a portion of which must be maintained in certain liquid assets. We support this approach by the NCUA.

Supervision and Enforcement Policy for Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Program Requirements

DCUC supports the approach of the proposed rule to establish a notice and consultation framework applicable when the NCUA intends to initiate an AML/CFT enforcement action or a significant AML/CFT supervisory action. As proposed, before initiating such an action, the NCUA would provide the Director of the Financial Crimes Enforcement Network (FinCEN) an opportunity to review the action and would consider any input offered by the Director of FinCEN, which may include views as to the effectiveness of the PPSI's AML/CFT program. DCUC supports the NCUA only providing relevant information specifically relating to the possible supervisory action to FinCEN.

Assessments

In the OCC's GENIUS Act regulatory rulemaking, it determined that collecting assessments in connection with the GENIUS Act activities of OCC-supervised institutions is necessary and appropriate to facilitate its functions under the Act and conforms with its assessment authorities.[5]

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[5] *See* 91 Fed. Reg. 10202 (May 2, 2026).

Like the OCC, the NCUA would also be responsible for expanded oversight functions but only related to FICU Payment Stablecoin activities and activities of NCUA-Licensed PPSIs. The NCUA continues to consider the potential for imposing a licensing fee or examination fee to offset the NCUA's additional costs and seeks comments on how the NCUA should account for the additional expense. DCUC supports limited assessments to pay costs by participants and not from the general FCU operating fee and the National Credit Union Share Insurance Fund (NCUSIF) overhead transfer.

Future NCUA Regulations

Because the GENIUS Act establishes a new regulatory framework, continued engagement between the NCUA and stakeholders will be essential during implementation. DCUC encourages the NCUA to review its final requirements within the first year of implementation and periodically thereafter to ensure the regulations continue to support responsible innovation while maintaining safety and soundness.

DCUC remains available as a resource on this issue and all issues affecting credit unions and the members and communities they serve. Please contact me at Jason.Stverak@dcuc.org with any questions about DCUC's comments.

Sincerely,

Jason Stverak
Chief Advocacy Officer
DCUC