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

July 26, 2026

The Honorable Tim Scott
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Re: Requested Credit Union Amendments to the Digital Asset Market Clarity Act, H.R. 3633

Dear Chairman Scott and Ranking Member Warren:

On behalf of the Defense Credit Union Council (DCUC), I appreciate the Committee's continued work on H.R. 3633, the Digital Asset Market Clarity Act, and the Senate amendment in a substitute identified as EHF26374.

DCUC represents more than 200 defense-affiliated credit unions serving over 40 million members worldwide, including active-duty servicemembers, members of the National Guard and Reserve, veterans, Department of Defense civilian employees, and military families. Defense credit unions operate on and near military installations in the United States and overseas and play an essential role in promoting the financial readiness, stability, and resilience of the defense community.

DCUC supports Congress's effort to establish clear jurisdictional boundaries, meaningful consumer protections, and durable rules for digital-asset markets. A coherent federal framework can promote responsible innovation, reduce regulatory uncertainty, strengthen protections against fraud and illicit finance, and provide consumers with safer alternatives to unregulated and offshore digital-asset providers.

The Senate substitute makes important progress for credit unions through Section 401. That section expressly authorizes federal credit unions to use digital assets and distributed-ledger systems to perform activities, functions, products, and services they are otherwise authorized by law to provide. It recognizes the listed digital-asset activities as part of, or incidental to, the business of a federal credit union and provides parallel authority for state-chartered credit unions, subject to state law and applicable NCUA limitations.

Section 401 identifies custody and safekeeping, staking-related services, digital-asset lending facilitation, member purchases and sales, loans collateralized by digital assets, payments, node operation, wallet software, brokerage, clearing, execution, riskless-principal transactions, and other activities. It also preserves the authority of NCUA and state credit union supervisors to address unsafe or unsound practices. These provisions provide a strong foundation for credit union participation while preserving otherwise applicable securities, commodities, consumer-protection, Bank Secrecy Act, and prudential requirements.

For defense credit unions and their members, these issues are practical rather than theoretical. Service members

Those same communities are also frequently targeted by impersonation schemes, investment scams, account takeovers, romance scams, and fraudulent requests for irreversible digital-asset payments. Defense credit unions can pair responsible innovation with member education, transaction monitoring, fraud intervention, human support, and prudential supervision. Financial readiness is inseparable from mission readiness.

Although Section 401 represents meaningful progress, statutory permission must translate into practical and competitively neutral access. DCUC respectfully requests that the Committee incorporate the following targeted changes into the final legislation.

REQUESTED CHANGE 1: PRESERVE AND FUTURE-PROOF SECTION 401'S CREDIT UNION AUTHORITY

DCUC strongly urges the Committee to retain Section 401's direct authority for federal credit unions and its parallel treatment of state-chartered credit unions.

The final legislation should make clear that this authority is technology-neutral and nonexclusive. A credit union should not be prohibited from providing a lawful service merely because Congress did not identify a specific protocol, network, token, or future delivery mechanism in the statutory list.

The legislation should also confirm that a credit union does not need to obtain an additional bank, broker-dealer, or nonbank charter solely because it uses distributed-ledger technology to deliver an otherwise permissible credit union activity. All otherwise applicable market-conduct, registration, consumer-protection, and safety-and-soundness requirements would remain in force.

REQUESTED CHANGE 2: ADD EXPRESS AUTHORITY FOR CUSOS AND SHARED-SERVICE PLATFORMS

Section 401 expressly extends national-bank authority to insured state banks and their subsidiaries. It does not provide comparable express treatment for Credit Union Service Organizations, or CUSOs, credit union third party service providers, and credit union subsidiaries.

This omission could create a substantial competitive disparity. Large banks can conduct digital-asset activities through subsidiaries, trust companies, broker-dealer affiliates, and holding-company structures. Most small and midsize credit unions cannot independently build digital-asset custody, wallet, settlement, key-management, transaction-monitoring, brokerage, or blockchain-analytics infrastructure.

CUSOs and other shared-service arrangements provide the cooperative system's principal mechanism for achieving the necessary scale, expertise, and risk management. The final legislation should therefore:

1. Expressly include CUSOs, credit union third party service providers, and credit union subsidiaries in relevant definitions and operative provisions.
2. Permit a CUSO to provide or support a digital-asset activity that its investing or contracting credit unions are legally authorized to conduct.
3. Preserve NCUA and applicable state supervisory authority over those arrangements.
4. Permit credit unions to use qualified third-party providers and collaborative platforms without losing the legal authority granted by Section 401.
5. Establish a clear finder or agency pathway for a credit union that connects a member with a properly registered provider without taking title to the asset, exercising unilateral control over the member's wallet, or assuming principal market risk.

REQUESTED CHANGE 3: APPLY NCUA AND STATE CREDIT UNION SUPERVISOR PARITY THROUGHOUT THE ACT

Section 401 appropriately recognizes NCUA's authority to determine that additional activities are permissible and preserves the enforcement authority of NCUA and state credit union supervisors. That treatment should be applied consistently throughout the legislation.

For example, Section 402 directs the SEC and CFTC to consult with the Federal Reserve, FDIC, OCC, and state bank supervisors when developing portfolio-margining rules, but it does not expressly include NCUA or state credit union supervisors. Section 403 directs the Federal Reserve, OCC, and FDIC to develop capital requirements addressing netting agreements but does not provide a parallel role for NCUA or address federally insured credit unions.

The final legislation should establish a consistent cross-reference rule: whenever a provision gives the Federal Reserve, OCC, FDIC, or a state bank supervisor a regulatory, consultation, reporting, supervisory, or implementation role that could affect credit unions, the provision should include NCUA and the applicable state credit union supervisor.

Regulatory parity is not a request for preferential treatment. It is a request for equal treatment. The same function, the same risk, and the same standard should produce equivalent regulatory treatment regardless of charter.

REQUESTED CHANGE 4: PRESERVE AND STRENGTHEN THE PAYMENT-STABLECOIN INTEREST AND YIELD PROHIBITION

The interest and yield provisions require particular attention because of their potential effect on credit union liquidity, lending capacity, and member relationships.

Section 4(a)(11) of the GENIUS Act prohibits permitted payment stablecoin issuers and registered foreign payment stablecoin issuers from paying holders any form of interest or yield solely in connection with holding, using, or retaining a payment stablecoin. Section 404(k) of the CLARITY Act expressly preserves that issuer prohibition.

Section 404 creates a separate prohibition for covered digital-asset service providers and their affiliates. These covered parties may not pay passive interest or yield solely for holding payment stablecoins. They also may not pay compensation that is economically or functionally equivalent to interest or yield on an interest-bearing bank deposit.

Section 404 allows bona fide activity- or transaction-based rewards when those rewards are not economically or functionally equivalent to deposit interest. That distinction is appropriate. A rebate connected to an actual payment, transfer, remittance, conversion, settlement, or other qualifying activity is different from compensation paid merely because funds remain idle on a platform.

However, Section 404(c)(3)(B) states that an otherwise permissible reward may be calculated by reference to a balance, duration, tenure, or a combination of those factors. Without further limitations, that provision could be used to construct a rewards program that operates like passive interest while being labeled an activity-based incentive.

DCUC respectfully urges the Committee to strike Section 404(c)(3)(B) or narrow it substantially. At a minimum, the final legislation should provide that:

1. Balance, duration, or tenure cannot independently establish eligibility for compensation.
2. A permissible reward must have a substantial and objectively verifiable connection to a bona fide transaction, service, or other qualifying activity.
3. Compensation may not accrue merely because a customer maintains an idle stablecoin balance.
4. The value of the reward must be reasonably related to the qualifying activity.
5. Affiliate, loyalty, promotional, subscription, revenue-sharing, and third-party arrangements may not be used to evade the prohibition.
6. Regulators must examine the economic substance of the arrangement rather than its name, form, or marketing label.

Payment stablecoins should remain payment instruments, not synthetic savings products. A platform should not be permitted to reproduce deposit interest through a nominally transaction-based program that primarily rewards the size or duration of an idle balance.

REQUESTED CHANGE 5: EXPRESSLY PROTECT CREDIT UNION SHARES AND DIVIDENDS

Section 404 defines "deposit" exclusively by reference to the Federal Deposit Insurance Act and repeatedly compares prohibited compensation with interest or yield paid on an interest-bearing bank deposit.

That terminology does not expressly recognize the credit union system, where members maintain federally insured shares and ordinarily receive dividends rather than bank-deposit interest.

The final legislation should expressly reference:

1. Federally insured credit union share accounts.
2. Dividends paid on credit union shares.
3. The National Credit Union Share Insurance Fund.
4. The potential effect of stablecoin compensation on credit union share balances, liquidity, net interest margins, and lending capacity.

The substantive prohibition should apply equally where a stablecoin compensation arrangement is economically or functionally equivalent to the dividend paid on a credit union share account. Banks and credit unions should receive equivalent protection against synthetic deposit substitutes.

REQUESTED CHANGE 6: GIVE NCUA A FORMAL ROLE IN THE SECTION 404 RULEMAKING

Section 404 assigns the interest, yield, rewards, marketing, and disclosure rulemakings to the SEC, CFTC, and Department of the Treasury. NCUA is included in the subsequent report to Congress but is not included as a participant in the rulemaking itself.

The rule will directly affect credit union share balances, liquidity, net interest margins, lending capacity, stablecoin partnerships, and the competitive position of federally insured credit unions. NCUA should therefore participate formally in developing the rule rather than being limited to studying its effects after implementation.

DCUC requests that NCUA be added as a joint rulemaking participant or, at minimum, that the statute require formal NCUA consultation and concurrence for provisions affecting insured credit unions, CUSOs, credit union members, or federally insured shares.

REQUESTED CHANGE 7: PROTECT SERVICEMEMBERS AND MILITARY FAMILIES STATIONED OUTSIDE THE UNITED STATES

Section 404 defines a restricted recipient by reference to a "United States person," which, for an individual, is defined as a person resident in the United States.

That language could create uncertainty for servicemembers, and military families temporarily stationed abroad. A member of the Armed Forces should not lose the protection of the stablecoin interest, yield, marketing, and disclosure provisions because military orders require the member to reside temporarily outside the United States.

The final legislation should clarify that the following individuals remain United States persons or restricted recipients for purposes of Section 404 while temporarily assigned abroad:

1. Members of the Armed Forces, including members of the National Guard and Reserve serving on orders.
2. Federal civilian employees assigned outside the United States.
3. Spouses and dependents accompanying those individuals.

The clarification should be based on permanent residence, citizenship, duty status, or official assignment rather than temporary physical location.

REQUESTED CHANGE 8: ESTABLISH WORKABLE CUSTODY, ACCOUNTING, CAPITAL, AND INSOLVENCY TREATMENT

Section 401's custody authority will be meaningful only if the related accounting, capital, operational, and resolution requirements are workable.

The final legislation should expressly provide that customer-owned digital assets held in a custodial, fiduciary, or safekeeping capacity:

1. Remain the property of the member or customer.
2. Must be appropriately segregated and reconciled.
3. Are not treated as assets or liabilities of the credit union solely because the credit union provides custody.
4. Are not treated as credit union shares and are not insured by the National Credit Union Share Insurance Fund.
5. Do not create a capital charge based on asset value where the credit union has no ownership, credit, market, or principal exposure.
6. Are protected from the claims of the credit union's general creditors to the greatest extent permitted by law.
7. Receive clear treatment in an NCUA conservatorship, liquidation, or other resolution proceeding.

Title VII addresses customer-property and insolvency issues primarily through the Bankruptcy Code, the Federal Deposit Insurance Act, the Securities Investor Protection Act, and the Dodd-Frank Act. The final legislation should add appropriate references to the Federal Credit Union Act, NCUA liquidation authority, and the credit union share-insurance framework.

Implementing standards should also address key management, cybersecurity, asset reconciliation, sub custody, recovery planning, incident response, insurance, vendor oversight, and contractual limitations on lending, staking, pledging, or rehypothecating member assets.

REQUESTED CHANGE 9: REQUIRE PROPORTIONATE COMPLIANCE AND A REALISTIC IMPLEMENTATION PERIOD

Digital-asset activities present genuine operational, cybersecurity, fraud, sanctions, and Bank Secrecy Act risks. DCUC supports strong and effective controls. Those controls should be calibrated to an institution's actual activities and exposure.

The final legislation should require regulators to tailor requirements based on:

1. Institutional size and complexity.
2. Transaction volume and asset exposure.
3. Whether the institution acts as principal, agent, custodian, finder, or technology provider.
4. Whether services are delivered directly or through a regulated CUSO, third party, or subsidiary.
5. The extent to which the credit union takes custody, extends credit, guarantees value, or assumes market risk.

Credit unions should be permitted to use their existing customer-identification, customer-due-diligence, suspicious-activity-reporting, sanctions, cybersecurity, consumer-compliance, and third-party risk-management systems to satisfy overlapping requirements.

Sections 905 and 906 generally require rulemaking within one year and provide that provisions subject to rulemaking can become effective 60 days after publication of the final rule. Sixty days is not a workable implementation period for credit unions that must obtain board approval, negotiate vendor contracts, modify core systems, develop controls, train employees, revise disclosures, and coordinate with examiners.

Congress should provide credit unions, CUSOs, credit union service providers, and subsidiaries at least 18 to 24 months after publication of applicable final rules to achieve compliance. The implementation process should also include model policies, technical assistance, examiner training, pilot programs, and reasonable good-faith safe harbors.

REQUESTED CHANGE 10: GUARANTEE EQUAL ACCESS TO INFRASTRUCTURE, INNOVATION PROGRAMS, AND ADVISORY BODIES

Legal authority alone will not provide parity if credit unions cannot access the infrastructure needed to exercise that authority.

When a lawful digital-payment, tokenized-settlement, clearing, or distributed-ledger rail is available to an insured bank, a similarly situated credit union should receive access on terms no less favorable with respect to connectivity, interoperability, data access, settlement, security requirements, and pricing.

Section 501's Micro-Innovation Sandbox should also provide a practical pathway for credit unions, CUSOs, third party service providers, and subsidiaries. Its limits of 25 employees and $10 million in annual gross revenue may exclude many established credit unions and industry providers even where their proposed project is limited in scale. The final legislation should:

1. Require formal NCUA consultation in connection with credit union or CUSO applications, third party service providers, and subsidiaries.
2. Create a credit union and CUSO participation pathway based on the size of the pilot activity rather than the total size of the institution.
3. Permit coordination with existing NCUA and state innovation programs.
4. Ensure that participation does not subject a credit union to duplicative prudential examinations or licensing.

The legislation should also direct NCUA to clarify remote identity verification, membership validation, account opening, and digital-service delivery in a manner consistent with statutory field-of-membership requirements. This is particularly important for eligible members stationed overseas or otherwise located far from a credit union facility.

Finally, Section 901 should guarantee meaningful credit union representation on the Joint Advisory Committee on Digital Assets. At least one voting position should be reserved for a credit union, CUSO, or other credit union industry provider, and NCUA and a state credit union supervisor should participate as nonvoting ex officio members. Credit unions should not be governed by advisory structures in which banks, securities firms, digital-asset companies, and state securities regulators have representation, but the cooperative financial system does not.

These requested changes are not intended to give credit unions preferential treatment or exempt them from appropriate regulation. They are intended to prevent charter-based discrimination and ensure that statutory authority is accompanied by equivalent supervision, infrastructure access, implementation pathways, and opportunities to innovate responsibly.

Credit unions are federally insured, prudentially supervised financial institutions subject to capital, liquidity, consumer-protection, cybersecurity, Bank Secrecy Act, anti-money-laundering, and sanctions-compliance requirements. When a credit union performs the same function, assumes the same risk, and meets the same regulatory standard as a bank, it should receive equivalent authority and treatment.

DCUC supports the development of a safe, clear, and competitive federal digital-asset framework. We strongly urge the Committee to preserve Section 401 and incorporate the targeted changes described above into the final legislative package. Doing so will help ensure that responsible digital-asset innovation is available not only through the largest banks and technology platforms, but also through the trusted, member-owned credit unions serving millions of Americans and the defense community worldwide.

Thank you for your leadership and consideration of these recommendations. DCUC and its member credit unions stand ready to assist the Committee with legislative language, technical analysis, and implementation considerations.

Please contact me at Jason.Stverak@dcuc.org with any questions.

Sincerely,

Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the Senate Committee on Banking, Housing, and Urban Affairs