DCUC
DEFENSE CREDIT UNION COUNCIL

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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: CLARITY Act—Protect Overseas Military Access and Credit Union Parity

Dear Chairman Scott and Ranking Member Warren:

On behalf of the Defense Credit Union Council (DCUC), the voice for defense credit unions and the servicemembers, military families, and veterans they serve, I urge the Committee and the Senate to address the remaining credit union concerns in the proposed Senate substitute to H.R. 3633, the Digital Asset Market Clarity Act. Most urgently, Congress should expressly protect access for military families stationed overseas and the ability of U.S. credit unions to serve them.

An overseas assignment should change a family's location—not its access to lawful financial services or its credit union's ability to provide them.

The draft makes meaningful progress, including express recognition of credit union accounts and digital-asset services. But recognition in one section is not enough when related provisions leave credit unions without the same clear treatment as banks. We ask you to preserve the improvements and resolve the following issues before the Senate advances a final bill.

Protect military families abroad—and the credit unions serving them

Section 10404(a)(6)–(7) defines a "restricted recipient" by reference to a "United States person," with an individual's status tied to U.S. residence. This definition governs the section's stablecoin-compensation restrictions and related protections; it is not, by itself, a blanket prohibition on overseas access. Nevertheless, it creates uncertainty for servicemembers and families living abroad under official orders. That uncertainty should be removed in the statute, not left for families, credit unions, or technology providers to resolve.

First, expressly include members of the U.S. Armed Forces, including National Guard and Reserve personnel serving on orders, and their accompanying spouses and dependents within the relevant U.S.-person treatment while deployed or stationed abroad. Include federal civilian employees and accompanying family members on official overseas assignments. **This treatment should not depend on maintaining a current physical residence in the United States.** Covered individuals should receive the same protections and remain subject to the same applicable safeguards as comparable customers at home.

Second, add an explicit military-service continuity provision covering otherwise lawful digital-asset products and services—not just stablecoin rewards. An otherwise eligible member should not be denied the ability to open or maintain an account, use a payment service, hold assets with a qualified custodian, or redeem a payment stablecoin solely because official orders place that member or family outside the United States.

The same protection must apply to the institutions providing those services. U.S. federally and state-chartered credit unions, their authorized overseas branches, qualifying subsidiaries and credit union service organizations (CUSOs), and lawful service-provider arrangements should not lose eligibility or be treated as foreign providers solely because they serve covered military families abroad. Congress should preserve their ability to deliver otherwise authorized services through both digital channels and authorized overseas locations.

Third, direct Treasury, the National Credit Union Administration (NCUA), the Securities and Exchange Commission (SEC), and the Commodity Futures Trading Commission (CFTC), in consultation with the Department of Defense and relevant state supervisors, to resolve implementation questions before the relevant provisions take effect. That work should address military mailing addresses, official duty documentation, remote identity verification, and location-based access controls. A domestic street address should not be the only acceptable way to establish eligibility for a covered military household.

This is a request for continuity, not an exemption from safeguards. The clarification should preserve sanctions, anti-money-laundering controls, customer verification, consumer protection, applicable membership and charter requirements, and safety-and-soundness supervision. It should not purport to override applicable host-country law or international agreements, or compel an institution to provide an unsafe service. Its purpose is to ensure that overseas military service alone does not become a disqualifying condition.

Provide comparable authority and registration treatment

Section 10401 recognizes digital-asset activities for banks and credit unions, but subsection (i)(3) expressly preserves existing credit union statutory limits for the trading and principal activities listed in paragraphs (g)(7)–(11). Congress should provide clear, limited authority for needed member-directed services: arranging purchases through regulated providers, conducting contemporaneously offsetting purchases and sales, and holding limited digital assets needed for lawful operations and network fees. These are different from giving credit unions unrestricted authority to speculate with members' money.

Section 20101 separately provides bank-specific broker and dealer exceptions and an incidental-advice exception that does not expressly name credit unions. Add equivalent exceptions for comparable, lawful credit union services and their employees, and address qualifying CUSO arrangements. Other activity-based exclusions may apply, but credit unions should not have to rely on discretionary relief where banks have an express statutory route. Coordinate NCUA and CFTC implementation while preserving appropriate registration and conduct requirements.

Make the custody rules consistent and practical

Section 20205 appropriately recognizes NCUA and state credit union supervision when determining whether an institution qualifies to safeguard digital assets. Related provisions should follow that same approach. Add those supervisors to the custody-jurisdiction exception in section 20201(c). Extend section 20205's detailed-asset-list response option to NCUA-supervised custodians, and extend its recognition and minimum two-year transition for qualifying existing state custodians to comparable state credit unions in good standing.

Expressly recognize eligible credit union accounts in the customer-cash provisions of sections 20202, 20204, and 20206. Preserve membership, lawful nonmember-account authority, segregation, and applicable insurance limits. Qualification to hold digital assets should not leave uncertainty about where related customer cash may lawfully be held.

Preserve section 11004(v)'s additional custody option for qualifying state credit unions, but make its standards fit the cooperative model. Give NCUA a voting role or require its concurrence on credit union determinations made by the Stablecoin Certification Review Committee. The existing committee includes Treasury, Federal Reserve, and FDIC leadership, but not NCUA. Also reconcile the repeal of GENIUS Act section 16(d) with its existing interstate money-transmission provisions; new custody language should not inadvertently interrupt otherwise lawful payment services.

Protect credit union accounts, member savings, and affordable credit

Retain section 11004(a)'s explicit credit union account corrections and section 20101's exclusion of actual credit union accounts from the digital-commodity definition, regardless of recording technology. These changes improve certainty. The GENIUS Act already provides an approval framework for qualifying credit union subsidiaries to issue payment stablecoins, just as insured banks use subsidiaries under that framework; the account corrections do not create credit unions' first opportunity to participate.

Section 10404's stablecoin-rewards test repeatedly compares compensation with interest on bank deposits without expressly including dividends on credit union share accounts. Add both shares and dividends to the operative comparison. Strengthen the existing anti-evasion provisions so that a nominal transaction cannot disguise compensation principally earned by leaving a balance idle. Preserve genuine payment and remittance incentives, and do not restrict ordinary credit union dividends.

Require formal NCUA consultation on the rewards rules. The draft assigns those rules to the SEC, CFTC, and Treasury, while including NCUA and banking regulators in a later impact report. Credit union funding and lending concerns should inform the rules before they are finalized. Significant movement of member savings to competing products could increase funding costs or constrain lending; those are risks to assess, not guaranteed outcomes. Retain clear disclosures that payment stablecoins are not federally insured merely because a credit union is involved.

Include credit union regulators in capital and failure-protection decisions

Sections 10402 and 10403 expressly identify banking regulators for consultation and capital work concerning offsetting financial obligations. Give NCUA a parallel, appropriately tailored role, expressly include state credit union supervisors in consultation, and preserve their authority to recognize additional lawful activities under section 10401(i)(4). Comparable treatment should reflect credit unions' permitted activities, cooperative capital, and share-insurance responsibilities.

Conform the digital-contract insolvency provisions in sections 10702 and 20206 to Federal Credit Union Act section 207, 12 U.S.C. § 1787. Those provisions expressly reference bank-resolution law without corresponding credit union references. Credit unions already have protections for certain financial contracts; Congress should connect the new treatment to that framework rather than leave its application uncertain. Preserve existing GENIUS Act section 16(c) custody treatment and the distinction between member-owned assets held for safekeeping and an institution's own assets.

Advance these corrections, even if the broader bill takes more time

We also support preserving the draft's express NCUA role in supervised technology testing and making those opportunities usable for smaller credit unions and shared-service providers. Responsible innovation should remain available without weakening fraud prevention, privacy, or safety-and-soundness safeguards.

We ask you to work with Senate leadership and the other committees of jurisdiction to incorporate these changes. Should broader CLARITY negotiations require more time, please pursue targeted statutory corrections and other appropriate legislative opportunities rather than make military access and credit union parity wait indefinitely. Regulatory action can help where existing authority permits it, but it is not a substitute for a statutory correction that requires Congress.

DCUC stands ready to work with your staff on precise amendment language and examples from the credit unions serving military communities. Our request is not special treatment or protection from competition. It is a fair opportunity to provide lawful services safely, with the same clarity Congress provides to banking institutions.

The Americans ordered overseas to defend our country should not be left outside the financial future Congress is creating. Their credit unions should be able to serve them wherever their duty takes them.

Thank you for your consideration and for your commitment to the service members, military families, and veterans who depend on these institutions.

Serving ALL Who Serve,

Jason Stverak
Chief Advocacy Officer
DCUC

Cc: Members of the United States Senate