



The National Association of State Credit Union Supervisors

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April 13, 2026
Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Comments on Proposed Rule: 12 CFR Part 706 - Investments in and Licensing of Permitted Payment Stablecoins Issuers¹

Dear Ms. Conyers-Ausbrooks:

On behalf of the National Association of State Credit Union Supervisors² (NASCUS), we appreciate the opportunity to comment on the NCUA’s proposed rule. Our goal in this letter is to bring to the Board’s attention those areas where we believe greater clarity is required, alert the Board to inadvertent consequences of the rule, and help the Board create a rule that takes into account the statutory framework of the GENUIS Act and the unique nature of credit unions and the dual chartering system.

Comparison to FDIC’s Rule

NASCUS notes that in some material respects NCUA’s rule differs from FDIC’s. A significant difference NASCUS notes is in the scope of the two rules. The FDIC’s rule appears to mainly be an application-procedure rule, governing who files an application, what the application must include, how the FDIC processes the application, and how appeals work. In contrast, NCUA’s rule covers not only the licensing of a credit union subsidiary as a Permitted Payment Stablecoin Issuer (PPSI), but also credit union investments in PPSIs, change in control notices, investment limitations, and a separate AML/economic sanctions certification requirement.

In another material way, NCUA and FDIC differ on who the applicant is for a PPSI license. Under the FDIC proposal, the applicant is the bank or savings association itself. Under NCUA’s rule, however, the applicant is the subsidiary who must file the application jointly with an insured credit union parent company. To this end, NCUA is proposing to establish 10% voting-securities and control-based tests to decide which credit unions must join the

¹¹ 91 FR 6531

² NASCUS is the professional association of the nation’s forty-six state and territorial credit union regulatory agencies that charter and supervise almost 1800 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State-chartered credit unions hold approximately half of the \$2.5 trillion assets in the credit union system and are proud to represent nearly half of the 146 million members. The remaining 5 states lack state-chartered credit unions.

1 application and be subject to the various requirements applicable to applicants. This aspect
2 further diverges in NCUA's focus on multi-owner structures. While NASCUS understands the
3 difference in typical subsidiary structures, the differences in the rule create a framework that
4 is much more complicated than that created by FDIC. In an area that is new to most credit
5 unions, NASCUS is concerned that an overly complicated rule could impede credit unions and
6 their subsidiaries from entering the Stablecoin market. NASCUS recommends NCUA revise
7 any final or subsequent proposed rule to simplify the structure determining who must apply
8 for PPSI licensing.

9
10 Another fundamental area where the two rules diverge is in the content of the filing. Under
11 FDIC's proposal, applicants are required to submit a letter application describing the
12 subsidiary's ownership structure, relevant policies and customer agreements, and an
13 engagement with a registered public accounting firm to support the reserve reporting
14 examination and certification regime. By contrast NCUA's application focuses heavily on the
15 applicant's business plan and biographical and financial reports for directors and officers of
16 the applicants. In addition, NCUA states much of the information around the application
17 process will be contained in a yet to be released NCUA PPSI Licensing Manual. NASCUS has
18 concerns that application guidance contained in a manual that is not required to go through
19 the Administrative Procedure Act process will create a subjective, unvetted overlay that credit
20 unions will be expected to follow. While NASCUS appreciates NCUA publishing additional
21 information as guidance, NASCUS is concerned that NCUA will house many of the details
22 about the application process in a licensing manual without meaningful opportunity for the
23 industry to review and comment on this material. As such, NASCUS recommends the Board
24 allow public comments on NCUA's licensing manual before it is implemented. In addition,
25 NASCUS encourages the Board to ensure that any guidance documents are treated as such by
26 examiners and field staff, a concept intrinsic to the NCUA's current deregulation project.

27
28 As discussed later in this letter, NASCUS has strong concerns regarding the investment
29 limitations included in NCUA's proposal. In this section of our letter, however, we note that
30 FDIC's proposed rule does not contain any similar requirements.

31
32 NASCUS also notes that the two rules have significantly different burden estimates. While
33 FDIC estimates that the burden will be approximately 80 hours per application, NCUA
34 estimates that its application will impose a burden of 44 hours per application. NASCUS
35 questions how two rules implementing the same statutory provisions could have such widely
36 differing burden estimates. Again, NASCUS is concerned that while the rule may only impose
37 44 hours of burden per application, the licensing manual may impose significantly more
38 burden on credit unions. For this reason and the reasons stated above, NASCUS again asks
39 the Board to provide a meaningful opportunity for stakeholders to review and comment on
40 the licensing manual before its implementation.

1 **Key Observations and Concerns**
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3 **CUSO Regulation**
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5 As the Board is aware the majority of Part 712 applies strictly to FCUs. NASCUS is concerned
6 that through this proposed rule, NCUA may apply additional aspects of the CUSO rule to
7 entities owned by state-chartered credit unions. In this area, NASCUS has two overarching
8 concerns.
9

10 First, of particular concern to NASCUS is the treatment of subsidiaries of state-chartered
11 credit unions. While a large portion of the rule, in this area, is devoted to the distinction
12 between a CUSO and an organization providing services to an insured credit union, NASCUS
13 wants to ensure that a larger distinction is not overlooked. That distinction is that CUSOs of
14 state-chartered credit unions are, in large part, regulated by state law. NASCUS strongly
15 advises the Board to consider this in any final rule and ensure that such distinction remains
16 intact and unaltered. This is clearly the intent of the GENUIS Act by specifically separating
17 CUSOs of state-chartered credit unions from the other two categories. As such, this
18 separation must be preserved in the final rule and any guidance issued by NCUA. Not only is
19 this clearly what Congress intended, but it also aligns with state regulators' existing
20 experience dealing with forms of cryptocurrency and money transmission methods. In any
21 regulation implementing the GENUIS Act, the Board should clearly enumerate that, except
22 where required by statute, CUSOs of state-chartered credit unions remain subject to state law
23 and are not subject to the requirements of NCUA's CUSO rule.
24

25 Second, as discussed later in this letter, NASCUS is concerned that NCUA is conflating a
26 state-chartered credit union subsidiary with any entity in which a state-charted credit union
27 invests. NASCUS strongly cautions the Board to consider that in many states, state-charted
28 credit unions are permitted to invest in or loan to a host of entities without such entities being
29 considered subsidiaries of the credit union. It is unclear from the proposed rule if NCUA is
30 trying to bring such entities under the umbrella of the NCUA regulation. NASCUS again
31 strongly cautions the Board that doing so would not only be outside of the structure created
32 by the GENUIS Act but would also undermine the dual chartering system and state authority.
33 As such, NASCUS suggests that the Board carefully craft any final rule so as not to impede on
34 the powers of state-chartered credit unions under state law.
35

36 **Non-FICU Investors**
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38 In the NCUA's proposed rule the Board solicited comment as to whether an NCUA-licensed
39 PPSI should be permitted to have non-FICU investors or if there should otherwise be a cap on
40 non-FICU investment. NASCUS is very much in favor of permitting non-FICU investors in
41 NCUA licensed PPSIs. First, there is nothing in the statute that would prohibit the
42 investment by non-FICU investors. Second, as the issuance and development of Stablecoins
43 would likely be labor and cost intensive, NCUA may inadvertently stifle credit union PPSIs or
44 create a competitive disadvantage to credit unions by restricting investors that are not FICUs.

1 Further, credit unions may derive great benefit from non-FICU investors, and their
2 knowledge of issues related to Stablecoins and payment transmission methods.
3

4 **Definitions**

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6 NASCUS notes that in many places throughout the proposed rule, NCUA has deviated or
7 expanded on the definitions in the GENUIS Act. Specifically, NCUA has expanded the
8 definitions of “director” and “officer” to apply not only to the directors and officers of the
9 PPSI, but also to the parent company that is applying with the PPSI. Similarly, NCUA has
10 supplanted its own, complex definitions of “parent company” and “principal shareholder,” as
11 those terms are used in the GENUIS Act. As the GENUIS Act and accompanying regulations
12 are already complex, NASCUS believes NCUA should closely align its definitions and usage of
13 terms with those in the GENUIS Act. As written, the proposed rule introduces unnecessary
14 levels of complexity that are not included in or intended by the GENUIS Act.
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16 **Investments in PPSIs that are not Licensed by NCUA**

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18 The Board is proposing to restrict FICU investment to only those with an NCUA licensee.
19 NASCUS is concerned that NCUA is limiting the ability of state-chartered credit unions to
20 invest in entities under state law. As the Board is aware, the investment powers of state-
21 chartered credit unions are governed by state law. Through this proposal, the Board is
22 eliminating this long-established feature of the dual chartering system. Further, it appears
23 the Board is conflating the definition of a “subsidiary” for FCUs with the definition of
24 “subsidiary” for state-chartered credit unions. Investment by a state-chartered credit union in
25 an entity does not automatically make such entity a subsidiary of the credit union. Rather, in
26 many states, credit unions chartered in those states may make investment in a host of entities
27 without such entities being treated as a credit union subsidiary. As such the Board should
28 clarify in the proposed rule that any investment limitations will apply strictly to FCUs and not
29 to all FICUs. Specifically, the Board should include language that states that a state-chartered
30 credit union can invest in any PPSI, subject to state law, provided such investment does not
31 render the PPSI a subsidiary of the investing credit union. This addition will accomplish two
32 things. First, it will not impose a restriction on state-chartered credit unions that Congress did
33 not intend in the GENUIS Act. Second, it will preserve the ability of states to regulate the
34 investment authority of their credit unions.
35

36 **State-Chartered Credit Union Loans to State Qualified PPSIs**

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38 Similar to the discussion above, NASCUS is concerned that the proposed rule would restrict
39 the ability of a state-chartered credit union from lending to a state qualified PPSIs. Again, for
40 state-chartered credit unions, state law dictates to which entities a state-chartered credit union
41 may lend and sets any applicable cap. NASCUS is concerned that the broad language used in
42 this proposed rule may impede a state-chartered credit union’s ability to lend in accordance
43 with state law. If this is the case, this creates two problems. First, any such change would go
44 beyond the intent and plain language of the GENUIS Act. Second, any such change would
45 eliminate the states’ ability to regulate the lending of the institutions chartered under their
46 jurisdiction. NASCUS strongly urges the Board to include in any final rule a statement that

1 this rule does not impede, limit, or restrict a state-chartered credit union’s ability to lend to
2 any state qualified PPSI, and any such limitation or restriction shall be governed by state law.
3 In this area, NASCUS believes it is prudent to be clear and include definitive language rather
4 than create vague assumptions that may be interpreted differently in generations to come.
5

6 **NCUA’s Reconsideration of the Investment Limitations in CUSOs and Other** 7 **Credit Union Subsidiaries.**

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9 The Board has specifically requested comments on whether the Board should reevaluate its
10 historic interpretation of the difference between the entities discussed in §§ 1757(5)(D) and
11 (7)(I). While NASCUS is agnostic regarding the Board’s reconsideration of the differences
12 between these entities, NASCUS does caution the Board that should it revisit this distinction,
13 any limitations imposed by the Board through regulation should continue to apply exclusively
14 to FCUs.
15

16 **Clarification of FISCU Authority to Purchase, Hold and Utilize Stablecoin as** 17 **Permitted Under State Law**

18
19 NASCUS requests that NCUA confirm that FISCUs have the authority to purchase, own, and
20 use Stablecoins in the ordinary course of business to the extent such use is authorized by state
21 law. While this point may seem uncontroversial, its clarification is warranted.
22

23 The GENIUS Act establishes the federal framework for the issuance and supervision of
24 payment stablecoins and includes subsidiaries of FICUs as a category of payment stablecoin
25 issuers. The GENIUS Act also anticipates a FICU acting as a custodian for reserves backing
26 payment Stablecoins. Importantly, however, neither the GENIUS Act nor the Proposal
27 address whether non-issuer FICUs can use Stablecoins in the ordinary course of conducting
28 permissible FICU operations. Further, the proposed rule does not formally recognize state
29 authority over the exercise of such incidental powers.
30

31 The absence of clarity on this point leads to unintended consequences. FISCUs may be
32 hesitant to purchase and hold payment Stablecoins in the ordinary course, even in instances
33 where their own subsidiaries are NCUA-licensed issuers. They may question whether their
34 Stablecoin use could expose them to supervisory risk from inexperienced NCUA examiners,
35 even as a means of payment or settlement inherent in the GENIUS Act’s “payment stablecoin”
36 definition. To avoid these results, and for the reasons described below, the NCUA’s final rule
37 should affirmatively recognize FISCUs’ authority to purchase, own, and use Stablecoins in the
38 ordinary course of business as permitted by state law. NASCUS strongly advises the Board to
39 formally reference such state authority in any final rule and ensure that such distinction
40 remains intact and unaltered.
41

42 43 **Conclusion**

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45 NASCUS appreciates the ability to comment on NCUA’s proposed Stablecoin rule and
46 supports many of its aspects. However, NASCUS believes some of the decision points in the

NASCUS Comments on NCUA Proposed Rule Part 12 CFR Part 706; Investments in and
Licensing of Permitted Payment Stablecoins Issuers Docket NCUA-2025-1335
April 13, 2026

1 rulemaking process need to be carefully considered and drafted to ensure such decisions do
2 not negatively impact state-chartered credit unions' existing authorities and the dual
3 chartering system.

4 Sincerely,

5 -signature redacted for electronic publication -

6 John J. Kolhoff
7 Senior Vice President,
8 Policy and Supervision
9 NASCUS