NASCUS
The National Association of State Credit Union Supervisors

July 17, 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 Parts 702, 704, 706, 745, and 747, 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 National Credit Union Administration

Dear Ms. Conyers-Ausbrooks:

On behalf of the National Association of State Credit Union Supervisors[1] (NASCUS), I appreciate the opportunity to comment on the NCUA's proposed amendments[2] to **Parts 702, 704, 706, 745, and 747,** regarding establishment of the NCUA's supervisory program related to the passage of the GENIUS Act.

The GENIUS Act establishes a comprehensive federal framework for payment stablecoins and creates a new category of regulated entities authorized to issue payment stablecoins. As NCUA considers implementation of the Act within the credit union system, NASCUS encourages the agency to adopt a supervisory framework that is risk-focused, technology-neutral, coordinated with state regulators, and appropriately tailored to the size and complexity of participating institutions.

These comments are intended to supplement comments and concerns provided by NASCUS in an April 13th, 2026, letter responding to NCUA's requests for comment related to 12 CFR Part 706 – Investments in and Licensing of Permitted Payment Stablecoin Issuers[3].

[1] NASCUS is the professional association of the nation's forty-five state and territorial credit union regulatory agencies that charter and supervise 1,755 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 147 million members. The remaining six states lack state-chartered credit unions.
[2] 91 FR 28956
[3] 91 FR 6531

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That comment letter outlined several NASCUS concerns with the proposed PPSI framework. I will reiterate those concerns in summary, while relying on my original letter to provide an explanation of the underlying thoughts behind them.

NASCUS concerns outlined in the initial letter include:

- NCUA should revise any final or subsequent proposed rule to simplify the structure determining who must apply for PPSI licensing.
- The Board should seek public comments on NCUA's licensing manual before it is implemented. In addition, NASCUS encourages the Board to ensure that any guidance documents are treated as such by examiners and field staff, a concept intrinsic to the NCUA's current deregulation project.
- NCUA should clearly enumerate that, except where required by statute, CUSOs of state-chartered credit unions remain subject to state law and are not subject to the requirements of NCUA's CUSO rule.
- The Board should carefully craft any final rule so as not to impede the powers of state-chartered credit unions under state law, including their authority to invest and/or lend to an entity meeting the definition a CUSO.
- NCUA should affirmatively recognize FISCU authority to purchase, own, and use stablecoins in the ordinary course of business as permitted by applicable state law.

General Observations

NASCUS supports NCUA's efforts to establish regulatory clarity for credit unions, credit union service organizations (CUSOs), and other entities subject to NCUA jurisdiction that may seek to participate in payment stablecoin activities. Regulatory certainty will be essential to fostering innovation while maintaining consumer protection, financial stability, and confidence in the credit union system.

At the same time, the implementation framework should recognize several fundamental principles:

- The dual-charter system remains an important source of innovation and regulatory diversity.
- State supervisory authorities possess significant expertise overseeing state-chartered credit unions, other financial service providers and emerging financial technologies.
- Regulatory requirements should be proportionate to the risks presented by the activity.
- Credit unions should be permitted to explore innovative payment technologies without being subject to duplicative or inconsistent supervisory requirements.
- The final framework should avoid creating competitive disparities between federal and state-chartered institutions or between bank and credit union depositories.

Preserving the State-Federal Partnership

NASCUS strongly encourages NCUA to maintain robust coordination with state credit union regulators throughout implementation of the GENIUS Act.

Many state supervisory authorities have already developed expertise in digital asset activities, fintech partnerships, and related emerging technologies. As stablecoin-related activities evolve, effective supervision will require timely information sharing, coordinated examination planning, and ongoing supervisory collaboration.

For state-chartered institutions and their subsidiaries, NASCUS recommends that NCUA:

- Establish formal information-sharing procedures with state regulators;
- Conduct joint supervisory activities where appropriate;
- Provide states with access to examination findings involving material stablecoin-related activities; and
- Consult with state regulators before adopting guidance affecting state-chartered institutions.

The success of the dual-chartering system has long been rooted in federal-state cooperation, and implementation of the GENIUS Act should reinforce, rather than diminish, that partnership.

Definitions and Scope

NASCUS supports NCUA's efforts to align definitions with those adopted by other federal regulators implementing the GENIUS Act.

Consistent definitions across agencies will reduce compliance burdens and promote supervisory consistency. However, NASCUS urges NCUA to ensure that definitions are sufficiently flexible to accommodate future technological developments without requiring frequent regulatory amendments.

In particular, NCUA should:

- Focus on the underlying economic function and risk characteristics of an activity rather than the specific technology employed;
- Maintain technology-neutral terminology where possible;
- Clarify distinctions between issuance, custody, facilitation, and technology support activities; and

- Avoid unintentionally capturing vendors or technology providers that do not assume the financial risks associated with stablecoin issuance.

Reserve Assets and Risk Management

NASCUS supports a principles-based supervisory framework for reserve management.

The safety and soundness objectives of the GENIUS Act are best achieved through strong governance, independent risk management, liquidity planning, and transparent reserve practices rather than excessively prescriptive portfolio requirements.

A principles-based approach would allow supervisors to evaluate whether reserve structures appropriately address:

- Liquidity risk;
- Credit risk;
- Interest-rate risk;
- Operational resilience;
- Custody risk; and
- Concentration risk.

Such an approach would provide necessary flexibility while ensuring adequate protection of stablecoin holders and stability of the broader financial system.

To the extent NCUA establishes diversification expectations or reserve asset concentration limits, NASCUS recommends retaining supervisory discretion rather than imposing rigid quantitative standards that may become outdated as markets evolve.

Treatment of Credit Union Shares and Share Insurance

NASCUS supports NCUA's efforts to clarify the relationship between payment stablecoins, share accounts, and National Credit Union Share Insurance Fund (NCUSIF) coverage.

Clear disclosure requirements will be critical to ensure that stablecoin holders understand the extent and limitations of share insurance coverage.

NASCUS agrees that insurance determinations should continue to be based on the legal ownership structure and underlying account relationship rather than the technology used to record or represent such interests. Whether a product is reflected through traditional account records, tokenization, or distributed ledger technology should not independently determine insurance eligibility.

This approach appropriately promotes innovation while preserving long-standing share insurance principles.

Consumer Protection and Operational Resilience

As stablecoin-related activities expand, operational resilience and consumer protection should remain supervisory priorities.

NASCUS supports standards addressing:

- Cybersecurity;
- Business continuity and disaster recovery;
- Fraud prevention;
- Consumer disclosures;
- Complaint resolution;
- Third-party risk management; and
- Anti-money laundering and sanctions compliance.

At the same time, NCUA should ensure that requirements are scalable and appropriately tailored to the size, complexity, and risk profile of the institution or subsidiary involved. Community-based credit unions and smaller CUSOs should not be subject to frameworks designed primarily for large-scale stablecoin issuers operating on a national scale.

CUSOs and Corporate Structures

The credit union system has historically used CUSOs as an effective mechanism for delivering innovative services. As stablecoin-related activities develop, many credit unions may seek to pursue opportunities through subsidiary or CUSO structures.

NASCUS encourages NCUA to provide regulatory clarity regarding:

- Permissible CUSO activities;
- Ownership and control requirements;
- Consolidated risk management expectations;
- Capital treatment; and
- Supervisory coordination among federal and state authorities.

Clear guidance will support responsible innovation while allowing supervisors to effectively assess and manage risks across affiliated entities.

Avoiding Duplicative Regulation

One of the principal goals of the GENIUS Act is to create a comprehensive regulatory framework for payment stablecoin activities. NASCUS therefore encourages NCUA to avoid duplicative requirements where risks are already addressed through another applicable supervisory regime.

Requirements should be aligned, to the greatest extent practicable, with federal banking agencies and other federal regulators implementing the Act. Consistency across agencies will reduce unnecessary burden, facilitate compliance, and enhance supervisory effectiveness.

Conclusion

NASCUS appreciates NCUA's thoughtful approach to implementing the GENIUS Act and the opportunity to provide these comments. The emergence of regulated payment stablecoins presents both opportunities and challenges for the credit union system. A supervisory framework grounded in safety and soundness, technological neutrality, proportionality, and federal-state collaboration will best support responsible innovation while protecting credit union members.

NASCUS looks forward to continued engagement with NCUA as the agency develops and refines its implementation framework.

Sincerely,

-signature redacted for electronic publication -

John J. Kolhoff
Senior Vice President,
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NASCUS