Cooperative
CREDIT UNION ASSOCIATION

July 17, 2026

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

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 National Credit Union Administration (GENIUS Act Supplemental Proposed Rule)
(Docket No. NCUA-2026-1024; RIN 3133-AG10)

Dear Ms. Conyers-Ausbrooks:

On behalf of its member credit unions, the Cooperative Credit Union Association, Inc. ("Association") appreciates the opportunity to comment on the National Credit Union Administration (NCUA) Board's supplemental proposed rule on 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 to implement the GENIUS Act. The Association is the state trade association representing nearly 200 state and federally-chartered credit unions located in the states of Delaware, Massachusetts, New Hampshire, and Rhode Island, which further serve over 5 million consumer members. The Association developed these comments in consultation with our members.

Question 1: Are the definitions in the proposed rule appropriately scoped? How should they be improved?

The Association urges the Board to clarify the definition of definition of "Subsidiary of an Insured Credit Union" in relation to state-chartered credit unions' investments in permitted payment stablecoin issuers (PPSI) to ensure that federally-insured state-chartered credit unions have a level competitive playing field with federal credit unions in the PPSI arena.

Specifically, we urge the Board to clarify in the final rule that the Board believes state-chartered federally insured credit unions should be authorized to invest in PPSIs which are credit union service organizations (CUSOs) without specific action by state regulators if the state-chartered credit unions are already authorized to invest in CUSOs under state law (unless the state law expressly prohibits investments in PPSI CUSOs).

Question 2: Given the GENIUS Act's frequent use of banking-specific terminology, has the proposed rule struck the appropriate balance of maintaining consistency with the standards and terminology used in the GENIUS Act and proposed by the other primary Federal payment stablecoin regulators while also reflecting the nuances of the credit union industry and its terminology?

We urge the Board to clarify in the final rule that "deposits" and "share accounts" receive equal treatment under the rule.

The best approach would be to define the term "deposits" to include "share accounts" as well as deposits for purposes of Part 706 of NCUA Rules.

Question 55: The proposed rule's requirements for Reserve Asset diversification and concentration include two options: (1) a flexible, principles-based baseline requirement plus a quantitative safe harbor or (2) quantitative requirements applicable to all PPSIs. Which option is more appropriate?

The Association urges the Board to adopt Option A for Reserve Asset diversification under proposed Section 706.202(c).

We believe that Option A's principles-based approach coupled with Option A's quantitative safe harbor will impose lower regulatory burdens than Option B's mandatory qualitative limits on all issuers would.

However, we believe that a PPSI which is a subsidiary of a well-capitalized smaller NCUA-regulated FICU Parent Company, such as those below the asset size making them subject to supervision by the Office of National Examination and Supervision (ONES), should be able to hold more than Section 706.202(c)'s proposed maximum 40% of its funds at the well-capitalized FICU Parent Company.

This will help small federally-insured credit unions (FICUs) develop PPSIs with sufficient economies of scale to be competitive with non-FICU PPSIs.

Question 61: Should the proposed rule include other measures to encourage Reserve Assets to be held in the form of fully insured deposits and/or Share Accounts?

No, we believe that requiring Reserve Assets to be held in fully-insured deposits would be impractical. Uninsured deposits and uninsured share accounts present relatively low risks that natural-person credit unions are routinely exposed to at corporate credit unions and banks. Managing such counterparty credit risk exposures is an everyday thing for most credit unions, and this also helps promote market discipline.

In contrast, a requirement that all Reserve Assets be fully insured would increase regulatory burdens by effectively requiring either brokered deposits or for the PPSI to have a very high number of individual banking relationships. Either would lead to increased costs and lower efficiency with limited benefits in terms of counterparty risk reduction.

Question 154: The NCUA is considering a variable capital component based on a percentage of Outstanding Issuance Value. This component could address operational risks associated with maintaining the Reserve Assets and issuing Payment Stablecoins to Customers. This component may vary directly with the Outstanding Issuance Value.

In terms of requiring more than the proposed $5 million in minimum initial capital, we urge the Board to allow PPSIs to maintain capital ratios that are consistent with those of the OCC and the other federal banking regulators for bank PPSIs. Credit union PPSIs should have parity with bank PPSIs and other non-FICU PPSIs to ensure credit union PPSIs are not competitively disadvantaged.

We note that the assets held by PPSIs are limited to those with low credit risk such as U.S. Treasury Securities as well as bank and credit union deposits. These exposures also have low risk ratings under the Basel III Framework and therefore require relatively little risk-based capital.

Question 162: Should the NCUA further refine or clarify any of the concepts or definitions outlined in this proposed [Bank Secrecy Act and sanctions compliance] supervision and enforcement framework?

We support the Board's PPSI Section 706.204(c) and Subpart E approach to Bank Secrecy Act and sanctions compliance that would be equivalent to the anti-money laundering/countering the financing of terrorism (AML/CFT) and sanctions rules already applicable to credit unions in most respects.

We agree with the Board that there is no need to reinvent the wheel.

Question 166: The NCUA invites comment on the two options for permitting greater information sharing with the FinCEN Director regarding AML/CFT enforcement actions or significant AML/CFT supervisory actions. In particular, would the disclosure of confidential supervisory information to FinCEN compromise attorney-client privilege, other applicable privileges, or otherwise undermine the preservation of privilege in 12 U.S.C. 1821(t)?

The Association supports "Option B" for proposed Section 706.504 because Option B provides credit unions with greater legal protections in relation to confidential credit union information than the proposed Option A.

This is because Option B would not "waive, invalidate, destroy, or otherwise affect any privilege or protection available under Federal or State law, including the attorney-client privilege, the work-product doctrine, the bank-examination privilege, or any other confidentiality or evidentiary privilege" in relation to information the credit union shared with FinCEN and NCUA.

PPSI Examination Fees

PPSIs under NCUA supervision should pay examination fees so that the costs of PPSI supervision are borne by the PPSIs and not by FICUs.

GENIUS Act Self-Executing Provisions on Federal Preemption

The GENIUS Act's statutory federal preemption provisions should also be incorporated into the Part 706 rule to reduce regulatory uncertainty and increase the regulation's ease of use, both of which will reduce compliance burdens.

Thank you for the opportunity to comment on the NCUA Board's supplemental proposed rule on 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 to implement the GENIUS Act.. If you have any questions or desire further information, please do not hesitate to contact the Association at (508) 481-6755 or govaff-reg@ccua.org.

Sincerely,

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