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 14, 2026

The Honorable Bryan Steil
Chairman
Subcommittee on Digital Assets,
Financial Technology, and Artificial Intelligence
Committee on Financial Services
U.S. House of Representatives

The Honorable Stephen F. Lynch
Ranking Member
Subcommittee on Digital Assets,
Financial Technology, and Artificial Intelligence
Committee on Financial Services
U.S. House of Representatives

RE: Letter for the Record - Field Hearing, "Building the Future of Finance: How the CLARITY Act Unlocks Innovation"

Dear Chairman Steil and Ranking Member Lynch:

On behalf of the Defense Credit Union Council (DCUC), thank you for convening the July 17 field hearing on how the Digital Asset Market CLARITY Act can unlock responsible financial innovation. We respectfully request that this letter be included in the hearing record. DCUC represents more than 200 defense-affiliated credit unions serving over 40 million members worldwide, including active-duty servicemembers, Guard and Reserve personnel, veterans, Department of Defense civilians, and military families.

More broadly, 145.8 million Americans belong to federally insured credit unions. They should be able to obtain lawful digital-asset products and services from the same trusted, member-owned institutions where they save, borrow, make payments, and receive financial guidance. Full and fair access does not mean weaker consumer protection, anti-money-laundering and countering-the-financing-of-terrorism (AML/CFT) controls, cybersecurity, or safety-and-soundness standards. It means that a financial institution's charter should not determine whether it can compete when it performs the same function, assumes the same risk, and meets the same standard.

For the defense community, this issue is practical, not abstract. Servicemembers and their families are often deployed, mobile, and cross-border. Well-regulated digital payments and settlement can improve around-the-clock access, reduce friction in remittances, and support members who may be far from a branch. Those same communities are also frequently targeted by fraud. Credit unions can pair innovation with member education, transaction monitoring, human support, and a prudentially regulated environment. For those we serve, financial readiness is inseparable from mission readiness.

DCUC supports Congress's bipartisan work to establish clear jurisdictional lines and durable rules of the road for digital-asset markets. As Congress continues bicameral work on the House-passed and Senate-reported texts, we strongly urge retention and strengthening of Section 401 of the Senate-reported H.R. 3633. That provision would expressly permit federal credit unions to use digital assets or distributed-ledger systems to provide activities they are otherwise authorized to provide, while recognizing parallel authority for federally insured, state-chartered credit unions under applicable state law.

It also identifies custody, payments, digital-asset lending, collateralized lending, staking-related services, node operation, wallet software, brokerage, execution, and other customer-driven activities. This is a strong foundation. The final legislation should convert that statutory permission into practical, scalable access by adopting the following refinements:

1. Preserve and future-proof credit-union authority. Retain Section 401's direct authority for federal credit unions and its parallel treatment of federally insured, state-chartered credit unions. Make the authorization technology-neutral and nonexclusive so future services that are functionally equivalent to otherwise permissible credit-union activities are not blocked simply because Congress did not enumerate a particular protocol or delivery mechanism. A credit union should not need a second bank, broker, or nonbank charter solely because an otherwise lawful activity is delivered through distributed-ledger technology, while all otherwise applicable market-conduct and consumer-protection requirements should remain in force.

2. Establish explicit NCUA and state-supervisor parity. The final text should expressly name the National Credit Union Administration (NCUA) as the primary federal prudential supervisor whenever federally insured credit unions are implicated and should name the applicable state credit-union supervisor where appropriate. This requires a specific technical correction: Section 401(i)(3) and (4) rely on the terms "appropriate Federal banking agency" and "State bank supervisor," which do not include the NCUA or state credit-union supervisors. Congress should also add the NCUA to Section 402 consultations and every joint rulemaking, supervisory coordination process, and advisory body that can affect credit unions. The SEC and CFTC should retain their proper market-conduct roles, but credit unions should not face duplicative chartering, licensing, examinations, or prudential requirements for the same activity.

3. Include CUSOs and shared-service pathways. Credit Union Service Organizations (CUSOs) and other collaborative service models are essential to safe innovation, particularly for smaller institutions that cannot build custody, wallet, settlement, compliance, or brokerage infrastructure entirely in-house. The Act should expressly include CUSOs in relevant definitions and operative provisions and permit them to support authorized digital-asset activities under NCUA and applicable state oversight. Congress should also provide a clear finder or agency safe harbor for a credit union that connects a member to a properly registered provider without taking title to the asset, exercising unilateral control over the member's wallet, or assuming principal market risk.

4. Make custody operational and protect members. Statutory authority to provide custody will be meaningful only if the accounting, insolvency, operational, and disclosure rules are workable. Member assets held in custody should be segregated and bankruptcy-remote and should not be treated as liabilities on the credit union's balance sheet solely because the institution provides safekeeping. The Act should clearly state that digital assets are not shares and are not insured by the National Credit Union Share Insurance Fund, while ordinary fiat shares at an insured credit union remain insured under existing law. Implementing rules should require plain-language disclosures, asset reconciliation, key-management controls, cybersecurity, incident response, recovery planning, and rigorous third-party risk management without making custody economically impossible for community institutions.

5. Require risk-based compliance and a realistic implementation period. Requirements should be calibrated to an institution's size, complexity, transaction volume, delivery model, and actual risk exposure, including whether the credit union acts directly or through a regulated third party. Credit unions should be permitted to leverage existing Bank Secrecy Act, customer-due-diligence, suspicious-activity-reporting, sanctions, cybersecurity, and vendor-management programs to satisfy overlapping duties. Congress should provide an implementation period of at least 18 to 24 months after final rules,

together with model policies, technical assistance, pilot programs, examiner training, and good-faith safe harbors. Proportionality is not a retreat from strong AML/CFT or prudential standards; it is how Congress prevents those standards from becoming a barrier that reserves the market for only the largest firms.

6. Guarantee payment-rail, digital-onboarding, and innovation-program access. If a lawful tokenized-settlement or digital-payment rail is made available to insured depository institutions, a similarly situated credit union should receive access on terms no less favorable than a bank, including comparable connectivity, settlement, interoperability, data access, and pricing. Congress should direct the NCUA to clarify remote membership verification, account opening, and digital service delivery in a manner consistent with statutory field-of-membership requirements, so those requirements do not become an unintended obstacle to serving eligible members worldwide. Section 501's CFTC-SEC Micro-Innovation Sandbox should also require formal NCUA consultation and provide a practical route for credit unions and CUSOs, including smaller institutions, to participate.

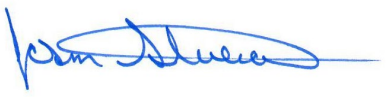
7. Preserve stablecoin guardrails while allowing credit-union participation. Payment stablecoins should operate as payment instruments, not synthetic deposit substitutes. The final Act should preserve a clear prohibition on direct or indirect interest or yield paid solely for holding a payment stablecoin; apply that prohibition across affiliates, exchanges, wallet providers, loyalty programs, and revenue-sharing arrangements; and remove language that could legitimize rewards calculated by balance, duration, or tenure. Bona fide rewards tied to an actual payment or other transaction can remain permissible, but incentives for idle balances should not. The statute should continue to clarify that payment stablecoins are not credit-union shares or insured deposits. Where federal law permits payment-stablecoin issuance, federally insured credit unions and their CUSOs should be eligible to participate on equal terms under NCUA oversight.

These recommendations do not seek preferential treatment for credit unions. They seek precise, charter-neutral rules so the Act does not create permission in theory and exclusion in practice. Parity in law must be matched by parity in supervision, infrastructure, compliance pathways, and implementation. A member-owned institution should not be authorized to perform a traditional financial function but prohibited from delivering that same function safely through new technology.

The CLARITY Act can unlock innovation for all Americans only if the nation's 145.8 million federally insured credit-union members can participate through institutions they know and trust. We urge the Subcommittee to incorporate these recommendations into the final bicameral package and to ensure that responsible digital-asset innovation is not reserved for the largest banks and nonbank platforms. DCUC and its member credit unions stand ready to assist the Subcommittee with technical language and implementation considerations.

Thank you for your leadership and consideration. Please contact me at Jason.Stverak@dcuc.org with any questions.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

cc: Members of the Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence