DCUC
DEFENSE CREDIT UNION COUNCIL

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The Honorable French Hill
Chairman, House Committee on Financial Services
2134 Rayburn House Office Building
Washington, D.C. 20515-3310

The Honorable Maxine Waters
Ranking Member, House Committee on Financial Services
2221 Rayburn House Office Building
Washington, D.C. 20515-0543

Dear Chairman Hill and Ranking Member Waters:

On behalf of the Defense Credit Union Council (DCUC), representing credit unions that serve our nation's military members and their families, I write to offer our views and recommendations on the measures scheduled for full Committee markup on July 22, 2025. We commend the Committee's bipartisan efforts to strengthen our financial system while protecting and enhancing the ability of credit unions – particularly defense credit unions – to fulfill their mission to our servicemembers. Below, we provide brief descriptions and our recommendations on each bill being considered, with a focus on impacts to credit unions and the military communities we serve.

1. **H.R. 3074 – *Common Cents Act*.** This bill would direct the U.S. Treasury to cease production of the penny within one year, while retaining the penny's legal-tender status. DCUC supports this common-sense modernization. The high cost of producing one-cent coins (which exceeds their face value) diverts resources that could be better used elsewhere. Ending penny production would have minimal impact on consumers or credit unions – pennies already circulate abundantly – and any necessary rounding of cash transactions can be handled in a fair manner as other nations have done. **Recommendation:** Support H.R. 3074. We believe reducing unnecessary minting costs benefits taxpayers and poses no harm to credit union members, including military families, who will retain full value of existing pennies.
2. **H.R. 3390 – *Bringing the Discount Window into the 21st Century Act*.** This bill directs the Federal Reserve to comprehensively review and modernize its Discount Window liquidity programs. Within specified timeframes, the Fed must assess the Discount Window's effectiveness in crises, evaluate tech and cybersecurity needs, consider extended operating hours to align with payment systems, and report to Congress with findings and a remediation plan. DCUC supports this review. Ready access to liquidity is crucial for all depository institutions during emergencies. While credit unions primarily rely on NCUA's Central Liquidity Facility and other sources, improvements to the Federal Reserve's emergency lending framework (including better communication and potentially expanded hours) will enhance overall financial stability. We encourage inclusion of NCUA in any interagency coordination, so that lessons from the Fed's Discount Window review can inform liquidity tools for credit unions as well. **Recommendation:** Support H.R. 3390. A modernized Discount Window, with robust technology and coordination, helps ensure even our smallest military-base credit unions can count on a stable financial system in times of stress.

3. **H.R. 3446 – *FDIC Board Accountability Act.*** This bill improves the governance and expertise of the Federal Deposit Insurance Corporation's Board of Directors. It would require that at least one of the appointed Board members have experience as a state bank supervisor and at least one have primary experience in supervising or managing community banks under $10 billion in assets. It preserves the Comptroller of the Currency as a voting member and converts the Consumer Financial Protection Bureau (CFPB) Director from a voting member to a non-voting observer on the FDIC Board. Additionally, it imposes term limits on Board service (no more than two terms or 12 years) to inject fresh perspectives and reduce the potential for entrenched partisanship. DCUC believes these changes will bring valuable community banking insight to FDIC's leadership and promote balanced oversight. While credit unions are regulated by the NCUA, not the FDIC, we support measures that strengthen prudential oversight of banks in a manner mindful of smaller institutions' perspectives. We especially welcome the emphasis on community bank and supervisory experience, which mirrors the approach we value at NCUA. We note that making the CFPB Director an FDIC Board observer (rather than voting member) could help refocus the FDIC on its core insurance mission, though we trust consumer protection will remain a priority through other channels. **Recommendation:** Support H.R. 3446. Enhancing the FDIC Board's expertise and accountability will ultimately contribute to a safer financial system in which credit unions and banks alike operate, benefitting all consumers including servicemembers.
4. **H.R. 3673 – *Small Business Investor Capital Access Act.*** This bipartisan bill (led by Rep. Andy Barr and Rep. Nydia Velázquez) amends the Investment Advisers Act of 1940 to ease regulatory burdens on private fund advisers who invest in small businesses. Specifically, it raises the threshold for when a private fund adviser must register with the SEC, increasing the exemption limit that was set at $150 million in 2010 (Dodd-Frank) to a higher level reflecting inflation and today's capital markets. By allowing more fund managers to operate without costly SEC registration (so long as they remain below the new threshold), the bill frees up capital and reduces compliance costs that can deter investment in startups and small firms. DCUC supports this measure because access to capital remains a critical challenge for small businesses – including many veteran-owned and military spouse-owned businesses in our communities. With banks tightening credit in recent surveys, enabling private investors to step in is timely. We note that 85% of businesses backed by private equity are small businesses, employing over 1.4 million Americans. Easing entry for more venture capital and private equity funds will channel investment into local enterprises and job creation. **Recommendation:** Support H.R. 3673. By raising the SEC registration threshold for small fund advisers, this bill will spur private investment in entrepreneurs and small businesses, complementing the lending that credit unions provide on Main Street and in military communities.
5. **H.R. 4429 – *Developing and Empowering our Aspiring Leaders (DEAL) Act.*** This capital formation bill by Rep. Ann Wagner updates the securities laws to encourage venture capital investment. It directs the Securities and Exchange Commission (SEC) to broaden its definition of "qualifying investment" under the venture capital fund adviser exemption in the Investment Advisers Act. In practice, this means venture capital funds can count a wider range of investments toward their qualifying activities – for example, **including equity securities of portfolio companies acquired on secondary markets, and investments in other venture funds (fund-of-funds)** – without triggering SEC registration. By expanding what counts as a venture investment, the DEAL Act makes it easier for venture capital advisers to deploy capital flexibly to support startups and emerging businesses. DCUC supports the DEAL Act. It complements H.R. 3673's goals: where H.R. 3673 raises the overall size threshold for private funds, H.R. 4429 increases flexibility for venture capital funds' investment strategies.

More agile venture capital means more funding for innovative small companies – including potentially fintech startups or defense-tech entrepreneurs who often benefit from venture funding. Many veterans become entrepreneurs after service, and easier access to venture capital can help their businesses succeed and create jobs. **Recommendation:** Support H.R. 4429. By refining regulations to match modern market realities, this Act will channel more investment into new enterprises. We believe that vibrant small business growth ultimately benefits our credit union members and the communities surrounding military bases. We would only urge the SEC to implement these changes in a way that preserves appropriate investor protections even as it reduces red tape.

13. **H.R. 4430 – *Expanding WKSI Eligibility Act*.** Sponsored by Rep. Bryan Steil, this bill would broaden the class of companies that qualify as "Well-Known Seasoned Issuers" (WKSIs) in securities markets. Currently, a public company generally needs at least $700 million in public float to attain WKSI status, which grants streamlined SEC filing and capital-raising advantages. H.R. 4430 would lower that threshold to $75 million in public float. In other words, many mid-sized and smaller public companies would become eligible for WKSI status, enabling them to register securities more quickly (via automatic shelf registration) and access markets more easily. DCUC supports this modernization. The $700 million threshold has kept WKSI benefits mostly to large-cap companies. By cutting it to $75 million, the bill recognizes that many smaller issuers could also benefit from reduced regulatory hurdles in raising capital. Easier capital formation for mid-size companies may help the many communities where credit unions operate – for example, a regional employer near a military base could more readily issue stock or bonds to expand, supporting local jobs for military spouses and veterans. We note that a version of this change passed the House in the last Congress as part of a broader package. **Recommendation:** Support H.R. 4430. Expanding WKSI eligibility will facilitate growth for smaller public companies. We believe in fostering a robust economy in which our members can prosper. So long as investor disclosures remain robust (WKSI status still requires SEC oversight, just on a more automatic basis), this is a positive reform.
14. **H.R. 4431 – *Improving Capital Allocation for Newcomers (ICAN) Act*.** Introduced by Rep. William Timmons, the ICAN Act amends the Investment Company Act of 1940 to encourage larger venture capital funds that can support startups. It raises the limits in the law's "qualifying venture capital fund" exemption: specifically, it increases the cap on a venture fund's aggregate capital from $10 million to $150 million, and increases the allowable number of investors in such a fund from 250 to 2,000. These are significant jumps reflecting the scale-up needed for today's venture investments. By allowing qualifying venture funds to be much larger and have far more contributors without being treated as traditional investment companies, the ICAN Act would unlock more capital for new ventures while still confining these funds to venture activity. DCUC supports this change. As the startup ecosystem has grown, the 1940 Act's old thresholds became outdated – $10 million is a very small fund by modern standards. A $150 million fund with up to 2,000 investors will be better positioned to fuel promising new companies, some of which may be founded by veterans or in industries that benefit our national defense. Importantly, increasing the investor limit means more *non-wealthy* individuals or community investors could potentially participate in venture funding opportunities (subject to SEC rules), spreading the rewards of innovation more widely. **Recommendation:** Support H.R. 4431. This legislation will help channel greater investment into emerging businesses by updating archaic regulatory limits. We believe in promoting innovation and entrepreneurship – doing so ultimately enhances the financial well-being of our members and can drive economic growth in communities around military bases.

15. **H.R. 4437 – *Supervisory Modifications for Appropriate Risk-Based Testing (SMART) Act of 2025*.** This bill, also by Rep. Timmons, provides regulatory relief for well-run community financial institutions. It would allow certain well-capitalized, well-managed institutions under $10 billion in assets to have a streamlined examination cycle. Specifically, qualifying institutions (including credit unions) would undergo **full-scope examinations only every other exam cycle**, with **alternating limited-scope exams** in between, focusing on key risk areas. In addition, a qualifying institution could request that multiple exams (safety and soundness, consumer compliance, cybersecurity, etc.) be conducted concurrently as a **combined exam**, rather than separate exams at different times. Exceptions would apply if the institution has recent enforcement actions or changes in control. The bill also directs regulators – including the NCUA for credit unions – to issue rules implementing these changes within 12 months, ensuring that exam relief is balanced with safety and soundness responsibilities. DCUC enthusiastically supports the SMART Act. Many defense credit unions are small to midsized and maintain exemplary records; yet frequent, overlapping exams can consume resources that would be better spent serving our members. By tailoring the supervision schedule to an institution's risk profile and track record, this Act lets high-performing credit unions devote more attention to member service and innovative products (like improved financial counseling for military families), without compromising oversight. Importantly, examiners would still have full authority to conduct additional reviews if needed – so safety remains paramount. **Recommendation:** Support H.R. 4437. This well-targeted regulatory relief will strengthen the credit union system's efficiency. We do request that NCUA promptly extend similar alternating exam benefits to federally insured credit unions once authorized. Our defense credit unions take pride in strong management, and they will use the time and cost savings from this reform to further support the financial readiness of our servicemembers.
16. **H.R. 4449 – *Advocating for Small Business Act*.** Sponsored by Rep. Vicente Gonzalez (with Rep. Andrew Garbarino), this bipartisan bill seeks to elevate small-business considerations within the SEC's rulemaking process. It would establish dedicated **"Office of Small Business" units within each rule-writing division of the SEC** (e.g. Corporation Finance, Trading & Markets, Investment Management). These offices would coordinate with the SEC's existing Office of the Advocate for Small Business Capital Formation to ensure that the concerns of small enterprises are reflected in policy and rule priorities. In essence, whenever the SEC crafts regulations – say, on disclosure, investor rules, or market structure – there will be an in-house voice assessing how those rules impact small businesses' ability to raise capital. DCUC supports this concept. We know from experience that one-size-fits-all regulations can unintentionally burden smaller entities; having a formal mechanism to consider small business needs should result in smarter, right-sized rules. Facilitating capital formation for small businesses is directly beneficial to the communities we serve – many of our military members or their spouses run small businesses, and many veterans start businesses after service. By ensuring the SEC's divisions systematically address small business impacts, this Act can help reduce barriers for those entrepreneurs. **Recommendation:** Support H.R. 4449. We believe it will lead to more balanced regulation that accounts for the engine of our economy – small businesses. We have seen NCUA and other regulators create similar advocate roles (for example, NCUA's Office of Credit Union Resources and Expansion focuses on small credit unions and underserved areas). Embedding this perspective in SEC's divisions is a positive step that we applaud.

17. **H.R. 4460 – *Stop Agency Fiat Enforcement of Guidance (SAFE) Act*.** Introduced by Rep. Dan Meuser, this bill addresses a long-standing concern of financial institutions: the improper use of agency "guidance" as if it were binding law. H.R. 4460 would require federal financial regulators to **clearly state on the first page of any guidance document that it has no legal force and is meant only to clarify existing laws or regulations**. Further, it tasks the Office of Management and Budget (OMB) with oversight to ensure agencies comply with this transparency and accountability in their guidance issuances. DCUC strongly supports this reform. Credit unions have often felt whipsawed by "guidance" or exam manual provisions that examiners treat as de facto rules. This bill codifies what regulators themselves have acknowledged in principle – that guidance is not legally enforceable. By prominently disclaiming any binding effect, agencies will curtail the practice of "regulation by guidance," which has sometimes imposed new obligations without the notice-and-comment process institutions deserve. Our defense credit unions welcome clear rules of the road: when a requirement is truly mandatory, it should go through proper rulemaking, and when something is advisory best-practice guidance, it should not be the basis for examination findings or penalties. This clarity will free credit unions to focus on true compliance priorities and serving members, rather than guessing at the status of informal bulletins. **Recommendation:** Support H.R. 4460. This legislation will improve regulatory transparency and fairness. We additionally encourage NCUA to continue its commitment to differentiating guidance from regulation – a practice that will be reinforced by this Act. Ultimately, reducing "fiat" enforcement of guidance means less compliance uncertainty and more attention to real risks, benefiting our members and the safety of the financial system.
18. **H.R. 4478 – *Tailored Regulatory Updates for Supervisory Testing (TRUST) Act of 2025*.** This bill, introduced by Rep. Tim Moore with bipartisan input, complements the SMART Act by adjusting statutory exam cycles. It raises the asset threshold under which banks are eligible for an extended 18-month exam cycle from the current $3 billion to **$10 billion**. (Credit unions' exam cycle is set by NCUA policy rather than statute, but NCUA has moved in parallel to a risk-based exam scheduling for smaller institutions.) By allowing banking regulators to examine well-managed community banks under $10B less frequently (no more than once every 18 months instead of annually), the TRUST Act lets regulators devote more attention to higher-risk and larger institutions. It eases unnecessary burden on smaller banks that have proven track records. DCUC supports this change and notes that it is in line with the extended exam cycle thresholds Congress has approved in the past (for example, raising from $1B to $3B in 2018). We would encourage NCUA, while not directly mandated by this bill, to similarly consider longer exam cycles for well-run credit unions up to $10B. Many defense credit unions fall below this size and could benefit from a consistently applied 18-month exam schedule when conditions warrant, allowing them to allocate more time to member service initiatives. **Recommendation:** Support H.R. 4478. This is a prudent expansion of regulatory tailoring that recognizes resource constraints and the strong performance of community institutions. The result will be more efficient supervision. We believe our members – particularly those on military bases served by smaller credit unions – will see indirect benefits as those credit unions can concentrate more on new services (like better online banking for deployed troops) and less on excessive examination processes.

19. **H.R. 4544 (numbered as "H.R. ____" in markup) –** ***American Access to Banking Act*.** Authored by Ranking Member Waters, this bill seeks to **expand access to financial services by making it easier to establish new banks and credit unions (de novo institutions)**. DCUC is especially pleased to see this proposal, as it directly addresses the decline in new credit union charters in recent years. The Act instructs federal banking agencies *and NCUA* to streamline the de novo application process – for example, by simplifying application forms, reducing duplicative information requests, and coordinating with other government data sources. It also calls on regulators to review capital-raising regulations that may hinder new entrants, particularly rules affecting community-based investors and non-accredited investors. Importantly, the bill would require agencies to **assign a dedicated caseworker to each de novo applicant** to guide them through the process. It promotes a mentorship program by enlisting recently chartered institutions to mentor new organizers. Additionally, agencies must engage with state regulators and community stakeholders regularly and develop a long-term plan (updated every five years) for facilitating de novo formation, reporting progress annually to Congress. In sum, this is a comprehensive effort to lower barriers to entry for community-focused financial institutions. DCUC **supports the American Access to Banking Act**. For the defense credit union community, entry barriers have meant fewer new credit unions serving bases or military populations over time. Encouraging new charters – whether new credit unions on an installation, or new community banks in a town that lost branches – will improve financial access for military families and veterans. We know that when big banks pull back, credit unions often fill the void; this bill will help ensure communities (including those around bases) are not banking deserts. We particularly applaud the requirement for agency "caseworkers" to assist applicants – navigating chartering and insurance applications can be daunting, and having a point person will make a difference. Also, by examining how new institutions can raise capital (or in the case of credit unions, initial funding and reserves) from local investors, the Act could unlock sustainable funding models for de novos. **Recommendation: Support H.R. 4544.** We believe this legislation will bolster the future of the credit union movement by enabling new institutions to form and thrive. The focus on community-based de novos aligns perfectly with DCUC's mission to serve those who serve our country. We urge the Committee to advance this measure and ensure that NCUA, in particular, uses the tools provided to encourage new credit union charters that can serve underserved military communities.
20. **Committee Resolution –** ***Reestablishment of the Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity*.** Finally, the Committee is considering a resolution to reestablish its Task Force on Monetary Policy and related issues for a six-month period. DCUC supports this resolution. The Task Force has provided a valuable forum for bipartisan dialogue on macroeconomic trends, Federal Reserve policy, and the health of our Treasury markets. These issues ultimately affect every credit union and member – from the interest rates on loans and savings that our servicemembers receive, to the stability of the government securities that many credit unions invest in. Continuing the Task Force's work will help ensure Congress remains engaged on monetary policy's impact on community financial institutions and consumers. **Recommendation:** Adopt the Task Force resolution. Keeping a spotlight on monetary policy and market stability is important to our industry and to the financial security of military families.

Thank you for considering DCUC’s perspectives on these bills. We believe each of these measures, in its own way, can contribute to a stronger, more inclusive financial system that better serves American consumers and small businesses. In particular, we appreciate the Committee’s attention to regulatory right-sizing, and financial inclusion. These are priorities that align with our mission to support the financial well-being of those who serve our nation.

We respectfully urge the Committee to favorably report the above measures and to incorporate our recommendations as the legislative process moves forward. DCUC and our member credit unions stand ready to work with you to implement these policies effectively. Our ultimate shared goal is to ensure that military members, veterans, and all American families have access to safe, affordable financial services and a healthy economy in which to thrive.

If you have any questions, please do not hesitate to email me at jstverak@dcuc.org or contact me via the phone at 202.557.8528.

Sincerely,

Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the United States House Financial Services Committee