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DEFENSE CREDIT UNION COUNCIL

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November 4, 2025

U.S. Department of the Treasury
Attn: Office of General Counsel
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Advance Notice of Proposed Rulemaking on GENIUS Act Implementation [TREAS-DO-2025-0037] RIN 1505-ZA10

To Whom It May Concern:

On behalf of the Defense Credit Union Council (DCUC),[1] thank you for the opportunity to comment on this advance notice of proposed rulemaking (ANPRM) relating to the implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act.[1] DCUC represents credit unions that serve active-duty military, veterans, and their families. Our association is uniquely positioned to offer the perspective of financial institutions serving a population that is highly mobile, frequently overseas, and often targeted by fraudulent actors within the digital financial ecosystem.

Credit unions are the backbone for individuals and communities. They also serve as critical financial intermediaries for low- and moderate-income consumers by offering safe financial products and services under a member-owned not-for-profit structure. As the Department of the Treasury (Treasury) develops regulations under the GENIUS Act,[1] it is important that it recognizes that stablecoins, if appropriately regulated, can help reduce friction in payments, expand access to financial services, and enhance financial security for credit union members.

In addition to Treasury, the Board of Governors of the Federal Reserve (Federal Reserve), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and credit unions' federal regulator, the National Credit Union Administration (NCUA), are tasked with implementing various requirements including regulations governing depository institutions that hold stablecoin reserves or otherwise participate in payment stablecoin activities. DCUC plans to have frequent communication with these agencies as regulations and guidance are proposed. Below are DCUC's initial views for Treasury's consideration.

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[1] The Defense Credit Union Council represents more than 200 defense-affiliated credit unions and over 40 million members—including active-duty servicemembers, Guard and Reserve personnel, veterans, Department of Defense civilians, and military families.
[2] Public Law 119-27 (July 18, 2025) (providing a comprehensive framework for the federal regulation of payment stablecoins).

[3] *See* Public Law 119-27 at sec. 13.

I. Stablecoin Issuers and Service Providers

Treasury is seeking comments on whether regulations or guidance are needed to clarify reserve requirements or the requirement to publish the composition of the reserves. DCUC believes that reserve requirements for federally insured credit unions can be determined by their regulator, the NCUA, and that requirements should be tailored to the scale and nature of the institution.

DCUC does not support a one-size-fits-all regime that could be cost prohibitive for many credit unions. We support regulations that include institution-specific safe harbors and tiered compliance thresholds that recognize smaller and less complex financial institutions. This is especially important for credit unions that serve smaller or niche communities.

II. Field of Membership and Regulatory Parity

Credit unions, unlike banks, serve members that are within a "field of membership" (FOM), which requires a common bond that is typically occupational, associational, or community based. A credit union can also serve more than one of these groups, each with its own common bond. The GENIUS Act does not specifically address FOM, but these requirements can create difficulties for credit unions to operate in the stablecoin space.

Because stablecoins operate in a digitally distributed and borderless environment, limiting credit union participation due to FOM requirements would severely disadvantage them compared to banks and nonbank service providers. DCUC urges Treasury to work with the NCUA to develop exceptions to FOM requirements for credit unions that hold stablecoin reserves or offer account services tied to stablecoin payment products. To create a level playing field and to enable effective consumer service, we support regulations that will allow credit unions to hold stablecoin accounts outside of the current field of membership requirements.

III. Illicit Finance

Treasury seeks input on regulatory expectations for anti-money laundering (AML), sanctions programs, monitoring and reporting suspicious activity, and customer identification and due diligence. DCUC believes that all requirements for AML and the Bank Secrecy Act (BSA) that apply to banks and credit unions in the United States should be applicable for all participants in the payment stablecoin ecosystem. Treasury should ensure that permitted payment stablecoin issuers (PPSIs) and foreign payment stablecoin issuers (FPSI) are held to the same standards regarding AML and BSA requirements as credit unions. Credit unions should not have more robust requirements and compliance burdens than non-bank entities. And, future regulations should not create an environment where extensive requirements prevent institutions, such as credit union, from participating in this market.

IV. Economic Data

As the GENIUS Act establishes federal safeguards to protect consumers, Treasury is seeking input on how the economic benefits of consumer protection should be measured. DCUC believes consumer protection is especially important and necessary for payment stablecoins. Consumers should receive clear, understandable, and timely disclosures and there should be a regulatory framework in which stablecoin issuers and accounts are subject to consumer financial regulations such as Regulation E’s Electronic Fund Transfer requirements and Regulation Z’s Truth in Lending Act requirements. Furthermore, there should be rules that protect institutions, such as credit unions, from losses due to fraud, misappropriation, or bad actors. Regulatory protections should be in place so consumers and financial institutions are not liable for issues that can occur with stablecoin issuers.

There should also be limitations on concentration risk for financial institutions. Institutions that do not properly diversify their assets create risk to themselves and the overall financial system in times of instability. Creating a regime that allows for diversification and prohibits concentration risk protects financial institutions, their deposits, the overall financial system, and consumers.

The NCUA and the other prudential regulators should define caps on stablecoin holdings as a percentage of total deposits, consistent with existing concentration risk frameworks. These regulators are in the best position to establish these caps.

DCUC is still evaluating the full implications of the GENIUS Act on the credit union system. We anticipate submitting further comments as regulations develop and look forward to engaging with Treasury, the NCUA, and the other federal regulators during this process. We believe that effective GENIUS Act implementation will lead to opportunities for military families and credit union members while maintaining safety and soundness in the financial system.

We stand ready to work with you on advancing legislation or regulations to accomplish these goals. 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