



**America's  
Credit Unions**

## **Regulatory Comment: Advance Notice of Proposed Rulemaking (ANPR) Related to Treasury's Implementation of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act**

### **THE ISSUE:**

The U.S. Department of the Treasury (Treasury) has issued an Advance Notice of Proposed Rulemaking (ANPR) seeking public comment related to Treasury's implementation of the GENIUS Act.

### **IMPACT TO CREDIT UNIONS:**

The GENIUS Act permits a subsidiary of an insured credit union, such as a credit union service organization (CUSO), to issue stablecoins as a "permitted payment stablecoin issuer" (PPSI). The GENIUS Act restricts the issuance of payment stablecoins in the U.S. to PPSIs. This creates opportunities for supervised, insured institutions (including credit unions via subsidiaries or state-qualified options) and imposes substantial compliance, capital, liquidity, and supervisory obligations that will be meaningful for credit unions that choose to participate. Because PPSIs are explicitly subject to "all Federal laws applicable to a U.S. financial institution" on anti-money laundering (AML) and sanctions, subsidiaries functioning as PPSIs will need expanded transaction monitoring, enhanced sanctions screening for crypto rails, capabilities to block/reject transactions, and technical tools for chain analysis/forensics. This will likely cause a material increase in compliance staff and technology costs. Smaller credit unions may have to outsource to shared service providers or cooperatives.

### **KEY POINTS:**

- The GENIUS Act, enacted on July 18, 2025, provides a comprehensive framework for the federal regulation of payment stablecoins.
- The ANPR solicits public comments on six main categories: stablecoin issuers and service providers, illicit finance, foreign payment stablecoin regimes, taxation, insurance, and economic data.
- The National Credit Union Administration (NCUA), and other federal financial regulators, are tasked with implementing capital and liquidity requirements applicable to Permitted Payment Stablecoin Issuers (PPSIs), and establishing a process and framework for the licensing, regulation, examination, and supervision of PPSIs.

## **ACTION NEEDED: Deadlines and contacts**

Please use the comment link below to respond to America's Credit Unions' survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America's Credit Unions: October 28, 2025 — [Submit here](#).
- Comments due to the Treasury: November 4, 2025
- Questions? Contact [Andrew Morris](#), Director, Innovation and Technology, America's Credit Unions
- Agency contact: Tian Huang and Shane Shannon, Counselors to the General Counsel; Christina Lee, Senior Counsel; Degi Altantuya, Frank Colleluori, Brendan Costello, Matan Neuman, Carol Rodrigues, and David Wertime, Attorney-Advisors, Office of the General Counsel, [OGC\\_GeniusAct@Treasury.gov](mailto:OGC_GeniusAct@Treasury.gov), 202-622-0480, Department of the Treasury, 1500 Pennsylvania Ave. NW, Washington, DC 20220.

## **QUESTIONS TO CONSIDER:**

1. Does your credit union plan to partner with a subsidiary to issue a stablecoin? What is the status of your credit union's digital asset engagement more broadly? Do you foresee member interest in stablecoins?
2. Does your credit union envision holding reserve assets on behalf of a PPSI? Are any regulations necessary to clarify requirements related to the holding of reserve assets? Is additional clarity necessary regarding the extent to which reserve assets are required to, or should, be held in custody?
3. Section 4(a)(5) directs Treasury to issue implementing regulations to ensure PPSIs have effective programs for AML and sanctions compliance. For your credit union, what challenges do you anticipate in terms of monitoring and blocking suspicious or fraudulent stablecoin transactions?
4. What guidance or regulations would be necessary to ensure that credit unions have adequate custodial authority to provide safekeeping services for member stablecoins?
5. Should the NCUA clarify that the prohibition on rehypothecation in Section 4(a)(2) of the GENIUS Act does not prevent an insured credit union from pledging the reserves it holds for a PPSI as collateral for certain financial obligations?

## **BACKGROUND:**

Enacted on July 18, 2025, the GENIUS Act provides a comprehensive framework for the federal regulation of payment stablecoins. Under the GENIUS Act, Treasury is directed to establish regulations that foster responsible innovation in payment stablecoins and ensure appropriate safeguards to protect consumers, reduce risks of illicit finance, and promote financial stability. While the ANPR itself does not impose new requirements, Treasury is seeking feedback, data, and other information that may help shape the rulemaking process. Commenters do not need to respond to every question and Treasury anticipates further public comment on proposed regulations before adopting any final regulations. Moreover, this notice follows Treasury's earlier [Request for Comment on Innovative Methods to Detect Illicit Activity Involving Digital Assets](#), issued on August 18, 2025, which remains open until October 17, 2025. America's Credit Unions will be submitting comments letters on both.

## **EFFECTIVE DATE**

Comments on this ANPR must be received on or before October 20, 2025. America's Credit Unions welcomes input and feedback as we draft our comment letter.

## **ADDITIONAL QUESTIONS:**

### **Stablecoin Issuers and Service Providers**

#### **A. Issuance and Treatment of Payment Stablecoins**

Section 3 of the GENIUS Act governs the issuance and treatment of payment stablecoins. Under the GENIUS Act, only permitted payment stablecoin issuers (PPSIs) may issue a payment stablecoin in the United States, subject to certain exceptions and safe harbors. The GENIUS Act provides three primary categories of PPSIs, all of which must be formed in the United States: (i) a subsidiary of an insured depository institution; (ii) a federal qualified payment stablecoin issuer; or (iii) a state qualified stablecoin issuer. Further, beginning on July 18, 2028, digital asset service providers may not offer or sell a payment stablecoin to any person in the United States unless the payment stablecoin is issued by a PPSI or issued by a foreign payment stablecoin issuer (FPSI) that meets certain requirements. The NCUA, which will be the primary federal payment stablecoin regulator for credit unions, is tasked with implementing capital and liquidity requirements applicable to PPSIs that are subsidiaries of insured credit unions, and establishing a process and framework for the licensing, regulation, examination, and supervision of such PPSIs, as well as associated regulations governing the holding of stablecoin reserves or otherwise participate in payment stablecoin activities.

*1. What topics should any regulations to effectuate Section 3(a) of the GENIUS Act, including the associated penalties, address?*

*2. Should Treasury issue regulations providing for safe harbors from Section 3(a)? If so, what factors should Treasury consider in adopting these regulations? Would it be better to observe the operation of Section 3(a) for a period of time before considering safe harbors, or are safe harbors necessary as soon as Section 3(a) becomes operational?*

*3. Is the scope of the term “payment stablecoin” sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?*

*4. Is the scope of the term “digital asset service provider” sufficiently clear as defined in the GENIUS Act? If not, what additional clarification should be provided?*

*5. Is the extraterritorial application sufficiently clear as stated in the GENIUS Act? If not, what additional clarification should be provided?*

*6. How should payment stablecoins not issued by a PPSI be treated for accounting purposes under Section 3(g)(1)?*

*7. Are any regulations or guidance necessary to clarify any aspects of this treatment provision?*

Section 3(h) of the GENIUS Act provides that the following transactions are exempt from the prohibitions in Section 3: (i) the direct transfer of digital assets between two individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary; (ii) any transaction involving the receipt of digital assets by an individual between an account owned by the individual in the United States and an account owned by the individual abroad that are offered by the same parent company; or (iii) any transaction by means of a software or hardware wallet that facilitates an individual's own custody of digital assets.

*8. Are any regulations or guidance necessary to clarify the scope of these exempted transactions?*

*9. Are there any other terms in Section 3 that would benefit from additional clarification or interpretation?*

## **B. Requirements for Issuing Payment Stablecoins**

Section 4(a)(1) of GENIUS governs the standards for the issuance of payment stablecoins. From a credit union standpoint, the GENIUS Act's reserve and disclosure requirements for stablecoin issuers present both opportunities and challenges. The mandate that payment and federally permitted stablecoin issuers maintain reserves with U.S. financial institutions could create new business avenues for credit unions to serve as custodians and attract deposits, while the monthly disclosure requirements on reserve size, composition, and custody location would increase transparency but may also expose credit unions to heightened reputational and compliance risks.

*10. Are any regulations or guidance necessary to clarify the scope of the reserve requirements in Section 4(a) or the requirement to publish the composition of the reserves?*

*11. How will FPSIs determine the liquidity demands of U.S. customers in such a way that will be sufficient to maintain compliance with the obligation to hold reserves in U.S. financial institutions as set forth in Section 18(a)(3)?*

*12. Are any regulations necessary to clarify requirements related to the holding of reserve assets? In particular, is additional clarity necessary regarding the extent to which reserve assets are required to, or should, be held in custody?*

*13. How do market participants currently meet existing jurisdictional reserve requirements to minimize settlement or liquidity risk across jurisdictions that may require local custody of such reserve assets?*

Section 4(a)(11) of the GENIUS Act prohibits PPSIs and FPSIs from paying the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin. This eliminates the possibility of “stablecoin savings accounts” or similar products that might compete directly with credit unions’ traditional interest-bearing accounts. In effect, it protects credit unions (and other depository institutions) from disintermediation by ensuring that stablecoins function strictly as a payment instrument rather than as a competing investment or deposit substitute.

*14. Should any regulations be issued to clarify the meaning of “pay,” “interest,” “yield,” “solely,” or otherwise clarify the scope of Section 4(a)(11)? In particular, should any regulations be issued to clarify whether, and to what extent, any indirect payments are prohibited?*

Section 4(a)(9) of the GENIUS Act prohibits a PPSI from marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be (i) legal tender, (ii) issued by the United States, or (iii) guaranteed or approved by the government of the United States. Abbreviations directly relating to the currency to which a payment stablecoin is pegged, such as “USD,” are exempt from these prohibitions.

*15. Are any regulations or guidance necessary to clarify the scope or application of these provisions, including whether other terms used by PPSIs may be deceptive?*

Under Section 4(a)(12) of the GENIUS Act, certain non-financial companies may not issue payment stablecoins unless the Stablecoin Certification Review Committee (SCRC) unanimously votes to make certain findings, including that it will not pose a material risk to the safety and soundness of the U.S. banking system, the financial stability of the United States, or the Deposit

Insurance Fund. Section 4(a)(12)(D) directs the SCRC to issue an interpretive rule clarifying the non-financial company restrictions.

*16. What additional clarification is necessary on the scope or application of these restrictions?*

*17. What factors should the SCRC consider in making a finding that, if a non-financial company issues payment stablecoins, it will not pose a material risk to the safety and soundness of the U.S. banking system, the financial stability of the United States, or the Deposit Insurance Fund? Are there any factors that should be excluded from consideration?*

For credit unions, Section 4(c)(2) of the GENIUS Act means that the Treasury Department will set criteria to judge whether state regulatory regimes governing stablecoin issuers are “substantially similar” to the federal framework. If a state system is deemed equivalent, issuers regulated at the state level could operate under that regime instead of seeking separate federal approval.

*18. What broad-based principles should be considered in determining whether a state-level regime is “substantially similar” to the federal regulatory framework? Are there any principles that should be excluded from consideration?*

*19. How is a determination that a state-level regime is “substantially similar” to the federal regulatory framework, as described in Sections 4(c)(1) and (2) of the GENIUS Act, similar to or different from a determination that a state-level regime “meets or exceeds the standards and requirements” for issuing payment stablecoins, as described in Section 4(c)(5)?*

Section 4(e)(3) of the GENIUS Act provides that it shall be unlawful to market a product in the United States as a payment stablecoin unless the product is issued pursuant to the GENIUS Act, and that knowing and willful violations may lead to a fine by Treasury of not more than \$500,000 for each such violation.

*20. To what extent does this prohibition overlap with (i) the prohibitions in Section 3, (ii) the prohibition on the use of deceptive names in Section 4(a)(9), or (iii) the prohibition on misrepresentation of insured status in Section 4(e)(2)?*

*21. Are any regulations or guidance necessary to clarify or implement this provision, including how the number of violations will be determined under Section 4(e)(3)(C)?*

*22. Are there any other terms in Section 4 that would benefit from additional clarification or interpretation?*

#### **IV. Illicit Finance**

The GENIUS Act includes provisions relating to the detection and prevention of illicit finance in the digital asset sector. In accordance with Section 9 of the GENIUS Act, on August 18, 2025, Treasury published a request for comment (RFC) seeking input on innovative or novel methods, techniques, or strategies that regulated financial institutions use, or have potential to use, to detect illicit activity. Treasury will consider comments submitted in response to either the RFC or this ANPR. America's Credit Unions will be submitting comment letters for both the RFC and ANPR.

Section 4(a)(5) of the GENIUS Act subjects PPSIs to “all Federal laws applicable to financial institutions located in the United States relating to economic sanctions, prevention of money laundering, customer identification and due diligence,” and directs Treasury to issue implementing regulations, including related to effective programs for AML and sanctions, monitoring and reporting suspicious activity, and technical capabilities and policies and procedures to block, freeze, and reject impermissible transactions. For credit unions, Section 4(a)(5) of the GENIUS Act effectively places payment stablecoin issuers under the same federal compliance regime that already applies to depository institutions with respect to AML, sanctions, and customer due diligence. If credit unions choose to interact with or support stablecoin issuers, they will need to ensure their own AML/sanctions programs are capable of handling the heightened risks and expectations associated with digital assets.

*23. What should Treasury consider when promulgating regulations implementing Section 4(a)(5), including AML and sanctions programs, monitoring and reporting suspicious activity, and customer identification and due diligence? What, if any, unique features of PPSIs should Treasury consider?*

*24. What should Treasury consider when promulgating a regulation implementing Section 4(a)(5)(A)(iv)? How do payment stablecoin issuers anticipate implementing technical capabilities, policies, and procedures to block, freeze, and reject specific or impermissible transactions that violate federal or state laws, rules, or regulations, including transactions involving the secondary market, such as those that involve sanctioned persons or countries?*

Section 4(a)(6)(B) of the GENIUS Act provides that a PPSI may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order.

*25. What, if any, regulations or guidance would help clarify the obligations in Section 4(a)(6)(B) to have the technological capability to comply, and to comply, with any lawful order?*

The GENIUS Act establishes that foreign issuers of payment stablecoins must comply with lawful orders and, if they fail to do so, Treasury can designate the issuer as noncompliant, resulting in a prohibition on digital asset service providers facilitating secondary market trading of the



foreign issuer's payment stablecoin. Treasury can issue licenses and waivers and is directed to specify the criteria that a noncompliant foreign issuer must meet for Treasury to determine that an issuer is no longer noncompliant. Credit unions are not likely to be impacted by foreign payment stablecoin issuers.

*26. What factors should Treasury consider in determining whether a noncompliant FPSI has cured its noncompliance in accordance with Section 8(b)(3)? What kinds of evidence or commitments should Treasury require?*

*27. What else should Treasury consider in promulgating a regulation related to Section 8 of the GENIUS Act, including its ability to issue licenses and waivers?*

*28. In the economic sanctions context, lawful orders will include sanctions designations. The persons and property subject to blocking will be identified with reasonable particularity by the publication of identifying information for such persons and property on Treasury's Office of Foreign Assets Control's Specially Designated Nationals List. If regulation or guidance is promulgated, what kind of considerations and provisions should it include to clarify the requirement to comply with lawful orders in the economic sanctions context?*

## **V. Foreign Payment Stablecoin Issuers**

The GENIUS Act allows an FPSI to offer, sell, or otherwise make available a payment stablecoin in the United States under certain circumstances. To implement this framework, the GENIUS Act authorizes Treasury to determine whether a foreign regime for the regulation and supervision of payment stablecoins is comparable to the requirements established under the GENIUS Act, allowing certain payment stablecoins issued by an FPSI operating under that foreign regime to be offered or sold in the United States, subject to certain additional conditions. Some foreign jurisdictions may not have legal definitions for either a “payment stablecoin” or a “payment stablecoin issuer.”

### **A. Comparability**

*29. For the purpose of identifying existing foreign payment stablecoin regulatory and supervisory regimes, are there certain characteristics of a “payment stablecoin” recognized in the market that differ from how this term is defined in the GENIUS Act?*

*30. Are there foreign payment stablecoin regulatory or supervisory regimes, or regimes in development, that may be comparable to the regime established under the GENIUS Act? Are there foreign regimes that are in effect, or in development, that materially differ from the regime under the GENIUS Act?*



31. What types of differences from the regime under the GENIUS Act, if any, could create market frictions in international digital assets activity?

32. As Treasury identifies factors for determining whether a foreign jurisdiction has a regulatory and supervisory regime that is comparable to the requirements established under the GENIUS Act, including standards for issuing payment stablecoins provided in Section 4(a), what specific factors should Treasury consider, including factors that should disqualify a foreign jurisdiction from being determined to be comparable? Are there factors that should be excluded from consideration?

33. To what extent should Treasury consider a foreign jurisdiction's willingness and ability to enforce the prohibitions in Sections 4(a)(9), 4(e)(2), and 4(e)(3), as related to misrepresentations of U.S. government support or that of the foreign government, as a factor in comparability determinations under Section 18(b)?

## **B. Reciprocity**

34. How should Treasury interpret “interoperability” in Section 18(d)(1)(C), describing “interoperability with U.S.-dollar denominated payment stablecoins issued overseas?” What technical, legal, regulatory, or other measures are most relevant for interoperability? To what extent should compliance with any interoperability standards issued under Section 12 be required under reciprocal arrangements or other agreements entered into under Section 18(d)?

## **C. FPSIs**

35. What information should U.S. authorities require from a FPSI registered under Section 18(c), and in what format(s) should such information be made available, to ensure that U.S. customers understand how to demand timely redemption of the instrument?

36. Are any regulations or guidance necessary to clarify the prohibition on offers and sales of payment stablecoins issued by foreign issuers in the United States under Section 3(b)(2) of the GENIUS Act, including the requirement that an FPSI have the “technological capability” for compliance?

## **VI. Taxation**

The GENIUS Act does not address the federal income tax characterization of payment stablecoins or any other issues relevant to the application of the Internal Revenue Code to payment stablecoin transactions. The characterization of a financial instrument or other asset for federal income tax purposes in many cases determines or affects how it is taxed. For example,

if payment stablecoins were treated as debt instruments for federal income tax purposes, they could be subject to various tax rules governing bonds or securities.

*37. To what extent would guidance from the IRS on the classification of payment stablecoins be necessary or helpful to taxpayers?*

*38. What other topics, if any, should any such tax guidance address? Which issues should be the highest priority items to address?*

## **VII. Insurance**

The following questions are intended to assist Treasury in evaluating how the GENIUS Act and its implementation may affect the insurance industry.

*39. How should implementation of the GENIUS Act take into account insurance industry practices related to payment stablecoins, the development of insurance markets related to payment stablecoins, the activities of domestic and foreign insurers and reinsurers regarding payment stablecoins, and the provision of insurance coverages relevant to payment stablecoins?*

*40. How should GENIUS Act implementation take into account the types and amounts of insurance coverage that should be purchased by PPSIs or FPSIs?*

*41. What should Treasury consider regarding the possibility of insurers acting as PPSIs, FPSIs, or digital asset service providers, including with respect to insurance reserving practices and regulatory requirements?*

*42. What other topics should Treasury consider with respect to the impact of the GENIUS Act and its implementation on the insurance industry? Which issues should be the highest priority items for Treasury to consider?*

## **VIII. Economic Data**

The following questions are intended to assist Treasury in analyses that it may perform regarding the potential costs and benefits of certain regulations related to the GENIUS Act.

### **A. Costs**

*43. What are the estimated one-time and ongoing costs for PPSIs and FPSIs to comply with the requirements under the GENIUS Act, including licensing, disclosure, and AML and sanctions program requirements?*

*44. What are the expected legal and enforcement costs for PPSIs and FPSIs associated with GENIUS Act compliance, including litigation-related expenses?*

*45. What are the potential costs associated with registration under state regimes as compared to federal regimes, including any administrative burdens or impacts on innovation?*

## **B. Benefits**

*46. What are the potential advantages of registering under state regimes compared to federal regimes, particularly in terms of administrative efficiency and support for innovation?*

*47. The GENIUS Act establishes federal safeguards to protect consumers. How should the economic benefits of consumer protection be measured?*

*48. How do you expect illicit finance activity involving payment stablecoins and efforts to combat that activity to change due to GENIUS Act requirements for PPSIs related to AML and sanctions?*

*49. What are the economic benefits of aligning U.S. stablecoin rules with foreign regimes (e.g., reduced friction and increased access)?*

*50. What is the estimated improvement in compliance efficiency and market participation due to clearer regulatory guidance as compared to the environment before the enactment of the GENIUS Act?*

*51. What is the projected impact of regulatory clarity on startup formation, venture investment, and product innovation?*

*52. What is the estimated impact from the adoption of payment stablecoins on transaction, processing, and settlement fees, failure rates, and timelines, as compared to existing payments systems?*

*53. What is the estimated impact of PPSIs and FPSIs on the demand for Treasury securities, repurchase agreements and reverse repurchase agreements that are eligible reserve assets under Sec. 4(a)(1)(A)?*

## **IX. Other Topics**

*54. Are any regulations or guidance necessary to address risks associated with the resolution of a bankrupt or failed PPSI, including those that may have stablecoins in international circulation?*

- 55. What types of conflicts of interest might arise for stablecoin issuers, and what safeguards might enable stakeholders to be confident in a fair market?*
- 56. Which of the topics addressed in this ANPRM are most critical for establishing the GENIUS Act regulatory framework? Are there any other factors Treasury should consider in sequencing and prioritizing these rulemakings?*
- 57. Are there other topics not addressed in this ANPRM that should be considered in future Treasury rulemakings?*
- 58. What is the projected impact of regulatory clarity on demand for payment stablecoins?*