



Regulatory Comment: Investments in and Licensing of Permitted Payment Stablecoins Issuers

THE ISSUE:

On February 12, 2026, the National Credit Union Administration (NCUA) Board issued a proposed rule on proposed regulations to implement the portions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) that establish the statutorily required process for approval and licensure of permitted payment stablecoin issuers (PPSIs) subject to the NCUA's jurisdiction and limit federally insured credit unions (FICUs) to investing in NCUA-licensed PPSIs.

IMPACT TO CREDIT UNIONS:

FICUs can only issue stablecoins indirectly. The Board proposes that for federal credit unions (FCUs), PPSI subsidiaries must be credit union service organizations (CUSOs). Federally insured state chartered credit unions' (FISCU) PPSI subsidiaries can be any entity that meets the Federal Deposit Insurance Act (FDI Act) definition of a subsidiary. Such subsidiaries would be subject to NCUA supervisory authority. FISCU PPSI subsidiaries can be CUSOs, but do not have to be CUSOs, with non-CUSOs not subject to CUSO requirements. The Board provides details on the application and information requirements for subsidiaries, their FICU Parent Companies, and Principal Shareholders. Such entities must jointly apply to the NCUA for the subsidiary to be approved as a PPSI.

KEY POINTS:

- FCUs cannot issue stablecoins directly, but only indirectly.
- FCU PPSI subsidiaries must qualify as a CUSO, while FISCUs have more flexibility because their subsidiaries can, but are not required, to be CUSOs. However, the NCUA still oversees FISCU subsidiaries if they issue stablecoins.
- FICU subsidiaries are required to submit applications, and other required information, jointly with their FICU Parent Company(ies).

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: March 30, 2026 — [Submit here](#).
- Comments due to the NCUA: April 13, 2026
- Questions? Contact [Jeremy Greenberg](#), Regulatory Advocacy Counsel, Innovation & Technology, America's Credit Unions
- Agency contacts: Thomas Zells and Rachel Ackmann, Senior Staff Attorneys; or Ariel Woodard-Stephens, Staff Attorney, (703) 518-6540.

QUESTIONS TO CONSIDER:

1. Should the Board interpret the GENIUS Act's reference to an organization providing services to an insured credit union that is associated with the routine operations of credit unions under 1757(7)(I) of the FCU Act as indistinguishable from a CUSO? Do you agree with the NCUA that all PPSI subsidiaries of FCUs must be CUSOs?
2. If so, what would the implication be for PPSIs and non-PPSI CUSOs? Would a revised interpretation that recognizes separate entities result in any additional risk to credit unions?
3. Should the NCUA require a PPSI to primarily serve credit union members?
4. Should the NCUA seek to exercise joint supervisory jurisdiction with other federal banking regulators when a CUSO is co-owned by banks or nonbank entities?
5. Should FICU subsidiaries be required to submit applications jointly with their FICU Parent Company(ies) and Principal Shareholders? Why or why not?

BACKGROUND:

The GENIUS Act was signed into law on July 18, 2025. The GENIUS Act establishes a regulatory framework for payment stablecoins and provides pathways for regulation at both the federal and state level. Under the GENIUS Act, "insured depository institutions," which include FICUs (but not privately insured credit unions), cannot be issuers of payment stablecoins. Instead, insured depositories must use "subsidiaries" as issuers. The NCUA has jurisdiction over these PPSIs and they are subject to requirements regarding reserves, capital, liquidity, illicit finance, and information technology risk mitigation standards. The GENIUS Act imposes rulemaking, review,

and reporting requirements on the NCUA. Further, the NCUA is required to examine and supervise issuers that are FICU subsidiaries.

SECTION-BY-SECTION ANALYSIS

Definitions

1. *Applying Issuer*: any entity applying to the NCUA for an NCUA-PPSI license. This term refers to any entity, whether licensed or approved as a PPSI or yet to be licensed or approved, that is applying for an NCUA PPSI license. An Applying Issuer must apply jointly with any insured credit union parent company(ies).
2. *Director*: An individual who serves on the board of directors of an Applying Issuer, a Parent Company of the Applying Issuer, or a Principal Shareholder of the Applying Issuer. Individuals meeting the definition of Director will generally need to complete the NCUA's Biographical and Financial Report so that the NCUA can verify their competence, experience, and integrity. The Directors and proposed Directors of an Applying Issuer will generally need to provide fingerprints for biometric based criminal history search.
3. *Issuing Group*: The Applying Issuer and Parent Company(ies) and the Officers, Directors, and Principal Shareholders of the Applying Issuer, its subsidiaries, and Parent Company(ies).
4. *NCUA-Licensed Permitted Payment Stablecoin Issuer*: A person formed in the United States that is a FICU subsidiary that has been approved and licensed by the NCUA to issue payment stablecoins.
5. *Officer*: The president, chief executive officer, chief operating officer, chief financial officer, chief technology officer, chief lending officer, chief investment officer, chief risk officer, Bank Secrecy Act officer, and any other individual the NCUA identifies in writing to the Issuing Group who exercises significant influence over, or participates in, major policy making decisions of the Issuing Group. The term also includes any employees of entities retained by an Issuing Group to perform such functions in lieu of directly hiring the individuals. Individuals meeting the definition of an Officer will generally need to complete the NCUA's Biographical and Financial Report. The Officers and proposed Officers of an Applying Issuer will also generally need to provide legible fingerprints for a biometric based criminal history search.
6. *Parent Company*: A FICU that owns, controls, or holds the power to vote 10 percent or more of any class of voting securities, or has the ability to direct the management or

policies, of a PPSI. If no insured credit union will own, control or hold the power to vote 10 percent or more of any class of voting securities, the FICU with the largest percentage of voting securities in relation to all other FICUs is considered the Parent Company. A FICU that has the ability to direct the management of policies of a PPSI would be considered a Parent Company.

7. *Principal Shareholder*: A person other than a FICU that directly or indirectly acts in concert with one or more persons or companies, or together with members of their immediate family, will own, control, or hold the power to vote 10 percent or more of any class of voting securities.
8. *Subsidiary of an Insured Credit Union*: the GENIUS Act defines a subsidiary of an insured credit union to include the following three-prong definition:
 - A. An organization providing services to the insured credit union that are associated with the routine operations of credit unions;
 - B. a CUSO, as such term is used under 12 CFR 712, with respect to which the insured credit union has an ownership interest or to which the insured credit union has extended a loan; and
 - C. a subsidiary of a FISCU authorized under state law.

The NCUA does not recognize the organizations described under A. and B. above as being separate avenues for the purpose of this proposed rule, but rather the same type of entity. Therefore, any FCU that seeks to issue payment stablecoins indirectly must do so through a CUSO. The Board recognizes that there may be some provisions in Part 712 that are unnecessary for NCUA-licensed PPSIs.

The Board notes that there is a statutory limitation on the amount of investment under § 1757(7)(I) of the FCU Act, which is that an FCU is only authorized to invest up to 1 percent of its total paid in and unimpaired capital and surplus in organizations. As a result of this investment limitation, the total CUSO investments and PPSI investments must be aggregated and limited to 1 percent of total paid in and unimpaired capital and surplus. Further, an FCU that has invested 1 percent of its total paid in and unimpaired capital and surplus in CUSOs would not be able to invest any additional money in a PPSI.

Regarding the third prong under the above GENIUS Act definition, a subsidiary of a FISCU is defined broadly, meaning that any entity that meets the FDI Act definition of a subsidiary and is chartered by a FISCU would meet the definition of a FICU subsidiary and would be subject to NCUA supervisory authority if it is a PPSI. Under part 712, certain FISCU subsidiaries defined as CUSOs are subject to certain requirements in part 712.

These requirements under part 712 include:

- Prior approval for not adequately capitalized FICUs;
- corporate separateness between the FICU and a CUSO;
- requirements that a FICU must obtain written legal advice as to whether the CUSO is established so that it will limit potential exposure of the FICU to no more than the loss of funds invested in or loaned to the CUSO; and
- FICU investment limitations in CUSOs that have a subsidiary CUSO.

Further, FICUs must obtain a written agreement from a CUSO prior to investing in or lending to the CUSO that the CUSO will:

- Account for all its transactions in accordance with generally accepted accounting principles (GAAP);
- prepare quarterly financial statements and obtain an annual financial statement audit of its financial statements by a licensed CPA in accordance to generally accepted auditing standards;
- provide the NCUA, its representatives, and the state supervisory authority having jurisdiction over any FICU with an outstanding loan to, investment in, or contractual agreement for products or services with the CUSO with complete access to books and records of the CUSO; and
- annually submit a report to the NCUA, and the appropriate state supervisory authority if applicable, that must contain a list of services provided to each credit union, the investment amount, loan amount, or level of activity of a credit union, the CUSO's most recent year end statements, credit lending information, and information technology information.

Notably, FICU subsidiaries that are not engaged primarily in providing products or services to credit unions or credit union members would not meet the definition of a CUSO and therefore would not be subject to part 712 requirements. Moreover, the GENIUS Act definition does not require that the entity meet the “engaged primarily in providing products or services to credit unions or credit union members” standard.

Scope

The following are the NCUA rules and procedures for FICUs seeking to invest in payment stablecoin issuers and for FICUs and their subsidiaries to jointly apply for a license with the NCUA to be a PPSI.

Rules of General Applicability

Filing guidance, including policies and procedures, are included in the NCUA's Payment Stablecoin Issuer Manual (Manual). The Manual is available on the NCUA's website and includes detailed information about the application process, including required information, examples, forms, and additional resources for Applying Issuers.

The Board may adopt materially different procedures for a particular filing, or class of filings as it deems necessary.

Filing Required

A FICU subsidiary seeking to issue payment stablecoins must apply to the NCUA for a license and receive NCUA approval prior to issuing stablecoins. This application must be filed jointly with any FICU Parent Company(ies). The proposed PPSI, the Parent Company(ies), and any Principal Shareholders must certify in writing that any filing or supporting material submitted to the NCUA contains no material misrepresentations or omissions.

Potential PPSIs applying to the NCUA to be an NCUA-licensed PPSI must do so jointly with only the investing FICUs that are considered Parent Company(ies). Under the proposed rule the Board would not review licensure applications for each investing FICU.

The Board notes that submission of a draft business plan or other relevant information before any pre-filing meeting may expedite the filing review process. Information on model business plans would be found in the NCUA's Payment Stablecoin Issuer Manual.

Investigations

The NCUA would reserve authority to examine or investigate and evaluate facts related to a filing to the extent necessary to reach an adequately informed decision.

Evaluation of Applications and Factors to be Considered

The GENIUS Act requires the NCUA to evaluate an application using the Statutory Evaluation Factors as described below.

1. Scope

The NCUA evaluates each substantially complete application to determine whether approval would be consistent with the safety and soundness of the applying payment stablecoin issuer based on the Statutory Evaluation Factors. The applicant should consult the Manual to determine what other information is necessary for the NCUA to evaluate an application using the Statutory Evaluation Factors.

2. Statutory Evaluation Factors

The GENIUS Act requires the NCUA to evaluate an application using the following Statutory Evaluation Factors:

- The ability of the applicant (or subsidiary of the applicant) based on financial condition and resources to meet the requirements under 12 U.S.C. 5903 and incorporated in Subpart B of part 706;
- whether the individual has been convicted of a felony or offense regarding various financial crimes;
- the competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent company(ies);
- whether the redemption policy of the applicant meets the standards under 12 U.S.C. 5903(a)(B) and incorporated in Subpart B of part 706; and
- any other factors established by the NCUA that are necessary to ensure the safety and soundness of the Applying Issuer.

3. Policy

Specific policy considerations guide the NCUA's evaluation and provide a framework for the NCUA's policy for cumulatively evaluating an Applying Issuer based on its Issuing Group and its business plan, along with market-specific factors and economic conditions in which the Applying Issuer intends to operate.

Policy considerations include evaluation factors such as:

- Whether the Applying Issuer has a record of compliance;
- sufficient capital, liquidity, and capital and liquidity plans to support their projected volume and type of business;
- a redemption policy sufficient to meet the Statutory Evaluation Factors and other requirements;
- whether the Applying Issuer can reasonably be expected to achieve and maintain profitability; and
- whether the Applying Issuer will be operated in a safe and sound manner.

4. Issuing Group

Each member of the issuing group must have the competence, experience, and integrity to be active in directing the Applying Issuer's affairs in a safe and sound manner. The business plan and other information supplied in the application, including the completed NCUA Biographical and Financial Report forms, must demonstrate an Issuing Group's collective ability to establish and operate a successful PPSI in the economic and competitive conditions of the market to be served. The collective ability must be

demonstrated with consideration of the activities to be engaged in by the Applying Issuer and the services it intends to provide. Each member of the Issuing Group must be knowledgeable about the business plan.

5. *Business Plan*

The business plan must adequately address the Statutory Evaluation Factors and related policy considerations listed above. The NCUA takes a holistic approach to examining a business plan, including the ability for the NCUA to offset deficiencies in one factor by the strengths in one or more other factors.

The contents of a business plan must include:

- Balance sheets and income statements to demonstrate financial stability and earnings prospects as part of the business plan, including actual and *pro forma* balance sheets and income statements;
- management and related requirements;
- biographical and financial report information for all Officers, Directors, and Principal Shareholders;
- their capital and capital plan;
- liquidity and reserve asset diversification practice; and
- understanding of applicable laws and regulations and how to conduct safe and sound operations and practices.

The NCUA Licensing Manual provides guidance to Applying Issuers to help facilitate their development of business plans.

6. *Procedures*

Prefiling meeting: The Issuing Group may request a prefiling meeting with the NCUA before filing an application. Prefiling meetings would normally be held virtually.

Business plan: The Applying Issuer must file a business plan addressing the subjects in § 706.105(e).

Biographical, financial, and background information:

- Each Director or Officer (or proposed Director/Officer) of any Issuing Group member, and any Principal Shareholder of the Applying Issuer, must submit an NCUA Biographical and Financial Report and legible fingerprints for a criminal history search. Principal Shareholders are exempt from the fingerprint requirement. The NCUA may request additional information about any Director, Officer, or Principal

Shareholder as appropriate, and may waive certain requirements if determined to be in the public interest.

7. Investments in Other Licensed Issuers

The Board restricts FICU investment in any PPSI to only those with an NCUA license.

Timing for Decision on Applications

The NCUA must render a decision on the application no later than 120 days after receiving a substantially complete application. An application shall be considered “substantially complete” if the application contains sufficient information for the NCUA to render a decision. The NCUA must notify the applicant as to whether the NCUA considers the application to be substantially complete, and if not, the additional information the applicant must provide for the application to be considered substantially complete no later than 30 days after receiving an application. If the NCUA does not render a decision on a substantially complete application by the specified timeframe, the application shall be deemed approved.

Denial

The NCUA may only deny a substantially complete application. Further, the NCUA may only deny this application if the NCUA determines that the activities of the applicant would be unsafe or unsound. The NCUA must also explain the denial of the application.

Opportunity for Hearing: Final Determination

If the NCUA denies an application, the applicant is provided with an opportunity for a hearing to appeal the denial along with associated submission, hearing, and final determination timing requirements. The applicant may request, in writing, an opportunity for a written or oral hearing before the Board to appeal the denial no later than 30 days after the date of receipt of a notice of denial of the application.

Upon receipt of a timely hearing request, the NCUA will notice a time not later than 30 days after the date of receipt of the request and place at which the Applying Issuer may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument.

No later than 60 days after the date of a hearing, the NCUA will notify the Applying Issuer of a final determination, which will contain a statement of the basis for that determination, with specific findings.

If an applicant does not make a timely request for a hearing under this section, the NCUA will notify the Applying Issuer, not later than 10 days after the date by which the Applying Issuer may

request a hearing under this subparagraph, in writing, that the denial of the application is a final determination of the NCUA.

Right to Reapply

The NCUA shall not prohibit the applicant from filing a subsequent application.

Certification of Anti-Money Laundering and Economic Sanctions Compliance Programs

No later than 180 days after the approval of an application, and on an annual basis thereafter, each PPSI shall submit to the NCUA a certification that the issuer has implemented anti-money laundering and economic sanctions and compliance programs that are reasonably designed to prevent the PPSI from facilitating money laundering, in particular, for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act. The NCUA shall make these certifications available to the Secretary of the Treasury upon request. Penalties are levied for failing to submit the required certification or knowingly submitting false certification.

The NCUA may revoke the approval of a PPSI that fails to submit this required certification or knowingly submits a false certification. Any person who knowingly submits a certification that is false shall be subject to the criminal penalties set forth under section 1001 of title 18, United States Code.

Change in Control

A FICU must provide the NCUA with a written notice 60 days prior to an acquisition that would make it a Parent Company of an NCUA-licensed PPSI. No additional application would be required. Additionally, the information that must be included in the notice is generally related to the acquiring FICU, not the PPSI. The NCUA may disapprove of the FICU's proposed investment to become a parent company if it determines that competence, experience, or integrity of the FICU's Officers and Directors indicates that the investment would not be in the best interests of the PPSI or the public. Appeal rights are provided for an NCUA notice of disapproval.

A FICU may proceed with its proposed investment to become a Parent Company of an NCUA-licensed PPSI at the end of the 60-day period unless the NCUA issues a notice disapproving the proposed acquisition.

Investment Limitation

FICUs are restricted to only investing in PPSIs that have an NCUA license.

Safe Harbor for Pending Applications

The NCUA may waive the application of requirements of the GENIUS Act for a period not to exceed 12 months beginning on the effective date of the GENIUS Act.

Relation to Other Licensing Requirements

The provisions of section 5 of the GENIUS Act supersede and preempt any state requirement for a charter, license, or other authorization to do business with respect to a federal qualified payment stablecoin issuer or subsidiary of a FICU that is approved to be a PPSI.

Reports on Pending Applications

The NCUA must notify Congress upon beginning to process applications under the GENIUS Act. The NCUA must annually report to Congress on the applications that have been pending for 180 days or more since the date the initial application was filed and for which the applicant has been informed that the application remains incomplete. The report must include documentation on the status of such applications and why they have not been approved.

Key Questions Presented by the Board for Public Comment:

1. The Board requests comment on the approach it has taken with regards to applications, certifications, and investment limitations and as to whether requiring each FICU investing in a PPSI to apply would be more prudent.
2. The Board specifically solicits comment on whether the ownership, control or power to vote 10 percent or more of any class of voting securities is the appropriate threshold for determining Parent Company status. Would a higher threshold be appropriate?
 - a. Under the proposal, if no FICU owns 10 percent or greater of a class of voting securities, then the FICU(s) with the greatest ownership interest, even if that ownership is less than 10 percent, is the Parent Company. Is such an arrangement reasonable if the predominant PPSI-CUSO arrangement involves many credit union investors with small, de-minimis investments?
3. What CUSO rules under Part 712 should not be applicable to NCUA-licensed PPSIs?
4. To what extent do commenters believe FICUs will seek to issue payment stablecoins through existing CUSOs?
5. The Board seeks comment as to the adoption of a Manual which would include detailed information about the application process, including the required information, examples, forms, and additional resources for Applying Issuers. The NCUA asks a series of detailed questions about the potential contents of such a Manual:
 - a. What information or resources would be most helpful for the NCUA to include in the Manual?

- b. What documentation or evidence should the Manual suggest applicants provide to demonstrate the financial condition and resources necessary to maintain reserves on a 1:1 basis as a payment stablecoin issuer?
 - c. What specific technological capabilities should the Manual detail applicants should be able to demonstrate with respect to:
 - i. Transaction monitoring and suspicious activity detection;
 - ii. Reserve management and real time reconciliation; and
 - iii. Cybersecurity and operational resilience?
 - d. The NCUA is considering requiring applicants to provide attestations of independent third-party technology assessments or audits. What standards or frameworks should govern such assessments? What challenges or benefits do you anticipate this requirement might pose? How should the Manual help address any challenges?
 - e. The NCUA is considering requiring audited financial statements as part of the initial application. What challenges or benefits do you anticipate this requirement might pose? How should the Manual help address any challenges?
 - f. What documentation or evidence should the Manual suggest that an applicant could provide to demonstrate that they meet operational, compliance, and information technology risk management requirements and standards?
 - g. It is expected that applicants be able to provide documented disclosures regarding redemption fees, procedures, and timelines at the time of application. What challenges or benefits do you anticipate this requirement might pose?
 - h. What specific documentation or evidence should the Manual detail that applicants should be able to demonstrate to show that their technology systems can comply with the terms of any lawful orders and execute actions required by law enforcement or regulatory authorities, such as freezing, seizing, burning, reissuing, and preventing the transfer of stablecoins, and the blocking of stablecoins or accounts?
 - i. What additional factors, if any, should the NCUA consider in evaluating applications to ensure the safety and soundness of permitted payment stablecoin issuers?
6. To what extent do commenters believe FICUs will seek to issue payment stablecoins through existing CUSOs? Or do commenters believe it will be more likely for FICUs to establish new subsidiaries if they seek to issue payment stablecoins?
7. The Board is seeking comments on the pros and cons of recovering the costs of administering the stablecoin program by imposing charges on individual FICUs or NCUA-licensed PPSIs.
- a. The Board specifically solicits commenter feedback as to whether the proposed rule should address the NCUA's authority to assess fees related to investigations or examinations under this section.

8. The Board requests feedback as to whether the business plan elements described in proposed § 706.105(3) provide the necessary information for Applying Issuers and Issuing Groups to develop a complete application for an NCUA-PPSI license.
 - a. The Board specifically solicits comment on the proposed evaluation factors in § 706.105(c), which would consider, among other things, than an Issuing Group and its business plan be stronger in markets where economic conditions are marginal, competition is intense, or the services to be provided have greater or unknown risk.
9. The Board requests comment on its use of discretion to propose a virtual prefiling meeting in the NCUA-PPSI licensing process.
10. The Board solicits comment on the appeal process that would apply in the event an application is denied and whether the NCUA should amend part 746 to exclude an appeal of a denial of an application to be an NCUA-licensed PPSI.
11. The Board solicits feedback as to commenters' views on FICUs seeking to invest in a PPSI that is already licensed by another primary Federal payment stablecoin regulator. What steps or applications, if any, should the NCUA require with respect to the FICU's interest in the PPSI?
 - a. Can a PPSI that is already licensed and supervised by another primary Federal payment stablecoin regulator also be considered a FICU subsidiary?
 - b. How, if at all, should the NCUA approve and supervise the PPSI or the FICU's engagement with the PPSI?