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STABLECOINS, THE GENIUS ACT AND THE FUTURE OF REGULATION

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Today's Speaker

Justin Anderson
Of Counsel

Credit Union Law • Compliance • Regulatory Examination Support • Capital Markets • Commercial Lending

- 17+ years with NCUA
- Litigation, regulations, FOIA, government contracting
- Subordinated Debt, regulatory capital, derivatives, investments, MBLs/commercial lending, payday loans
- One of the lead authors of the Subordinated Debt rule
- Joined SW&M in June 2025

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Agenda

- The GENUIS Act
- NCUA Proposal I
- NCUA Proposal II
- Where Do We Go From Here?
- Q&A

The GENUIS Act

- First framework for Payment Stablecoins
- What are Payment Stablecoins
- PPSIs
  - Entities that are allowed to be PPSIs
    - CUSOs
  - Regulatory regime
    - Capital
    - Liquidity
    - Reserves
    - Management
    - Risk

The GENUIS Act

- Application process
- State entities
  - Over $10 billion
- Prohibition on interest
- Authority for FICUs
- Next Steps
  - Regulations within 180 days
  - Act becomes effective on the earlier of 18 months from enactment or 120 days after regulators issue final rules

NCUA Proposal I – Licensing

- Issued Feb. 12, 2026; comment period closed in April
- Only licensed subsidiaries may issue payment stablecoins
- Creates a licensing framework
  - eligibility requirements for applicants
  - information required in an application
  - procedures for NCUA review
  - standards for approval or denial
  - procedures for appeals if an application is denied
- Joint application – parent credit union and subsidiary

NCUA Proposal II – Requirements

- Issued in May, comment period closes in July
- Permitted activities
- Incidental activities
- Reserves
- Redemption
- Governance and risk management
  - – Similar to those for a credit union
- Capital and financial requirements

NCUA Proposal II – Requirements

- Supervision and examinations
- Consumer disclosures
- Share insurance clarification

Where do we go next?

- Finalization of NCUA Regulations
- New CUSOs?
- Operating in a digital payment space
  - Training
  - Policies
  - Marketing

Questions and Answers

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