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National Association of Federally-Insured Credit Unions

B. Dan Berger
President & Chief Executive Officer

November 12, 2021

The Honorable Janet L. Yellen
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Report on Stablecoins

Dear Secretary Yellen:

The National Association of Federally-Insured Credit Unions (NAFCU) advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 127 million consumers with personal and small business financial service products. I write to you today to express that NAFCU agrees that to ensure payment stablecoins may be safely and more fully incorporated into the broader American financial system, payment stablecoins must be adequately and equally regulated across the economy, and financial regulators must have the flexibility necessary to respond timely and effectively to future innovations. Although we believe that credit unions were inadvertently excluded from the President's Working Group on Financial Markets' (PWG) Report on Stablecoins (Report), this exclusion risks both perpetuating a strikingly uneven regulatory landscape and placing the National Credit Union Administration (NCUA) in an untenable position. We urge the PWG to clarify that credit unions, as insured depository institutions, have parity with banks with respect to the recommendations made in the Report and ask that all members of the PWG support the NCUA's inclusion in ongoing and future PWG efforts.

The Report recommends that Congress enact legislation requiring all payment stablecoin issuers to be *insured depository institutions*. In later describing American depositors' access to federal deposit insurance and their financial institutions' access to emergency liquidity and Federal Reserve services, the Report adopts and cites the *Federal Deposit Insurance Act* definition of an *insured depository institution*. By adopting this narrow definition, which includes banks and savings associations but not credit unions, the Report risks legislators and other regulators interpreting the Report as recommending that Congress enact legislation requiring a stablecoin issuer to obtain a bank charter – not either a bank charter or a credit union charter.

The NCUA protects the financial wellbeing of over 127 million Americans by providing this country's credit union members with federal share insurance that matches the Federal Deposit Insurance Corporation's protections dollar for dollar. Furthermore, many federally-insured credit unions have even greater access than even the largest banks and savings associations to emergency liquidity, through the Central Liquidity Facility, and credit unions have complete access to Federal

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Reserve services. Regulatory clarity and parity are essential to the smooth functioning of the financial system. If credit unions are wholly excluded from participating in these and similar innovations, credit unions and their members will be needlessly harmed, and the NCUA will be handicapped in its charge to ensure the safety and soundness of an important, irreplaceable sector of the financial system.

Before legislators and other regulators act more fully on the Report's recommendations, NAFCU asks the PWG to clarify that, for the purposes of the Report, *insured depository institutions* include federally-insured credit unions and to engage the NCUA more fully and on an ongoing basis.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger". The signature is stylized and cursive, with a large initial "B" and "D".

B. Dan Berger
President and CEO