Banking and Finance Law Daily Wrap Up, FINANCIAL TECHNOLOGY—NCUA proposes framework to become approved permitted payment stablecoin issuer, (Feb. 12, 2026)

Banking and Finance Law Daily Wrap Up

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By Jonathan Anderson

The agency detailed the statutory factors it will consider in evaluating an application for a license, and the types of information applicants must submit for consideration.

The National Credit Union Administration (NCUA) issued a Notice of Proposed Rulemaking (NPR) outlining the proposed framework for applicants seeking approval to become a permitted payment stablecoin issuer (PPSI). The regulations would implement the statutorily required process for approval and licensure of PPSIs subject to the agency's jurisdiction. Under the NPR, federally insured credit unions (FICUs) would be limited to investing in NCUA-licensed PPSIs. The NPR also discussed the required statutory factors NCUA will consider in evaluating an application for a PPSI license. Comments in response to the notice are due by April 13, 2026.

The proposed regulations implement portions of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act). The GENIUS Act establishes a regulatory framework for payment stablecoins and provides pathways for regulation at both the federal and state levels. Of relevance to the NPR, the GENIUS Act charges NCUA with licensing, regulating, and supervising payment stablecoin issuers that are subsidiaries of FICUs. The GENIUS Act requires NCUA to issue implementing regulations by July 18, 2026.

Proposed rule. Under the proposed rule, applicants seeking NCUA's approval to become PPSIs must have proposed investments from a FICU. Further, applicants must apply to be a PPSI jointly with the investing FICU "Parent Company." A FICU is a Parent Company if it will own, control, or hold the power to vote 10 percent or more of any class of voting securities of a PPSI, or if it can direct the management or policies of a PPSI.

If no FICU 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. An NCUA-licensed PPSI will always have at least one FICU Parent Company.

Required documentation. The NPR discussed the required statutory factors NCUA will consider in evaluating an application for an NCUA PPSI license. In general, applicants must submit sufficient information for NCUA to evaluate those factors favorably. The proposed rule lists certain required documentation, such as a business plan and biographical and financial reports. NCUA said additional guidance about application materials, in addition to information about the application submission process, will be provided in the agency's forthcoming Payment Stablecoin Issuer Manual.

How credit unions compare. In a press release announcing the proposed rule, NCUA Chairman Kyle Hauptman said, in part, "Credit unions should be aware that they won't be at a disadvantage versus other entities, whether in timing or standards." The NCUA said a forthcoming proposal will propose regulations to implement the standards and restrictions imposed by the GENIUS Act on PPSIs.

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