Catherine Austin Fitts, President
P.O. Box 157
Hickory Valley, Tennessee 38042
solari.com | info@solari.com

July 16, 2026

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Comments on Supplemental Notice of Proposed Rulemaking — Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the National Credit Union Administration; **Docket No. NCUA-2026-1024; RIN 3133-AF69 (published May 18, 2026)**

Dear Secretary Conyers-Ausbrooks:

Solari, Inc. submits these comments in response to the National Credit Union Administration's (the "NCUA" or "Board") supplemental notice of proposed rulemaking (the "Standards Proposal") implementing the standards and restrictions imposed by the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the "GENIUS Act" or the "Act") on permitted payment stablecoin issuers ("PPSIs"). We appreciate the opportunity to comment before the July 17, 2026 deadline.

Solari, Inc. is the publisher of the Solari Report (www.solari.com), a subscription website whose mission is to support individuals, families, and communities in building financial sovereignty, privacy, and resilience. Our subscribers and clients include individuals across the economic spectrum who depend on the integrity of the U.S. payments system to conduct their daily financial lives. We write in support of a payments system that is safe, private, accessible, transparent, and free from discriminatory or politically motivated controls on access to money.

On May 1, 2026, Solari filed comments with the Office of the Comptroller of the Currency (the "OCC") on the OCC's parallel rulemaking under the GENIUS Act (Docket ID OCC-2025-0372; RIN 1557-AF41). The Board has stated throughout the Standards Proposal that its requirements — including its risk-management standards (which "mirror the OCC Proposal") and its capital framework — are designed to remain consistent with the standards proposed by the OCC and the other primary Federal payment stablecoin regulators. Solari strongly supports that goal of cross-regulator consistency, and for that reason respectfully urges the Board to adopt the consumer-protection, privacy, and anti-coercion safeguards described below. Because the substantive conduct standards for PPSIs appear in this Standards Proposal rather than in the Board's February 2026 Licensing Proposal, this is the appropriate rulemaking in which to address them.

We recognize that the GENIUS Act establishes an important regulatory floor. We remain concerned, however, that the Standards Proposal as drafted does not adequately protect consumers, preserve financial privacy, safeguard the deposit funding of community credit unions and banks, or prevent the deployment of programmable money as an instrument of surveillance and social control. Where possible, we have framed our recommendations as direct responses to the specific questions on which the Board requested comment.

I. Consumer-Protection Compliance Standards (Response to Question 115)

Question 115 asks whether the NCUA should include consumer-protection-related compliance risk-management standards in § 706.204, and if so, which standards. Solari's answer is emphatically yes. The Standards Proposal presently contains no consumer-protection standard of any kind. As drafted, it governs the safety and soundness of the issuer but is silent on the rights of the human beings who will hold and use payment stablecoins. The Board should add to § 706.204 a consumer-protection compliance standard incorporating, at a minimum, the following requirements.

Preservation of cash and non-programmable payment options.

As payment stablecoins proliferate and network effects concentrate volume among a small number of federally licensed PPSIs, cash and other non-programmable payment instruments are likely to come under sustained commercial pressure. History demonstrates that commercially dominant payment networks can, over time, effectively foreclose alternatives through merchant acceptance policies, fee structures, and technological path dependence — even in the absence of any formal legal prohibition. Cash is the only payment instrument that is fully private, cannot be remotely programmed or restricted, and is available to every person regardless of credit history, digital access, or regulatory status. The Board should require that:

- No PPSI, and no merchant or service provider accepting payment stablecoins facilitated by a PPSI, may refuse to accept U.S. currency (cash) or other non-programmable money in any transaction in which payment stablecoins are offered as a payment method.
- No PPSI may condition the availability, or the discounted pricing, of any product or service on a customer's agreement to use payment stablecoins rather than cash or other non-programmable instruments. We note that the Board's discussion of § 706.201(c)(4) expressly contemplates that merchants may offer discounts for stablecoin use; that carve-out should not be permitted to erode cash parity at the point of sale.

The NCUA should issue guidance confirming that consumers retain an unconditional right to conduct any transaction permissible under applicable law using cash, and that the proliferation of PPSIs shall not be interpreted to diminish that right. The NCUA has a responsibility to ensure that the regulatory framework it establishes for payment stablecoins does not, directly or indirectly, accelerate the marginalization of cash.

Guaranteed access to a non-programmable alternative.

Consumers who prefer or require non-programmable options — including the elderly, those without reliable technology access, individuals in communities with limited digital infrastructure, and persons who object on privacy, religious, or principled grounds to programmable financial surveillance — must not be effectively excluded from the payments system. The Board should require that any payment network or merchant system that accepts PPSI-issued stablecoins simultaneously offer a functionally equivalent non-programmable payment option or accept cash.

Prohibition on discrimination, viewpoint-based denial, and social-credit scoring.

Programmable payment stablecoins make it technically possible to deny service to individuals based on who they are, what they believe, or what lawful activities they engage in — automatically, at scale, and without a human decision-maker. This risk is not hypothetical; the debanking of lawful but disfavored businesses and viewpoints over the past decade demonstrates that payment infrastructure will be used this way absent a clear prohibition. The Board should prohibit any PPSI from denying, restricting, suspending, or terminating access to payment stablecoin services, or declining to process any transaction — whether directly or through any smart contract, algorithm, or automated system — on the basis of:

- Sex, race, color, ethnicity, national origin, or sexual orientation; political or religious opinion, belief, affiliation, or expression, or any other activity protected by the First Amendment; medical history, including diagnosis or vaccination status; purchase or browsing history; geographical location, place of residence, or location history; or lawful trade, profession, or industry membership.
- Any rating, score, analysis, or classification produced by a social-credit scoring system or substantially equivalent system, including systems that score individuals based on any characteristic or lawful activity as indicated in the preceding paragraph, or other lawful activity, including those related to firearms, fossil-fuel, agricultural, or advocacy activity, or on participation or non-participation in ESG, DEI, or similar programs.

The Board should further require that the criteria, weighting, and decision logic of any automated system a PPSI uses to make eligibility, transaction-approval, or termination decisions be disclosed to the NCUA and made available to any affected customer upon request. No PPSI should operate a "black box" system whose criteria are unknown to the customers whose financial lives it governs.

II. Financial Privacy and Data Protection (Response to Question 116)

Question 116 asks whether additional data-privacy requirements would be appropriate for inclusion in part 706. They are essential. We note at the outset that the Standards Proposal adopts a definition of "Nonpublic Personal Information" that, like its Gramm-Leach-Bliley analogue, excludes "publicly available information." On a public blockchain, that exclusion swallows the protection. Unlike bank records, which are protected from warrantless government access by the Right to Financial Privacy Act, 12 U.S.C. §§ 3401 et seq., transaction-level records are permanently accessible to any actor with the computational capacity to analyze them, without any legal process whatsoever. Chain-analysis firms routinely de-anonymize wallets at scale by combining on-chain data with know-your-customer records. Classifying on-chain data as "publicly available" therefore converts a retail payments system into a permanent, searchable, and globally accessible surveillance record. The Board should amend part 706 to:

- Narrow the treatment of "publicly available information" to exclude transaction-level data recorded on a distributed ledger that can be linked, directly or through chain analysis, to an identified or identifiable individual, and classify such data as protected financial records subject to legal-process requirements comparable to those applicable to bank records under the Right to Financial Privacy Act.
- Require PPSIs to implement, by a date certain, privacy-enhancing technologies, such as zero-knowledge proofs, confidential-transaction protocols, or equivalent cryptographic tools, that prevent public disclosure of transaction amounts, counterparty identities, and metadata on the ledger, while still permitting audited disclosures to supervisory authorities through secure channels.
- Prohibit PPSIs from making transaction-level data available to commercial data brokers, advertising networks, or any third party other than the NCUA, a primary federal payment stablecoin regulator, a law-enforcement agency acting pursuant to valid legal process, or the customer whose data is at issue.

- Require a Privacy Impact Assessment as part of any application to operate on a public blockchain, updated annually.
- Require PPSIs to make a detailed disclosure available in plain English form to users of payment stablecoins in advance of their use regarding the risks and conditions of their use (including but not limited to timing of redemptions and delays thereof).
- Retain and strengthen the customer breach-notification duty already proposed at § 706.204(b)(7), including prompt notice of any compromise of a customer's private key or personally identifiable information.

III. Smart Contracts, Programmable Restrictions, and Due Process (Response to Questions 113 and 114)

Questions 113 and 114 ask whether § 706.204(b) should expressly address risks relating to smart contracts and encryption. It should, but not only as a matter of operational resilience. The defining danger of programmable money is that a smart contract can freeze, expire, or restrict a customer's holdings automatically, instantaneously, and with no human decision-maker in the loop. The Standards Proposal acknowledges (in its Background discussion) that issuers "have the capability to freeze funds or block transactions," yet it neither prohibits nor conditions that capability, and it requires only that smart contracts be tested to confirm they "operate as intended." That is not a safeguard for the customer. The Board should:

- Prohibit any PPSI from freezing, expiring, suspending, or restricting a customer's payment stablecoin holdings or transaction capabilities, whether directly or through a smart contract, except pursuant to (a) a valid court order directed to that specific customer, (b) a specific administrative order issued under a statute providing for judicial review, (c) a specific OFAC blocking order directed to that customer, or (d) the customer's own affirmative instruction.
- Prohibit the NCUA or any government actor from directing or requesting a PPSI to implement a class-wide freeze, expiration, spending restriction, or mandate affecting more than one customer except pursuant to an act of Congress or a court order.
- Require that any smart-contract code governing a PPSI's stablecoins be independently audited and publicly disclosed, and that any embedded restriction capability embedded in that code be explicitly disclosed to customers at account opening and at any time the restriction capability is modified.
- Require that any customer whose payment stablecoin holdings are frozen or restricted receive immediate written notice of the action, the legal authority for the freeze, and the process for challenging the freeze, no later than the time the freeze becomes effective, except in cases where a specific court order prohibits such notice for a defined and limited period.
- Require PPSIs to make appropriate disclosures, including disclosures concerning privacy, redemption, smart contracts, and security incidents, to persons using issued payment stablecoins in secondary markets.
- Require that any customer whose payment stablecoin transaction is denied receive immediate written notice of the denial, the reason(s) for the denial and any relevant legal authority in support, and the process for challenging the denial, no later than the time the denial becomes effective.

IV. Redemption Integrity and Delay Notice (Response to Questions 95–103)

Solari supports the proposed two-business-day outer limit on timely redemption (§ 706.203(b)(1)(i)) and the provision that discretionary limits on redemption may be imposed only by the NCUA. We urge the Board, however, to resist proposals that would return redemption discretion to issuers. Specifically, the Board should decline to adopt a general safe harbor for failing to redeem timely (Question 96) and should not permit issuers to determine unilaterally that a stress-driven extension applies (Question 97); any extension should remain non-discretionary and supervised. In addition, and consistent with Part III above, the Board should amend § 706.203 to require a PPSI to provide affected customers with prompt, affirmative written notice of any redemption delay, together with the reason for the delay and the process for challenging it — not merely a general, advance disclosure that delays may occur.

V. Surveillance Risk in Supervisory Reporting (Response to Question 125 and § 706.205(h))

Proposed § 706.205(h) would require PPSIs to report, on a weekly basis, identifying information about "the 100 Persons that hold or trade the Payment Stablecoin the most," and Question 125 asks whether the NCUA should also collect secondary-market transaction data, collect data on a daily or real-time basis, and make the collected data public. Solari urges restraint. A standing, government-held, weekly (or real-time) registry of the most active holders of each payment stablecoin — particularly if paired with secondary-market transaction data or public release — is a financial-surveillance infrastructure of a kind not previously associated with a retail payments system, and it sits in direct tension with the privacy protections described in Part II. To the extent the Board must collect holder-level data for genuine safety-and-soundness purposes, it should (a) collect the minimum necessary, (b) not require real-time or continuous reporting of identified individuals, (c) not publicly release holder-identifying data, and (d) subject any such data to the same legal-process protections we urge for on-chain records.

VI. Protection of Community Credit Union and Bank Deposit Funding (Response to Questions 36 and 105–106)

Question 36 asks about the impact of the interest-and-yield prohibition on deposits and funds placed in Share Accounts, and Questions 105–106 ask whether certain requirements should apply only to large PPSIs and at what threshold. These questions squarely raise the systemic risk that large, nonbank-scale stablecoin issuers will divert the deposit funding on which community credit unions and banks depend to extend credit to farmers, first-time homebuyers, and small businesses. Solari supports the interest/yield prohibition as a partial safeguard and urges the Board to interpret it broadly enough to reach affiliate and third-party inducements designed to shift deposit balances into PPSI wallets or reserve accounts. In addition, the Board should require a PPSI whose issuance or payment flows exceed a defined scale (for example, the "large issuer" threshold contemplated in Questions 105–106) to file a community-impact assessment addressing the effect of its operations on the deposit base and credit-granting capacity of insured depository institutions in the markets it serves.

VII. Clear Disclosure of the Absence of Share Insurance (Response to Questions 167–169)

Solari supports the Board's proposed clarification in § 745.6(b) that reserve funds held in Share Accounts are insured to the PPSI as corporate accounts and are not passed through to payment stablecoin holders. Because many consumers will reasonably assume that a stablecoin issued through a federally insured credit union subsidiary carries some form of share insurance, the Board should pair this clarification with an affirmative, plain-language, clearly and conspicuously displayed disclosure, at the point of sale and in any customer agreement, stating that payment stablecoins are not share-insured and that the holder bears the risk of issuer failure. This is consistent with the disclosure principles reflected in §§ 706.201(c) and 706.203(d).

VIII. Conclusion

The GENIUS Act represents the foundational regulatory moment for payment stablecoins in the United States, and the standards the NCUA adopts now will shape the architecture of the payments system available to credit union members for decades. If the Board does not act to preserve access to cash and non-programmable alternatives, protect financial privacy, prohibit programmable money from being used as a tool of discrimination and social control, and safeguard the deposit funding of community institutions, it will be far more difficult to remedy these failures after the network effects of a PPSI-dominated payments system have entrenched themselves.

Freedom requires the ability to transact freely. A payments system that surveils, restricts, scores, and controls the financial behavior of individuals, however efficiently, is not a payments system that serves a free people. The NCUA has both the authority and the responsibility to ensure that the framework it establishes reflects this truth. We thank the Board for its consideration and would welcome the opportunity to discuss these comments further with agency staff.
Respectfully submitted,

/s/

Catherine Austin Fitts
President
Solari, Inc.

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