Chair Klein, Ranking Minority Leader Dahms and the members of the Senate Commerce committee,

On behalf of the Minnesota Credit Union Network, representing Minnesota's 82 not-for-profit, member-owned credit unions, I write to you today to urge you to support SF 3794, legislation that authorizes Minnesota-chartered banks and credit unions to offer virtual-currency custody services under appropriate regulatory oversight.

Minnesota's credit unions are deeply rooted in their communities and are committed to meeting members where they are—both today and as financial services continue to evolve. SF 3794 provides a thoughtful, balanced framework that enables local financial institutions to respond to changing consumer expectations while preserving strong safeguards.

Specifically, SF 3794 would:

- Allow Minnesota-based financial institutions to meet growing consumer demand for digital asset services by permitting virtual-currency custody services, ensuring consumers can access these services from trusted, regulated local institutions rather than unregulated or out-of-state providers.
- Support innovation while prioritizing safety and soundness by requiring institutions to maintain robust policies for risk management, cybersecurity, internal controls, and business continuity before offering these services.
- Strengthen consumer protection and trust by ensuring virtual currency held on behalf of customers is properly segregated and managed within a clear legal and regulatory framework overseen by the Department of Commerce.
- Help local credit unions and community banks remain competitive as consumer preferences evolve, allowing them to continue serving members holistically.

SF 3794 strikes the right balance between innovation and prudence and empowers Minnesota's local financial institutions to respond to member needs in a controlled and transparent manner. This legislation helps ensure financial services innovation remains rooted in the communities we serve.

I urge you to support SF 3794 and thank you for your consideration.

Regards,

Ryan Smith
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