



July 31, 2009

Regulatory Review (2009)  
Office of the General Counsel  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314

Via e-mail to [ogcmail@ncua.gov](mailto:ogcmail@ncua.gov)

To Office of the General Counsel:

The National Association of State Credit Union Supervisors (NASCUS)<sup>1</sup> appreciates the opportunity to offer comments regarding NCUA's Rules and Regulations pursuant to the 2009 Rule Review. NASCUS submits the following comments to NCUA for the Agency's consideration.

### **Consolidate Insurance Rules**

As currently organized, Part 741 consists of two sections: Part 741.0 - Part 741.11 comprised of stand-alone insurance rules; and Subpart B comprised of other NCUA rules that are incorporated by reference. As a result, state-chartered federally insured credit unions must not only reference Part 741, but often must also search NCUA's rules for federal credit unions to reference the incorporated rules. The current process confuses credit unions, creates redundant compliance efforts and wastes time and resources.

All NCUA rules applicable to FISCUs should be contained in their entirety in Part 741. This streamlining would reduce regulatory burden on credit unions and their examiners. In addition, streamlining rules would make it easier for credit union members to understand the regulations governing their institutions. As federal regulators work to achieve enhanced consumer protection, including more user friendly disclosures, facilitating member understanding of applicable rules represents a substantial step toward that goal.

Further, by consolidating and isolating insurance rules, NCUA could better differentiate when rules are promulgated in its role as administrator of the share insurance fund or in its role of the regulator of the federal charter.

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<sup>1</sup> NASCUS is the professional association of the 48 state and territorial credit union regulatory agencies.

## **Part 704 – Corporate Credit Unions**

Corporate credit union system losses and the resulting instability emphasize the need for close coordination between state and federal regulators. As NCUA begins assessing the corporate rules, NASCUS urges the agency to work closely with state regulators to address systemic and concentration risk, effectiveness of supervision and whether homogenization contributed to structural flaws within the corporate system.

## **Part 708a Conversions of Insured Credit Unions to Mutual Savings Bank and 708 b Mergers of Federally Insured Credit Unions; Voluntary Termination or Conversion of Insured Status**

NASCUS and state regulators share NCUA's long stated concerns that credit union members must receive clear and accurate disclosures regarding the implications of their vote. The question remains about which regulator has the responsibility to monitor member votes on conversion of charter or insured status. NCUA should bifurcate rules concerning member vote into requirements for governance of federal credit unions and safety and soundness rules for federally insured credit unions.

### **Promoting Efficiencies**

Currently, Section 741.203(a) of NCUA insurance rules allows an exemption from subsection (a) for state credit unions in a state that has adopted a rule (addressing similar issues) which is approved by the NCUA Board. We encourage NCUA to include this type of provision in more of its insurance rules.

Regulatory agencies often benefit by adopting regulatory innovations from their sister agencies. In turn, the industry benefits when regulators improve efficiencies and ensure regulations are narrowly targeted to address real concerns without unnecessarily confining the marketplace. To foster regulatory innovation, Part 741 should contain a general provision that allows a state regulator to submit a state rule that would substitute for any provision of 741.<sup>2</sup>

NASCUS remains committed to working with NCUA to foster the partnership between state and federal regulators. Please do not hesitate to contact me to discuss any of these suggestions and recommendations.

Sincerely,

Brian Knight  
Senior Vice President, Regulatory Affairs

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<sup>2</sup> Such a waiver would only be applicable where NCUA has discretionary rulemaking authority.