



The National Association of State Credit Union Supervisors

February 9, 2026

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

RE: Comments on Proposed Rule – 12 CFR Part 715, Supervisory Committee Audits and Verifications.

Dear Ms. Conyers-Ausbrooks:

On behalf of the National Association of State Credit Union Supervisors¹ (NASCUS), I appreciate the opportunity to comment on the NCUA’s proposed amendments² to **Part 715** regarding supervisory committee audits and verifications.

General Support for Regulatory Relief

The NCUA’s stated goals include:

- Reducing regulatory burden and outdated requirements
- Improving flexibility in how supervisory committee audits are conducted
- Eliminating duplicative or prescriptive rules that no longer reflect modern practices

NASCUS agrees that portions of Part 715 have not kept pace with evolving accounting standards, audit frameworks, and technology. The removal of redundant or overly prescriptive elements aligns with the broader NCUA Deregulation Project, which includes streamlining requirements tied to governance and audits across Title 12.

In that regard, I am providing the following observations and recommendations for the Board’s consideration relating to the proposed rule changes.

¹ NASCUS is the professional association of the nation’s forty-five state and territorial credit union regulatory agencies that charter and supervise over 1,800 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State-chartered credit unions hold approximately half of the \$2.4 trillion assets in the credit union system and are proud to represent nearly half of the 145 million members. The remaining six states lack state-chartered credit unions.

² 90 FR 57393

Key Observations and Recommendations

Accurate Recordkeeping Is Integral to The Performance of An Effective Supervisory Program Credit Union Board Fiduciary Duty

The proposed rule would remove several prescriptive provisions in favor of a more principle-based framework. While reducing unnecessary detail can be beneficial, the proposal also eliminates certain requirements that directly support supervisory expectations around recordkeeping integrity.

The proposal emphasizes that supervisory committee audits and verifications safeguard members' assets, ensure reliable reporting, and detect fraud or self-dealing. These functions depend on consistent, reliable recordkeeping practices.

Recordkeeping clarity is not merely procedural—it is fundamental to enabling effective supervision by both regulators and boards to ensuring that deficiencies can be identified, escalated, and corrected. I encourage the NCUA to remind credit union directors of their fiduciary obligation to ensure records are kept in an accurate and timely manner.

Regulatory Burden Relief Through Consolidation of Federal Insurance Rules

NCUA's Deregulation Project, and Executive Order 14192, are intended to reduce regulatory burden and the cost of compliance. A significant way to accomplish both goals is to reduce, and ideally eliminate, unnecessary and foreseeable confusion as to what the regulations apply.

As currently organized, NCUA's Part 715, and the corresponding rule for Federally Insured State Chartered Unions (FISCUs), Part 741.202, is confusing.

As stated in Part 741.202 relevant to FISCUs, "The audit must fully meet the **applicable** requirements set forth in part 715..." However, Part 715 contains more than just audit provisions. For example, Part 715.3 establishes the responsibilities of the Supervisory Committee. However, there is no NCUA requirement that FISCUs have a Supervisory Committee. Therefore, Part 715.3 does not apply to FISCUs. Part 715.10 establishes requirements for member access to the audits and internal governance requirements related to the audit. We do not believe these provisions apply to FISCUs. Likewise, Part 715.12 "Statutory audit remedies for **Federal credit unions**" seems on its face to apply only to FCUs, especially given that some provisions of Part 715 are likewise titled for FCUs and others for FISCUs.

It would not be difficult for NCUA to obviate regulatory burden related to the confusion around applicability of audit provisions to FISCUs. Doing so would provide meaningful regulatory relief to 39% of federally insured credit unions by eliminating the unnecessary

burden of navigating a cross-referenced patchwork of regulations for FISCUs requiring significant research to determine which provisions apply, and which do not.

Ideally, NCUA should reorganize its rules to incorporate FISCU specific requirements in their entirety in Part 741. This would allow FISCUs, and examiners, to have a consolidated reference to applicable insurance related rules and regulations. Further, transparency of rulemaking process would be improved through the improved feedback provided by clear delineation between the impact on FISCU and FCU stakeholders. At a minimum, NCUA should incorporate specific citation references in Part 741.202 clearly identifying the provisions of Part 715 that apply to FISCUs.

Requiring FISCUs “guess” as to which provisions of Part 715 apply and which are FCU only is inefficient, unnecessarily burdensome and in opposition to clearly communicated and transparent oversight.

Clarify Whether Part 715 Appendix A is Rule or Guidance

NCUA should take the opportunity to clarify and reorganize Part 715 Appendix A. If the minimum procedures for Supervisory Committee audits are enforceable rules, they should be moved from an Appendix to a recognizable provision within the main body of Part 715. Concurrent with this rulemaking, NCUA has also published for comment proposed changes to Part 748 Appendices “A” and “B.” In the proposed Part 748 rulemaking, NCUA would remove Appendix A and Appendix B from the rule text and reissue as non-binding guidance. In proposing those changes, NCUA notes that those Appendices are guidance, not rule, and therefore confuse stakeholders with their inclusion in the Rules and Regulations. Now, simultaneously, NCUA has published Part 715 which also includes an Appendix. It is entirely foreseeable that stakeholders will be confused trying to distinguish between Appendices in Part 748 that NCUA treats as guidance and the Appendix to Part 715 which remains incorporated into the rule based on the proposal.

NCUA should eliminate the Appendix to Part 715, either re-issuing it as guidance or incorporating it as a provision within the rule text.

Coordination With the Broader Deregulation Project

The NPRM is one component of NCUA’s multi-stage Deregulation Project, which aims to review and potentially revise audit, governance, and data-security regulations. NASCUS encourages NCUA to ensure that changes to Part 715 are:

- Harmonized with revisions to Parts 704, 748, and others currently under review,
- Introduced with adequate implementation timelines, and
- Supported by updated supervisory guidance and examiner training

A consistent, modern regulatory framework will reduce compliance costs and improve the clarity of expectations for both credit unions and examiners.

Modernize Part 715.8 “Passbook” Terminology

The continued use of the term “passbook” in 12 C.F.R. § 915.8 reflects its historical linkage to Section 1761d of the Federal Credit Union Act, which contemplated paper-based evidence of member share and share draft accounts, but that linkage no longer reflects how accounts are documented, accessed, or maintained in modern credit unions. While the statutory reference provides important historical context, the regulatory text would benefit from modernization to align with today’s electronic account records, online access, and digital confirmations, none of which rely on physical passbooks. Updating this terminology would not weaken the connection to the FCU Act; rather, it would clarify that the regulation implements the same statutory authority using contemporary operational concepts. Indeed, the NCUA has long exercised its discretion to employ regulatory terminology that differs from, or evolves beyond, the Act’s original language where necessary to reflect industry practice and technological change—for example, by using terms such as “NCUA-insured credit union,” “share account,” “subordinated debt,” and “derivatives,” none of which appear verbatim in the FCU Act but are now well-established in NCUA regulations. Consistent with this approach, replacing or clarifying the term “passbook” in Part 915 would enhance regulatory clarity, reduce anachronistic references, and better reflect the realities of modern credit union operations while remaining fully grounded in statutory authority.

Conclusion

The NCUA’s efforts to modernize Part 715 and reduce unnecessary burden are appreciated. We support the goals of reducing outdated, redundant, and overly prescriptive provisions. However, the proposed revisions must continue to support strong supervisory programs and clarity to both regulated entities and the state and federal regulators ensuring compliance. Incorporating the concerns noted above will, in my view, help ensure that the final rule is flexible, durable, and aligned with both federal and state supervisory objectives.

Thank you for the opportunity to comment. I welcome ongoing dialogue on this important matter.

Sincerely,

-signature redacted for electronic publication -

John J. Kolhoff
Senior Vice President,
Policy and Supervision
NASCUS