



The National Association of State Credit Union Supervisors

April 13, 2026

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

RE: Comments on Proposed Rule – 12 CFR Part 708b, Mergers of Insured Credit Unions into Other Credit Unions; Voluntary Termination or Conversion of Insured Status.

Dear Ms. Conyers-Ausbrooks:

The National Association of State Credit Union Supervisors (NASCUS)¹ appreciates the opportunity to comment on the NCUA’s proposed amendments to Part 708b regarding member to member and share insurance communications.² Generally, NASCUS supports the changes the Board is proposing in this rule. NASCUS believes that as currently written, many of the provisions of 708b are overly burdensome to credit unions for modest, if any benefit to members. While NASCUS supports the changes proposed in this rule, as discussed later in this letter, NASCUS does not believe the proposed changes go far enough to reduce unnecessary burdens on credit unions, particularly federally insured state credit unions (FISCUs). We also believe the existing rule unnecessarily introduces governance issues that are better suited for state regulators to supervise in mergers involving FISCUs.

§ 708b.106

NASCUS supports the proposal to remove paragraphs (d) and (e) of this section. As noted in the proposed rule, these paragraphs set up a mechanism for a credit union’s members to submit comments to the NCUA about a merger the credit union is proposing, and for the NCUA to post member comments received in response to the member notification on a website accessible to credit union members. These requirements pose a high level of burden on credit unions for little to no utility for members. We note that we have frequently visited the website for member communications and have rarely seen it used. In today’s digital age, this method of helping members communicate about a potential merger seems antiquated. As such, we concur with this proposed change. Should NCUA wish to maintain the member-

¹ NASCUS is the professional association of the nation’s forty-six state and territorial credit union regulatory agencies that charter and supervise almost 1800 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 \$2.5 trillion assets in the credit union system and are proud to represent nearly half of the 146 million members. The remaining 5 states lack state-chartered credit unions.

² Mergers of Insured Credit Unions Into Other Credit Unions; Voluntary Termination or Conversion of Insured Status, 91 Fed. Reg. 6144 (February 11, 2026).

to-member portal as a voluntary resource credit unions could utilize, that could provide a benefit for some credit unions while allowing others to customize their own methods for appropriate communications.

708b.206

NASCUS supports the removal of the overly burdensome formatting requirements contained in this section. The formatting requirements relate to the notice required to be provided to members regarding the consequences of a credit union terminating federal insurance coverage. By imposing layers of formatting, NASCUS believes the current rule goes beyond the statutory requirement in the Federal Credit Union Act (the “Act”) for members to receive “prompt and reasonable notice”³ regarding a vote to terminate federal insurance. NASCUS concurs with the proposed changes to remove these formatting requirements and believes that such changes will bring this provision of the rule more in line with the statutory mandate for members to receive “prompt and reasonable notice.”

Additional Concerns

NASCUS’ main concern with the proposal is that it does not go far enough to alleviate burden on credit unions, particularly FISCUs, which are already subject to state level regulatory systems. NASCUS acknowledges that Congress, in § 1786 of the Act, gave the Board authority to prescribe rules and regulations for the administration of the Act (including, but not by way of limitation, the merger, consolidation, and dissolution of any corporations organized under this Act).⁴

Our opinion is that NCUA’s merger rules, particularly as applied to state-chartered credit unions have gone beyond this mandate. We note, our comments on this topic are limited to only those scenarios where two state-chartered credit unions are merging. We recognize NCUA’s authority to regulate a merger involving one or more federally chartered credit unions. We also recognize NCUA’s interest and authority to regulate in the area of federal share insurance. Our concern is narrowly focused on the overlay of federal governance regulations, in a two state-chartered credit union merger, on the administration of the internal conduct of the merging credit unions in relation to board and member notifications, votes, and approvals.

In an instance where two state-chartered credit unions are merging into each other, NASCUS believes that, in the absence of a deposit insurance concern to the ongoing entity, such mergers should be regulated by the state chartering agency and not NCUA. Therefore, NASCUS believes NCUA should revise the merger rule to permit state regulators to regulate mergers involving strictly state-chartered credit unions. NASCUS recommends that the Board take a wholistic view of the rule to determine which areas of the rule are better suited for the state regulators, with their closer proximity to the transaction and specific chartering

³ 12 U.S.C. 1786.

⁴ *Id.* at § 1786. Emphasis added.

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agent authority to supervise, to address. Ultimately, when a merger involves two FISCUs, the state regulators are primarily responsible for those corporate charters, and for consumer protection for the members. In these cases, NCUA's review of the transaction should be limited to the insurability of the ongoing credit union.

NASCUS recognizes NCUA's authority and interest when one of the merging entities is a federally chartered credit union. For these reasons, NASCUS only seeks repeal of the provision listed below when they are applied to in an incident where two state-chartered credit unions merge. In that regard, NASCUS believes that NCUA regulation in these areas should rest with the states in deference to the dual charter system and the state agency authority to provide governance oversight as a chartering agency.

NASCUS appreciates that ability to comment on NCUA's proposed rule and applauds the Board for looking at ways to reduce regulatory burden. However, NASCUS believes NCUA also has an opportunity to eliminate even more unnecessary regulatory burden and re-empower the states to regulate in areas they are better suited to regulate, while also freeing NCUA to devote its resources to federally chartered credit unions and systemic oversight of the credit union system.

Sincerely,

- signature redacted for electronic publication -

Craig Money
Vice President
Regulatory Affairs & AML/AFC Compliance