



The National Association of State Credit Union Supervisors

June 9, 2026

Regulatory and Strategic Affairs Division
Financial Crimes Enforcement Network
P.O. Box 39
Vienna, VA 22183

RE: Comments on Proposed Rule, Anti-Money Laundering and Countering the Financing of Terrorism Programs; Docket No. FINCEN-2026-0034; RIN 1506-AB72

To Whom It May Concern:

On behalf of the National Association of State Credit Union Supervisors¹ (NASCUS), thank you for the opportunity to comment on the Financial Crimes Enforcement Network's (FinCEN) notice of proposed rulemaking: Anti-Money Laundering and Countering the Financing of Terrorism Programs.²

NASCUS generally supports the proposal and FinCEN's efforts to modernize AML/CFT program requirements in a manner that promotes effectiveness and aligns regulatory expectations with risk-based practices already utilized by many financial institutions. The proposal appropriately recognizes that AML/CFT programs should be tailored to an institution's unique risk profile and should focus resources on higher-risk activities, products, services, members, and geographic exposures.

While the proposal introduces new terminology with "establishing" and "maintaining" an AML/CFT program and emphasizes program effectiveness as key, NASCUS believes many aspects of the proposal reflect an evolution of existing expectations rather than a fundamental restructuring of AML/CFT obligations. NASCUS appreciates FinCEN's effort to distinguish between the design of a program and its ongoing execution, which may provide a stronger process for evaluating whether deficiencies stem from the program's structure or its implementation. This should allow institutions to build upon their current frameworks while enhancing their ability to identify, assess, and mitigate risks in a manner reflective of their size, complexity, and overall risk profile.

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 Anti-Money Laundering and Countering the Financing of Terrorism Programs, 90 Fed. Reg. 18,704 (April 10, 2026).

NASCUS supports FinCEN's efforts to establish a clearer connection between AML/CFT program requirements and the risk assessment process. The proposal's emphasis on maintaining a reasonably designed and risk-based program should encourage institutions to allocate compliance resources in a manner that addresses the most significant risks facing the organization rather than adopting a one-size-fits-all approach.

NASCUS also appreciates the proposal's recognition that institutions may use a variety of methods to identify, evaluate, and manage risk. This flexibility is particularly important given the diversity of business models, fields of membership, geographic footprints, and operational structures that exist across the financial services industry

Key Considerations:

I. Risk Assessments and Risk-Based Resource Allocation

NASCUS supports the proposal's emphasis on risk assessments as a foundational component of an effective AML/CFT program. Having a well-defined risk assessment helps institutions understand unique risk exposure areas and provides a strong base for creating and developing the policies and procedures that are appropriate for their organization to control and monitor said activities.

NASCUS also supports the proposal's movement toward a more dynamic approach with risk assessments, recognizing that they should evolve as business activities and risk change, rather than being static documents that are only updated on a periodic basis.

NASCUS appreciates the proposal's emphasis on directing AML/CFT resources toward higher-risk areas identified through the institution's risk assessment process. This approach recognizes that institutions should be permitted to devote greater attention to activities that present elevated risk while still applying appropriate controls to lower-risk activities. However, a risk-based framework should not be viewed as eliminating the need for appropriate monitoring and oversight of lower-risk areas. We hope to see clarification around this as organizations begin the process of updating programs upon finalization of the proposed rule.

II. Flexibility and Scalability

As institutions begin evaluating potential program changes following finalization of the rule, NASCUS believes implementation should remain flexible and scalable. Institutions vary significantly in size, complexity, and risk exposure, and supervisory expectations should continue to reflect those differences. This not only supports risk-based compliance efforts but also allows institutions to create and adapt programs to their unique business models and emerging opportunities.

NASCUS appreciates the proposal acknowledging that institutions should have greater flexibility in allocating resources toward higher-risk areas “without fear of supervisory criticism or action from examiners.” NASCUS also recognizes the importance of maintaining appropriate oversight and monitoring of lower-risk areas, recognizing that lower risk does not equate to no risk.

NASCUS believes institutions should have flexibility in how the National AML/CFT Priorities are incorporated into their programs and risk assessment processes. Institutions should be permitted to evaluate the relevance of priorities based on their risk profile, rather than feeling required to create documentation around all priorities that may have limited relevance to their operations.

III. Continuity with Existing Frameworks

Although the proposal introduces an effectiveness standard, many of the underlying program components remain consistent with current requirements. Organizations should be able to leverage existing policies, procedures, controls, and governance structures when implementing the proposal. Therefore, this should help organizations by reducing the operational burden associated with implementation of the updated requirements. NASCUS appreciates the proposal’s more clearly defined effectiveness standard, which should provide greater clarity regarding supervisory expectations. This will help reduce ambiguity and improves upon earlier proposals that raised questions regarding how effectiveness would be evaluated.

IV. Supervisory Consistency and Implementation

NASCUS believes clear and consistent supervisory expectations will be critical as institutions implement changes associated with the final rule. The proposal appropriately emphasizes effectiveness, decision making, and ongoing risk assessment maintenance. Additional guidance and clarification regarding how these concepts will be evaluated in practice would assist institutions in updating their programs and help promote consistency across supervisory agencies. As institutions work to align existing programs with the revised framework, NASCUS encourages supervisory reviews that continue to recognize differences in institution size, complexity, and risk profile.

V. Responses to Selected Requests for Comment

5) Significant or Systemic Failure

Additional clarification regarding the meaning of “significant or systemic failure” would be beneficial. Without further guidance, these terms may be subject to inconsistent interpretation across supervisory agencies and examinations. Providing factors, examples, or other indicators that distinguish isolated issues from systemic failures would assist financial

institutions in appropriately prioritizing remediation efforts, as well as understanding supervisory expectations.

13) Incorporation of the AML/CFT Priorities

Additional guidance regarding the incorporation of AML/CFT Priorities would be beneficial. Financial institutions should have flexibility to evaluate individual priorities based on their overall risk profile. FinCEN may also consider providing practical implementation tools, such as examples or templates, that support a risk-based approach, while avoiding the creation of a checklist style of expectations.

14) Expectations for Risk Assessment Updates

NASCUS supports the proposal's recognition that risk assessment processes should evolve as risk and business activities change. Additional clarification regarding what constitutes a material change requiring prompt update may be beneficial, while still allowing flexibility for institutions to determine the timing and degree of updates based on their size, complexity, and risk profile.

29) Implementation Period

NASCUS encourages consideration of a longer implementation period. Institutions may require additional time to coordinate necessary updates with third-party vendors, along with revising internal policies and procedures, as well as other program changes, in an effective manner.

VI. Additional Consideration – SAR Reporting Categories

Although the SAR form is not specifically addressed within the proposal, NASCUS believes it is appropriate to highlight the importance of periodically reviewing existing SAR characterization options. As illicit finance typologies continue to evolve, financial institutions increasingly rely on the "Other" category to report activity that does not align with those options. This can reduce the consistency and usefulness of reported data for both financial institutions and law enforcement.

Conclusion

NASCUS generally supports FinCEN's efforts to modernize AML/CFT program requirements and reinforce a risk-based approach that allows institutions to focus resources on higher-risk activities and emerging threats. We believe the proposal largely reflects an evolution of existing AML/CFT expectations while providing greater clarity regarding risk assessments, effectiveness, and program design.

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NASCUS appreciates the opportunity to comment on the proposal and would welcome the opportunity to discuss these comments further.

Sincerely,

-signature redacted for electronic publication -

Craig Money

Vice President, Regulatory Affairs

NASCUS