



The National Association of State Credit Union Supervisors

July 6, 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 741 – Requirements for Insurance

Dear Ms. Conyers-Ausbrooks:

The National Association of State Credit Union Supervisors¹ (NASCUS) appreciates the opportunity to submit comments on the National Credit Union Administration’s (NCUA) proposed amendments to 12 CFR Part 741 Requirements for Insurance.² Under the proposal, NCUA “would eliminate numerous provisions that *merely* point to substantive provisions codified elsewhere in the NCUA’s regulations.” [emphasis added] NCUA’s stated goal for the proposed changes is to simplify the regulations and reduce regulatory complexity.³

NASCUS respectfully disagrees with the characterization of these references as “merely” pointing to a substantive provision. Our experience as users of the regulations has demonstrated to us that the structure of Part 741, while flawed, provides valuable information to assist in the identification of NCUA rules and regulations that may apply to state-chartered credit unions.

Rather than reduce regulatory burden, the elimination of such valuable information would have the opposite effect. For federally insured state credit unions (FISCUs) these changes, if finalized, would make an already unnecessarily burdensome regulatory structure even more complex, burdensome, and confusing. As a result of the elimination of some references by incorporation, FISCUs would not be informed that Part 741 contains *some* but not *all* references to rules codified elsewhere. Dispersing applicable regulations would hinder FISCUs from discerning the applicability of some NCUA FISCU rules. In contrast, to

¹ NASCUS is the professional association of the nation’s forty-five state and territorial credit union regulatory agencies that charter and supervise 1,755 state credit unions. NASCUS membership includes state and territorial 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 Requirements for Insurance, 91 Fed. Reg. 24745 (May 7,2026).

³ Ibid.

maintain FISCUs' awareness of all NCUA rules, the NCUA should group together all the NCUA rules that are applicable to FISCUs.

This proposal highlights the inherent problem with NCUA's current structure. NASCUS has long pointed out the conflict inherent in NCUA's dual role as chartering authority for federal credit unions (FCUs) and administrator of the share insurance fund (SIF) for all federally insured credit unions (FICUs). From the perspective of the chartering authority for FCUs, the proposal *might* have some merit. However, it is hard to discern a motive for the administrator of the SIF to disperse and intermingle its share insurance rules throughout the chartering rules for FCUs rather than maintaining a consolidated rule identifying compliance obligations inherent to deposit insurance.

Section-by-Section Analysis Proposed Rule

❖ Proposed removal of Part 741.1

NASCUS acknowledges that current § 741.1 restates statutory provisions and its elimination, rather than relocation, would not impose a unique burden on FISCUs. We have no strong objection to the change.

However, we observe that at a time within the movement of heightened discussion of the burden on modestly sized credit unions, there is a dearth of appreciation for the benefits of consolidating rules, even if redundant, in a single source. Elimination of this section will require compliance officers and examiners to access the statute for reference to these provisions, which in turn requires knowing which section of the statute to search for.

❖ Proposed removal of Part 741.201

Part 741.201 informs FISCUs of their obligation to comply with the bond requirements of Part 713. NCUA proposes removing § 741.201 in its entirety and transferring the bond expiration notification requirement to Part 713. As noted above and recognized by NCUA in their decision to preserve several provisions of Part 741, the value of § 741 is a reference for examiners and FISCUs of rules applicable to FISCUs codified elsewhere in NCUA's regulations. If this provision is removed, there would be no easily accessible reference for examiners or FISCUs as to the applicability of Part 713 and bond requirements. While it is true that the state system understands, in the abstract, that their NCUA bond requirements likely apply to them, they would not necessarily know that the bond requirements are codified at Part 713. FISCUs would have to reference a listing of all NCUA rules to identify the bond provision and then review the entire provision to determine whether it applies in its entirety (as not all NCUA rules do).

It is unclear how requiring FISCUs to take multiple steps to determine what bond requirements might apply eases regulatory burden.

NCUA's proposal would also make a corresponding change to existing § 713.1 to eliminate the reference to Part 741.201. We note there is also a reference to § 741.201 in Part 741.3(d) that NCUA does not address. If NCUA proceeds with these changes, it must also amend § 741.3(d) and any other orphan cross-references to prevent broken internal references in the CFR, which is itself a concern under the Administrative Procedures Act.

❖ Proposed removal of Part 741.205

NCUA's proposed removal of Section 741.205, giving FISCUs notice that they must comply with subsection 701.14(c) of NCUA's FCU rules exemplifies the increased regulatory burden to FISCUs of NCUA's proposal. Part 701.14(c) tells credit unions that are newly chartered or in troubled condition that they must provide NCUA prior notice and review of a proposed change in official or senior executive officers.

Absent the reference in Part 741, how are FISCUs to know to comply with § 701.14(c)?

Part 701 is entitled "Organization and Operation of **Federal Credit Unions.**" [Emphasis added]. It is understandable, and foreseeable, that a FISCU reviewing NCUA's rules and regulations to identify compliance obligations would presume, given the heading, that Part 701 does not apply. Requiring a FISCU to review Part 701 in its entirety to identify applicable provisions would be a tremendous burden. Section 701 of NCUA's rules contains thirty-nine (39) subsections and two (2) long appendices. In addition, each of the thirty-nine subsections themselves contain dozens of subsections. The rule text of § 701 in the electronic Government Printing Office version of the rule covers 139 pages.⁴ If finalized, NCUA's proposal would have FISCUs sifting through all of that to identify a minor sub provision that applies to state charters. Thus NCUA's proposal would increase regulatory burden and create a competitive disadvantage for state-chartered credit unions.

The fact that seven (7) other sub-sub provisions of Part 701 apply to FISCUs lends little support to the proposal. Rather, as discussed in more detail below, the inescapable conclusion is that the key to meaningful regulatory relief is not to reduce the length of Section 741 but to incorporate the entire text of applicable provisions within Part 741.

NCUA notes Section 741.205 also contains references to coordinating with state supervisory authorities and proposes transferring that text to § 701.14(c). We support preservation of the

⁴ See www.govinfo.gov/content/pkg/CFR-2025-title12-vol7/pdf/CFR-2025-title12-vol7-part701.pdf.

text, reinforcing the cooperative and collaborative nature of the state/NCUA shared supervisory responsibilities.

❖ Proposed removal of Part 741.213

Part 741.213 notifies FISCUs they must adhere to the rules of practice and procedures for administrative actions and adjudicative hearings in § 747. It also informs FISCUs that subpart E of § 747 applies only to FCUs. NCUA proposes eliminating Part 741.213 and seeks comment regarding how to provide notice to FISCUs that subpart E only applies to FCUs.

While Part 747 may not contain daily compliance obligations for FISCUs, it does provide the necessary procedures and rules regarding administrative actions taken by NCUA. Providing the reference in Part 741 informs FISCUs of the existence and location of the administrative rules. We are unconvinced that eliminating this provision would provide any regulatory relief for FISCUs. A “shorter” NCUA “rulebook” might be of value to FCUs, but if the end result, as in many of the proposed changes presented here, is that FISCUs must sift through every FCU rule to identify rules applicable to state charters, that is hardly regulatory relief. We also note that a credit union reviewing Part 747 to determine its applicability would first encounter a reference in § 747.1 to “federal credit unions” giving rise to the inference that section does not apply to FISCUs.

In the event NCUA finalize this proposal “as is,” NASCUS recommends the addition of a preamble ahead of Section 747.1 identifying which provisions of the Part apply to FISCUs and FCUs. To reiterate, NASCUS believes eliminating Part 731.213 increases regulatory burden for FISCUs.

❖ Proposed removal of Part 741.218

Section 741.218 informs FISCUs they must adhere to the “applicable provisions” in § 709 regarding involuntary liquidation and adjudication of creditor claims involving FICUs. In proposing removing Part 741.218, NCUA discusses the confusing structure of Part 709 and which of its provisions apply to FCUs and which to all FICUs but doesn’t explain how Part 741.218 contributes to that confusion or how eliminating § 741.218 would add clarity. If anything, the confusion inherent in the applicability of Part 709 is further evidence that the real problem with the organization of the rules is that FCUs rules are intermingled with share insurance rules.

❖ Proposed removal of all whole provision cross references

NCUA proposes removing all provisions in Part 741 that cross-reference other NCUA rules in their entirety. These provisions include § 741.206, informing federally insured corporate credit unions that they must comply with Part 704; § 741.207, informing FISCUs that participate in the community development revolving loan program to adhere to the

requirements of Part 705; § 741.209 informing FISCUs they must comply with Part 711 management official interlocks; and § 741.210 informing FICUs belonging to the Central Liquidity Facility that they must comply with the requirements of Part 725. NCUA also proposes eliminating Section 741.211 referencing to the advertising provisions of Part 740 that apply to all FICUs; § 741.212 referring to the share insurance provisions of Part 745; § 741.214 referencing Part 748 BSA/AML requirements; § 741.215 incorporating Part 749 records preservation requirements; § 741.216 incorporating the flood insurance requirements of Part 760; and § 741.217 referencing Part 707 Truth in Savings. Finally, NCUA proposes eliminating Section 741.220, informing FISCUs they must adhere to the CFPB's Regulation P; and § 741.224 referring to the golden parachute and indemnification payment prohibitions in Part 750; and the cross-reference to Part 702 subpart D in § 741.226.

Taken individually, the argument for eliminating the above provisions has superfluous has understandable appeal. However, taken as a whole, the proposal remains deficient of meaningful regulatory relief. The question is not whether any single reference in Part 741 is essential. Instead, the question is whether FISCUs will be forced to sift through the entire FCU "rule book" to determine what rules apply to them as state-chartered institutions.

We urge NCUA to reconsider removing these provisions. While it might seem obvious to those that deal daily with the rules and regulations that BSA/AML is § 748 and applies to all FICUs, there are those within the system who don't deal with any specific rule on a daily basis in terms of the rule number (or are simply new to their position), but rather with the general operational obligation. For those, removing the cross reference in Part 741 eliminates a valuable resource.

Suggested non-CFR Reference List Not a Viable Substitute

NCUA suggests that, notwithstanding the removal of the Subpart B cross-references, it could publish a non-regulatory reference list outside the Code of Federal Regulations (CFR) to help FISCUs identify the NCUA rules applicable to them as a condition of federal share insurance. NASCUS appreciates the Agency's recognition that FISCUs will continue to need such a mapping tool but respectfully submits that a non-regulatory reference list is a materially inferior substitute for the codified cross-references.

As NCUA is aware, non-regulatory guidance has no legal force and no notice-and-comment protection. The Subpart B cross-references are codified in the CFR and were adopted through notice-and-comment rulemaking; FISCUs, state regulators, and courts can rely on them as authoritative. A non-regulatory reference list is sub-regulatory guidance — informational only, non-binding, and unenforceable — and any ambiguity about applicability would have to be resolved by returning to the underlying substantive Parts, many of which, as NCUA itself acknowledges with respect to Parts 747 and 709, are not uniformly scoped to FISCUs.

Non-regulatory guidance may be modified without stakeholder input. Any change to Subpart B today requires NCUA to publish a proposed rule and consider public comment. A non-regulatory list would be subject to no such discipline; NCUA could add, remove, or reinterpret entries at any time, without notice to FISCUs or the opportunity for affected parties to comment. NASCUS and its members would lose a meaningful voice in decisions that directly affect the scope of federal regulation applicable to state charters.

In addition, non-regulatory guidance is not subject to the same publication and update discipline as the CFR. The CFR is republished on a fixed annual cycle and maintained through established *Federal Register* processes, giving FISCU compliance officers, state examiners, and outside counsel a complete and authoritative statement of applicable law as of a date certain. A reference list posted on NCUA's website carries no comparable assurance of currency, versioning, or completeness. Prudent FISCUs and their advisors would still need to independently verify each substantive Part's applicability — defeating the streamlining rationale NCUA advances for the proposal.

For these reasons, NASCUS urges NCUA to retain the Subpart B cross-references in codified form.

If NCUA nonetheless wishes to reduce the length of Part 741, NASCUS would support consolidating the cross-references into a single applicability table within Part 741 or codifying the reference list as an appendix to Part 741 — either of which would preserve legal force, notice-and-comment protection, and publication discipline while addressing the Agency's concerns about length and complexity.

This Proposal is Not a Deregulatory Action as Applied to FISCUs

NCUA classifies this rulemaking as a deregulatory action consistent with Executive Order 14192, *Unleashing Prosperity Through Deregulation*.⁵ NASCUS respectfully submits that, whatever the proposal's net effect on federal credit unions, it does not qualify as deregulatory as applied to FISCUs.

First, the proposal does not reduce any substantive compliance obligation. NCUA states expressly that the changes are not intended to alter the compliance duties of FICUs; every rule cross-referenced in Subpart B today will continue to apply to FISCUs tomorrow. Removing a codified applicability trigger while leaving the underlying obligation in place is a matter of regulatory architecture, not regulatory relief.

Second, for FISCUs the practical effect is to *increase* compliance burden, not reduce it. Subpart B currently functions as a single-source roadmap that identifies, in one place in the CFR, the NCUA rules applicable to FISCUs as a condition of federal share insurance. Its deletion would require FISCU compliance officers, internal auditors, outside counsel, and

⁵ Requirements for Insurance, 91 Fed. Reg. 24747 (May 7,2026).

state examiners to trace applicability rule-by-rule across sixteen dispersed Parts of the CFR — many of which are not uniformly scoped to FISCUs and would require case-by-case interpretive analysis. Existing FISCU policies, procedure manuals, board reports, audit workpapers, and vendor contracts that cite specific Subpart B provisions would also need to be reviewed and updated. That work is a real and quantifiable cost, and it falls disproportionately on smaller FISCUs that lack in-house regulatory counsel.

Meaningful Regulatory Relief for FISCUs

NASCUS agrees with NCUA that Part 741 needs to be significantly overhauled. We have long advocated as much in numerous comments submitted to the agency. However, removing cross references in their entirety, forcing FISCUs to scroll through all NCUA's FCU rules to identify rules applicable, whole or in part, to state charters is not the answer.

Providing meaningful regulatory relief to FISCU involves consolidating all applicable rule text within Part 741 in its entirety. So doing would eliminate the current burden faced by FISCUs as demonstrated by the FISCU provisions buried within Part 701. As previously noted, FISCUs are forced to wade through 139 pages of FCU rules to find 2-3 sentences of provisions applicable to state charters. And this problem is not unique to § 701. Part 712 only applies to FISCUs in part, as does Part 715, to name but a few.

As NCUA acknowledges in the preamble of the proposed rule, the agency recognized the difficulty faced by FISCUs in 1995 when they created Part 741. Since then, NCUA's rules have grown in size, and the issue NCUA sought to address in 1995 of dispersed rules has re-emerged. A comprehensive reorganization of NCUA's rules that would consolidate FISCU rules into a single section is long overdue.

Conclusion

NASCUS supports NCUA's efforts to streamline their rules, eliminate ineffective or outdated regulations, and reduce regulatory burden. However, this effort misses the mark. Rather than ease regulatory burden, it would increase the burden for FISCUs. NCUA should not move forward with the changes as proposed. To provide regulatory relief, NCUA should not disperse rules applicable to FISCUs, but instead consolidate all FISCU rules. If finalized as proposed, compliance will become more burdensome for FISCUs, particularly those with more modest-sized compliance departments or more limited access to third-party compliance resources.

NASCUS acknowledges reorganizing NCUA's rules to consolidate those rules applicable to FISCUs is a substantial undertaking. NASCUS and state regulators are willing and able to

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work with NCUA to identify and propose a consolidation of FISCU rules in a manner that would provide meaningful regulatory relief to the state system.

While we disagree that this proposal would benefit FISCUs, we appreciate the amount of effort NCUA has committed to the Deregulation Project. We commend NCUA for this undertaking and for initiating the dialogue regarding modernizing federal share insurance rules.

Sincerely,

-signature redacted for electronic publication -

Brian Knight
President & CEO