NASCUS
National Association of State Credit Union Supervisors

November 20, 2017

Mr. Gerard Poliquin
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: NASCUS Comments on NCUA Regulatory Reform Agenda

Dear Secretary Poliquin:

The National Association of State Credit Union Supervisors ("NASCUS"), the professional association of the state credit union regulatory agencies and the nation's state credit union system, submits the following comments in response to the National Credit Union Administration's ("NCUA") proposed Regulatory Reform Agenda (Reform Agenda) NASCUS commends NCUA for the agency's voluntary compliance with the spirit of the President's Executive Order 13777 to identify any NCUA regulations that should be repealed, replaced, or modified.[1]

NCUA's Regulatory Reform Agenda proposal derives from recommendations made by an internal agency Regulatory Reform Task Force (Task Force). NASCUS supports many of the recommendations made by the Task Force, and offers the following comments for NCUA's consideration to improve the agency's Reform Agenda.

Suspension of Annual One-Third NCUA Regulatory Review Raises Concerns

As part of its Regulatory Reform Agenda, NCUA is proposing to suspend its Annual One-Third Regulatory Review (Regulatory Review). NCUA proposes renewing the annual Regulatory Review in 2020. In proposing suspension of the Regulatory Review, NCUA cites the comprehensive nature of the Regulatory Reform Agenda.[2]

While it is true that the proposed Reform Agenda is a comprehensive analysis of all existing NCUA rules, the extended four-year timeline of the proposed reforms will cover a period that will almost certainly witness changing marketplace conditions, technological advancements, shifting regulatory relief priorities, and unforeseen circumstances. In addition, it is likely the composition of the NCUA Board will change during the intervening period. We urge NCUA to maintain a formal mechanism for stakeholders to provide insight into the real-world effect of existing regulations on contemporary basis.

[1] 82 Fed. Reg. 39702 (August 22, 2017).
[2] Id. 39705.

Temporarily suspending the Regulatory Review for 2018 makes sense, however, we believe the Regulatory Review should be reinstated in January 2019. At that time, as NCUA completes its Tier I reforms, stakeholders would be able to provide NCUA updated feedback on the industry's priorities, concerns, and ideas for ongoing modernization of the regulatory framework.

NCUA Proposed Tier I Reforms

Significant Regulatory Reform: Co-Locate all Share Insurance Rules

As recommended by the Task Force, NCUA proposes co-locating several provisions of its rules. Specifically, NCUA is proposing to co-locate disparate loan maturity provisions into a single provision and co-locate single borrower provisions into a single combined provision. In Tier III, NCUA also proposes co-locating third-party due diligence requirements as well as provisions related to the purchase of loans and assumption of liabilities. In proposing to combine similar provisions into one, NCUA notes that the current dispersed nature of these provisions is "confusing" and the reorganization would provide "clarity and consistency." NASCUS agrees, and we support this aspect of NCUA's proposed reforms.

It is incumbent on regulatory agencies to ensure that their rules and regulations are readily accessible and easily understood. Clearly organized rules allow credit unions, particularly those with more modest compliance resources, to identify what regulatory expectations apply to given activities. This in turn allows credit unions to spend less time researching NCUA's rules and more time on meaningful compliance and risk mitigation.

- NCUA Could Provide Substantial Regulatory Relief to Credit Unions by Co-Locating and Combining all Share Insurance Rules in One Section of the Rules and Regulations

NCUA's proposal acknowledges the confusing nature of having various maturity limits, various borrower provisions, and various third-party due diligence provisions scattered throughout its rules. This burden is multiplied exponentially for federally insured state chartered credit unions (FISCUs) that have dozens of applicable rules scattered throughout NCUA's federal credit union (FCU) rules. By consolidating FISCU rules, NCUA could provide substantial regulatory relief to FISCUs consistent with Executive Order 3777 and with the rationale the agency itself cites in proposing to combine maturity limits and aggregate borrower limits.

An example of the unnecessary burden NCUA repeatedly places on FISCUs by refusing to co-locate and combine its share insurance rules is illustrated by this proposal itself. Anyone seeking to comment on behalf of FISCUs had to spend a great deal of additional time to determine whether each of the forty-one provisions identified by NCUA for review applied to FISCUs. For each provision, a commenter would have to read Part 741 of NCUA's rules and regulations line by line, in its entirety, to look for a cross reference to the provision NCUA cited in this notice.

NASCUS has created a compendium for our members to help them more easily navigate NCUA's rules and regulations and identify and access those provisions applicable to FISCUs. However, such a tool, like any other third-party tool, is no substitute for NCUA itself to reorganize its rules to combine and co-locate FISCU provisions.

There is simply no reason for NCUA to continue to maintain its rules in their current organizational structure in a manner that uniquely burdens FISCUs.

Additional Improvements to Part 704 Corporate Credit Union Rules should be Included in Tier I Reforms

NCUA has already published a proposed rule for comment to implement changes to corporate credit union rules recommended by the Task Force.[3] NASCUS supported those changes and encourages NCUA to finalize the proposal.[4] However, more regulatory relief and refinement of the rules governing corporate credit unions are in order.

As NASCUS recommended in its comments in response to NCUA's previously published proposed changes to the corporate credit union rule, NCUA should 1) form a task force with state regulators to review future adjustments to the corporate credit union rules; 2) reintroduce meaningful dual chartering by eliminating unnecessary preemption of state rules, particularly with respect to corporate credit union governance; and 3) enhance the joint supervision of corporates and their risk to natural person credit unions by formalizing increased information sharing between NCUA and the state regulators supervising the corporate credit union's natural person credit union members.

With respect to specific provisions of Part 704 that NCUA should consider amending, NASCUS' discussions with its members and various stakeholders have initially identified three areas for review.

- Part 704.6 Credit risk management

Currently, NCUA's rules limit investments in any single obligor to the greater of 25% of total capital or $5 million. Part 704.6(c)(2) provides several exceptions to the single obligor limit, including an exception for credit card master trust asset-backed securities that allows for a higher limit of 50% of total capital in any single obligor.

Other asset-backed securities utilize the master trust structures. Examples include vehicle, equipment, and student loan master trusts. Like credit card master trusts, these other master trusts offer larger asset pools and greater borrower and geographic diversity. Furthermore many offer structural features that enhance the safety of the investments. Given the advantages of master trust asset-backed securities, NCUA

[3] 82 Fed. Reg. 30774 (July 3, 2017).
[4] NASCUS Comments on Proposed Rule – Corporate Credit Unions. Available at http://nascus.org/regulatory-resources/08.31.17%20Corporates.pdf.

should consider including these additional master trust asset-backed securities in the exception allowing for investments up to 50% of capital.

- Part 704.8 Asset and liability management and Part 704.9 Liquidity management

Part 704.8 limits the weighted average life (WAL) of corporate credit unions' financial assets. Generally speaking, a corporate credit union's WAL may not exceed two years. NCUA's WAL threshold for corporates were intentionally designed to limit a corporate's services to natural person credit unions to short term liquidity lending and payments system services.[5] In particular, NCUA noted at the time that the WAL provision was essential in the absence of cash-flow mismatch test requirements.[6] Neither natural person credit unions nor other financial institutions have explicit limitations on the WAL of the asset side of their balance sheets.[7]

As the corporate credit union system restructured in the aftermath of the corporate crisis, such regulatory shaping of the marketplace, and restrictions on corporate credit union growth and operations, were arguably necessary to contain risk.[8] However, these same limitations limit corporate credit union service to natural person credit unions, which in turn may be hindering the ability of some natural person credit unions to remain competitive in the marketplace.

In addition to the WAL restrictions, corporate credit unions are also limited to 180 days maturity on secured borrowings. Taken together, the WAL and secured borrowing provisions limit corporate credit unions' ability to provide term lending and other liquidity management services to natural person credit unions. Natural person credit unions have limited choices to find those essential services elsewhere.[9]

NASCUS, and state regulators, remain keenly aware of the severity of the crisis faced by the corporate credit union system during the recession. Nothing in our recommendations should be taken to indicate that future supervision of the corporate system should not be informed by lessons learned from the past. However, it is equally true that the future of the corporate system cannot be solely controlled by a crisis mindset. The formation of a joint working group could help identify the proper balance.

Alternative Capital Rulemaking Should be a Tier I Initiative

NCUA's decision to relegate reform of Low Income Credit Union (LICU) secondary capital and non LICU supplemental capital (together "Alternative Capital") until the

[5] 75 Fed. Reg. 64808 (October 20, 2010).
[6] Ibid.
[7] Natural person credit union WAL of assets is factored into Prompt Corrective Action (PCA) net worth calculations, but are not limited by the PCA. See 12 C.F.R. 702.105 – 107.
[8] Although many corporate credit unions excessive risk contributed to staggering losses for the credit union system, not ALL corporate credit unions engaged in unmitigated risk taking, and several did not cause a single loss to their natural person credit union members.
[9] The Federal Reserve Discount window is generally a lender of last resort, and credit union membership in the Federal Home Loan Bank (FHLB) system may be more limited than commonly understood.

third-year of the Reform Agenda is perplexing.[10] This is especially so given that NCUA has prioritized other Prompt Corrective Action (PCA)/net worth requirement related provisions as Tier I initiatives. In particular, NCUA is addressing Risk Based Capital (RBC) reform in Tier I, which carries major implications for Alternative Capital.

Currently, credit unions have a little more than one year to prepare for the 2019 effective date of new NCUA risk-based net worth requirements.[11] Alternative capital is an essential tool for both LICUs and non-LICUs complex credit unions to meet net worth thresholds. In fact, in Frequently Asked Questions (FAQs) NCUA posted to the agency website, NCUA included the following:[12]

> Q10. Will credit unions be authorized to raise supplemental capital for purposes of risk-based net worth? Yes. The NCUA Board plans in a separate proposed rule to address comments supporting additional forms of supplemental capital. As the risk-based capital final rule does not take effect until January 1, 2019, there is ample time for the NCUA Board to finalize a new rule to allow supplemental capital to be counted in the risk-based capital numerator before the effective date.

As currently relegated to Tier II, Alternative Capital would not be available for use in meeting risk-based net worth requirements until after the effective date of the final RBC rule. Furthermore, NCUA's proposal is ambiguous as to whether the agency remains committed to a robust Alternative Capital rulemaking, stating only that the NCUA Board "should decide whether" to make Alternative Capital changes. This runs contrary to repeated statements from NCUA unequivocally linking Alternative Capital rulemaking to risk-based capital.[13]

NASCUS further notes that substantial work and deliberation toward crafting Alternative Capital rules has already been done, including, but not limited to:

- NCUA studied Supplemental Capital and published a Whitepaper on the subject in ***2007*** (concluding that supplemental capital was a worthwhile policy goal);[14]
- NCUA solicited and received input on supplemental capital during the comment process for the Risk-Based Capital rule;[15]

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[10] 82 Fed. Reg. 39708 (July 3, 2017).
[11] Risk-Based Capital, 80 Fed. Reg. 66626 (October 29, 2015).
[12] Frequently Asked Questions about NCUA's Risk-Based Capital Final Rule October 2015. Available at https://www.ncua.gov/Legal/Documents/RBC/RBC-Final-Rule-FAQs.pdf.
[13] See statement of NCUA Board Member Mark McWatters, October 29, 2015 on the Final Risk-Based Capital Net Worth Rule. Available at https://www.ncua.gov/newsroom/Pages/speeches/2015/october/McWatters-Statement-Final-Risk-Based-Net-Worth-Rule.aspx. See also NCUA Chairman Debbie Matz Statement on the Risk-Based Capital Final Rule (Oct. 29, 2015). Available at https://www.ncua.gov/newsroom/Pages/speeches/2015/october/Matz-Statement-on-the-Risk-Based-Capital-Final-Rule.aspx.
[14] NCUA Supplemental Capital Whitepaper prepared by the Supplemental Capital Working Group, (April 12, 2010). Available at https://www.ncua.gov/Legal/Documents/SupplementalCapitalWhitePaper.pdf.
[15] Risk-Based Capital, 80 FR 4340, 4384 (Jan. 27, 2015).

- NCUA conducted a Board briefing on issues related to Supplemental Capital in 2016;[16]
- NCUA issued an Advance Notice of Proposed Rulemaking on February 8, 2017 to which the agency received over 100 comments in support of rulemaking;[17] and
- Legislation has been introduced in Congress to provide Alternative Capital Authority for all credit unions without regard to risk-based capital standards.[18]

NASCUS acknowledges that the issues related to Alternative Capital are complex. However, state regulators, NCUA, and many in the credit union system have been studying this issue, and developing regulatory frameworks for well over a decade. To abdicate the progress made on Alternative Capital rulemaking would squander one of the more significant, and long sought, regulatory relief opportunities before NCUA.

NCUA should commence rulemaking to enhance LICU secondary capital rules and to establish supplemental capital for RBC rulemaking.

- Capital Planning and Stress Testing

As of this writing, NCUA has proposed changes to PCA requirements for capital planning and stress testing for natural person credit unions with assets greater than $10 billion.[19] NASCUS supports changes to the stress testing rules and will submit comprehensive comments in response to that request for comments. We note here that changes to the NCUA stress testing rule should take into consideration Congressional efforts to raise the stress testing threshold for banks to $250 billion.[20]

- RBC

NCUA proposes extending the January 1, 2019, RBC implementation date and narrowing the definition of complex credit union, and simplifying the overall risk category and weighting scheme. NASCUS supports all three proposed initiatives. As discussed in depth above, regardless of any postponement to the RBC rules, Alternative Capital rulemaking should proceed now under Tier I. This is especially necessary as credit unions will need time to adjust to new Alternative Capital options to manage their balance sheets prior to the effective date of any RBC rules.

Third Party Due Diligence Standards

Currently, NCUA Part 701.21(h), Third Party Servicing of Indirect Vehicle Loans, limits federally insured credit unions' (FICUs) acquisition of vehicle loans serviced by a third

[16] See NCUA Board Supplemental Capital Briefing, (October 27, 2016). Available at https://www.ncua.gov/About/Documents/Agenda%20Items/AG20161027Item6a.pdf.
[17] Alternative Capital, 82 Fed. Reg. 9691 (February 8, 2017).
[18] "Capital Access for Small Businesses and Jobs Act" H.R. 1244.
[19] Capital Planning and Supervisory Stress Testing, 82 Fed. Reg. 50094 (October 30, 2017).
[20] "Senate lawmakers strike deal to free dozens of large banks from rigorous post crisis rules," The Washington Post, November 13, 2017. Available at https://www.washingtonpost.com/news/wonk/wp/2017/11/13/senate-lawmakers-strike-deal-to-free-dozens-of-large-banks-from-rigorous-post-crisis-rules/?utm_term=.fc28ac3f82c0.

party servicer to 50% net worth in the initial thirty months of that third party servicing relationship or 100% net worth after the initial thirty months of the servicing relationship. NCUA's rule allows for the NCUA Regional Director to grant a waiver from the aggregate thresholds.

In many respects, limiting a credit union's third party relationship based on the duration of that relationship with a particular third party is arbitrary. For some credit unions, 30 months may not be a sufficient time to fully appreciate the nuances of a given third party relationship while for others, those nuances are understood on day one. For this reason supervisory reliance on commensurate due diligence rather than arbitrary thresholds would be an improvement to NCUA rules.

NCUA and federal bank regulators have issued numerous guidance related to third party due diligence.[21] Effective third party oversight is essential for the continued safe and sound operation of a credit union. However, the complexity, breadth and width of the third party due diligence program will vary depending on the service being provided, the exposure of the credit union to the third party's conduct, and the size and complexity of the credit union.

NASCUS recommends NCUA not bifurcate addressing third party management between Tiers I and III as proposed. Once NCUA develops comprehensive guidance related to third party management, all references to third party due diligence should be consolidated into a single provision of NCUA's rules requiring credit unions establish policies for managing third party relationships.

NCUA Should Clarify Supervisory Committee and Audit Requirements

NCUA is proposing changes to Part 715 Supervisory committee audits and verification. Specifically, NCUA is considering eliminating the provisions requiring outside audits be completed within 120 days of end of year under audit, and eliminating its Supervisory Committee Audit Guide (Guide). The Guide would be replaced with provisions establishing minimum standards that must be met.

Both of the proposed changes under consideration seem reasonable and NASCUS supports undertaking those changes. However, more substantial changes to Part 715 and Part 741 related to audit requirements are needed.

NCUA applies some of §715 to FISCUs by reference in §741.6 and §741.202. However the current wording of Part 741 does not make entirely clear which provisions of §715 apply to FISCUs. Further confusing the issue is that not all FISCUs use Supervisory Committees in their governance structures or to conduct audits.

[21] See, "Managing Third Party Risk," FDIC Financial Institution Letter, available at https://www.fdic.gov/news/news/financial/2008/fil08044a.html, and "Evaluating Third Party Relationships," NCUA Letter 07-CU-13, available at https://www.ncua.gov/Resources/Documents/LCU2007-13.pdf.

NCUA should take this opportunity to clarify the applicability of audit requirements to FISCUs. NASCUS recommends that NCUA consider:

- Separating its rules for federal credit union Supervisory Committees from the audit requirements applicable to FISCUs; and
- Fully incorporate the FISCU audit requirements in §741.

NCUA Should Provide Parity to Credit Unions with Banks with Respect to Appraisals

NCUA's current rules for credit union appraisals differs from bank appraisal rules. NCUA's appraisal rule has a $250,000.00 threshold for any real estate secured loan while bank regulators recognize a $1 million threshold for some real estate related business loans.[22]

State and federal bank regulators have recognized that current appraisal requirements are in some cases overly burdensome without producing a measurable offsetting supervisory benefit. In particular, critique of the appraisal requirements were a prominent theme in response to the Federal Financial Institutions Examination Council (FFIEC) Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) regulatory review process completed earlier this year.[23] As a result the FFIEC agencies, including NCUA, have been coordinating on an interagency rulemaking to raise appraisal thresholds. NCUA is considering withdrawing from participating in the interagency rulemaking and promulgating its own rule.

Absent more information, NCUA's withdrawal from the FFIEC appraisal rulemaking is concerning for several reasons. First, the purpose of the FFIEC is to coordinate consistent standards between regulatory agencies. Having divergent supervisory standards can cause complications when banks and credit unions interact in the marketplace. For example, it has been suggested to NASCUS that the existing appraisal standard discrepancies between banks and credit unions has caused complication with loan participations, confused consumer/member borrowers, and confused loan officers. Second, when NCUA has broken with its federal banking peers in the past, it has been to impose unnecessarily more stringent standards on credit unions.[24]

NASCUS supports raising the appraisal thresholds, and ensuring that those standards do not impede the ability of credit unions to meet member real estate loan demand in a timely manner. We encourage NCUA to dialogue with state regulators as it considers changes to the appraisal provisions of §722.

Equitable NCUSIF Dividend Distributions should Include any Credit Union Federally Insured in a Distribution Year

[22] See 12 C.F.R. 722 and 12 C.F.R. 323.3.
[23] FFIEC, "Joint Report to Congress, Economic Growth and Regulatory Paperwork Reduction Act," (March, 2017). Available at https://www.ffiec.gov/pdf/2017_FFIEC_EGRPRA_Joint-Report_to_Congress.pdf.
[24] See Accuracy of Advertising and Notice of Insured Status, 76 Fed. Reg. 30521 (May 26, 2011), imposing more stringent advertising statement requirements on credit unions than banks.

NCUA has already proposed changes to the dividend determination process for the National Credit Union Share Insurance Fund (NCUSIF).[25] We reiterate our objection to changes to §741.4 that would deprive a credit union of a pro-rata NCUSIF dividend share for a year in which that credit union was NCUSIF insured for at least part of the year.[26]

New Part 746 Appeals and Supervisory Review Committee

NASCUS commends NCUA for the reforms to the credit union appeals process and Supervisory Review Committee process finalized in recent rulemaking. We further commend NCUA for committing to taking under consideration the inclusion of information related to appeals in the agency's Annual Report.[27]

Restoration of Accrual Status on Member Business Workouts

Although not addressed in NCUA's Reform Agenda, NASCUS recommends NCUA consider clarifying §741 Appendix C, Interpretive Ruling and Policy Statements on Loan Workouts, Non-Accrual Policy, and Regulatory Reporting of Troubled Debt Restructured Loans. Specifically, NASCUS recommends NCUA align its policy pursuant to "Restoration to Accrual Status on Member Business Workouts" with those of other federal bank regulators. NCUA's rules require a repayment period of six consecutive payments while banking agencies require only six consecutive months.[28] NCUA's more restrictive term creates difficulties with credits with annual payments. Under NCUA's structure, a credit could be in non-accrual status for six years despite strong performance in the case of an annual credit.

NCUA should reconsider whether the more stringent repayment requirement for credit union commercial accruals status remains necessary.

NCUA Proposed Tier 2 Reforms

Loan Participation Limits should be set by Credit Union Policy

NCUA proposes to change §701.22(b)(5)(ii) and (c) to eliminate the $5 million (or 100% net worth) limit on loan participations purchased from any one lender and replace it with a requirement having credit unions establish their own limits in policy. NASCUS supports these changes.

[25] Requirements for Insurance; NCUSIF Equity Distributions, 82 Fed. Reg. 35705 (August 1, 2017).
[26] See NASCUS Comments – Requirements for Insurance NCUSIF Equity Distribution (August 30, 2017). Available at http://nascus.org/regulatory-resources/08.31.17%20NCUSIF%20Distributions.pdf.
[27] Appeals, 82 Fed. Reg. 50290 (October 30, 2017).
[28] Troubled Debt Restructuring, Interagency Guidance, FIL-50-2013 (October 24, 2013). Available at https://www.fdic.gov/news/news/financial/2013/fil13050.pdf.

Purchase, Sale, and Pledge of Eligible Obligations & Purchase of Assets and Assumption of Liabilities Purchase of Assets and Assumption of Liabilities

NCUA would co-locate all authorities to purchase loans and other assets in one section of its rules and consider eliminating any limits on purchase of member obligations. NCUA would also consider eliminating CAMEL restrictions and other limitations not required by the FCUA. With respect to assumption of liabilities, NCUA is considering whether NCUA pre-approval is necessary for purchases of loans and assumption of liabilities from non-FICUs.

NASCUS supports these changes. In particular, we have long advocated that NCUA pre-approval should not be required for a FISCU purchase of liabilities from a non-FISCU. NCUA approval for such transactions has never materially contributed to the safety and soundness of these transactions. There is no indication that a non FICU, regulated by a state regulator, is less safe than a FCU.

Limits on FISCU Payment on Shares by Public Units and Nonmembers should be determined by State Law

NASCUS supports NCUA's proposal to raise the nonmember deposit limit from 20% to 50%. We further recommend that NCUA provide an exemption to any state regulatory authority that seeks to set a higher limit.

NCUA Proposed Tier 3 Reforms

Re-Examining Credit Union Service Organization (CUSO) Provisions

NCUA is proposing to expand the permissible activities for federal credit union CUSOs. Although permissible activities provisions of the CUSO rule do not apply to FISCUs, NASCUS encourages NCUA to expand the permissible activities of §712.5.

As the credit union system faces increasing competitive pressure from a variety of depository and non-depository financial service providers such as fintechs, the need to seek operational efficiencies will intensify. For many credit unions, the use of CUSOs will be essential to recognizing those efficiencies.

In addition to expanding FCU CUSO authority, NCUA should allow limited FCU investment in a FISCU CUSO even if that FISCU CUSO engages in activities not permissible for a FCU. Such a de minimus exposure should not rise to the level of being considered circumvention of FCU permissible activity provisions. Allowing federal credit union investment in a FISCU CUSO that would be otherwise impermissible for the FCU will expand the opportunities for system collaboration and innovation.

NASCUS also recommends that NCUA reorganize its CUSO rules to co-locate FISCU applicable provisions, or move the FISCU applicable provisions to Part 741 to eliminate confusion as to which provisions apply to FISCUs.

NCUA Should Defer FISCU Maximum Borrowing Authority to State Law and Eliminate the Nonconforming Investment Special Reserve

NASCUS supports NCUA's proposal to remove the 50% borrowing limit for FISCUs, allowing state law to govern FISCU borrowing limits. We also support the elimination of the special reserve requirement for nonconforming state investments.

NCUA Should form a Working Group to Evaluate the Security Program, Report of Suspected Crimes, Suspicious Transactions, Catastrophic Acts, and Bank Secrecy Act Compliance Provisions and the Records Preservation Program Provisions

We support NCUA's consideration of forming working groups to thoroughly review both §748 and §749. With respect to §748, NASCUS recommends NCUA consider more timely regulatory relief by relaxing the NCUA mandated monthly reporting requirement of Suspicious Activity Reporting (SAR) activity to the Board.[29] Nothing in statute mandates monthly reporting. NCUA should re-issue guidance providing credit unions report the filing of SARs promptly to the board, with promptly defined as the next regularly scheduled board meeting, or at least quarterly.

NCUA has proposed a comprehensive set of reforms for consideration that, if enacted, promise meaningful regulatory relief for the credit union system. NASCUS stand prepared to work with NCUA as needed to provide the continued input of state regulators and the state credit union system as the agency develops specific proposals for implementing the Reform Agenda.

Thank you for the opportunity to comment on NCUA's proposed Regulatory Reform Agenda. We would be happy to discuss our comments in more detail at your convenience.

Sincerely,

- signature redacted for electronic publication -

Brian Knight
Executive Vice President and General Counsel

[29] NCUA Regulatory Alert 06-RA-07 Filing Requirements for Suspicious Activity Reports, (December, 2006). Available at https://www.ncua.gov/Legal/Documents/Regulatory%20Alerts/RA2006-07.pdf.