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12 August 2011

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
Via email: regcomments@ncua.gov

Re: Comments to the Proposed Amendments to the NCUA Regulations for CUSO's 12 CFR Parts 712 and 741

Dear Ms. Rupp:

CU Anytime is a CUSO that is co-owned by multiple credit unions. The CUSO was originally formed to provide ATMs and to secure processing services allowing these credit unions to provide member service more effectively and on a lower cost basis. The CUSOs services have grown and a broader base of credit unions utilize them. The CUSO provides real value to the credit unions.

Within the new regulations that have been proposed is the requirement that CUSOs begin direct reporting to NCUA, you further state that the data supplied will become the basis for allocation of resources in preparation of CUSO reviews. This proposed requirement and the subsequent review have the effect of placing the CUSO under the direct regulation of the NCUA. We understand that this authority does not exist in current law and therefore the proposed regulations are inappropriate. We also understand that NCUA intends to ask Congress for the authority to directly regulate CUSOs and we think that this is not warranted and will result in unnecessary expense.

In the proposed regulations the statement is made that the new requirements will allow NCUA to obtain accurate information on the CUSO industry. The NCUA already has the ability to examine the books and records of CUSOs. CUSOs are not in a single industry and should not be viewed as a single industry. Unlike their credit union owners CUSOs are engaged in many different lines of business and cannot be grouped into any one single industry. Another stated reason given for this rulemaking is to evaluate the systemic risk posed by CUSOs in the relationships with their owner credit unions. There is currently an aggregate amount invested in and loaned to CUSOs of only 22 bps of credit union assets, as well as rules limiting such investments within each credit union. Couple this with the diverse products and services of the CUSOs themselves and such a

statement regarding systemic risk is not supported. The NCUA also already has the ability to exercise full leverage over the credit union owners to resolve any potential safety and soundness issues that may exist.

This collection and submission of data also places a burden on the CUSO which increases the costs of operations and which will ultimately make the CUSO more costly to its credit union(s). Extending these requirements to subsidiaries of CUSOs simply compounds this negative effect. Additionally this seriously reduces, if not eliminates, the opportunities for CUSOs to invest with others in emerging technologies thereby limiting the ability of the credit unions to provide, on a cost effective and timely basis, the competitive services which will be demanded by its members. I am an adamant believer in the current ability of CUSOs to provide opportunities for credit unions to collaborate and work together to the ultimate benefit of the many millions of members of this nation's credit unions.

It also seems inappropriate that NCUA, in these times of increasing costs and a suffering economy, will now be allocating resources to creating a reporting and data management system for this new influx of data. This, in combination with the additional costs of specialized examination staff that will need to be hired to evaluate the data and perform the aforementioned reviews is a great concern. These costs will ultimately be borne by the credit unions through the assessments of the NCUA, only further burdening the credit unions who are already under financial pressures.

It is requested that the Board of NCUA withdraw these unnecessary rules.

Respectfully submitted,

Don L. Gray
President