



Via email to regcomments@ncua.gov

September 20, 2011

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Notice of Proposed Rulemaking (CUSO), 12 CFR Parts 712 and 741

Dear Ms. Rupp:

CU Service Centers, Inc. (CUSC) appreciates the opportunity to comment on the proposed amendment to NCUA's Credit Union Service Organizations (CUSO) regulation.

CUSC was incorporated in 1995, and it provides shared branching and ATM network services to investor and participating credit unions throughout Oklahoma. Credit unions in Oklahoma have been able to expand their branch networks and obtain ATM/debit card processing at substantially lower costs through CUSC's services.

CUSC supports NCUA's objective of assessing the risks that CUSO operations could potentially pose to credit unions and the National Credit Union Share Insurance Fund. However, CUSC does not support the proposed amendment requiring CUSOs to submit financial reports directly to NCUA as such reporting is unnecessary in light of NCUA's current regulatory authorities and existing CUSO data.

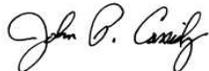
NCUA's assessment of the risks posed by CUSOs is primarily addressed through its examinations of individual credit unions. In addition, NCUA already has the necessary authority in its existing CUSO regulation and the necessary data from credit union provided reports to assess any systemic risks posed by CUSOs. In particular, CUSC does not support the addition of Section 712.3(d)(4) requiring CUSOs to submit financial reports directly to NCUA and appropriate state supervisory authorities. Such reporting is unnecessary in light of NCUA's complete access to CUSO books and records as provided in Section 712.3(d)(3)(i) of the current CUSO regulation, NCUA's access to credit union's "corporate veil" legal opinions as required by Section 712.4(b) of the current CUSO regulation, and the CUSO data already provided to NCUA by credit unions in 5300 Call Reports and Credit Union Profiles.

If NCUA ultimately requires CUSO financial reporting, the proposed CUSO amendment is too vague regarding the contents and reporting frequency of a CUSO financial report. A standardized CUSO financial report would be impractical given the wide range of CUSO business models and services in existence. For example, analyzing the risks of CUSOs providing such services as data processing, business lending and shared branching would require different financial data from each CUSO. If NCUA's intent is to develop customized financial reporting requirements based upon the nature of a CUSO's services and business model, CUSC would be concerned about the costs of providing such customized financial reporting. NCUA should provide an additional comment period if and when it determines the required reporting contents and frequency.

In conclusion, CUSC does not support the proposed requirement that CUSOs submit financial reports directly to NCUA as such reporting is unnecessary. NCUA already has sufficient authority to conduct its primary assessment of CUSO risks through its examinations of individual credit unions. NCUA also has sufficient authority in its existing CUSO regulation and sufficient data provided by credit unions to perform systemic assessments of CUSO risks without the need for additional CUSO provided financial reports. If NCUA ultimately requires CUSO financial reporting, it should provide an additional comment period once it determines the required reporting contents and frequency.

Thank you again for the opportunity to comment on the proposed regulation.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Cassidy". The signature is written in a cursive, flowing style.

John P. Cassidy
President/CEO