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September 13, 2011

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

Re: Proposed Rule to Amend NCUA Credit Union Service Organization (CUSO)
Regulation

Dear Ms. Rupp:

NCUA serves as a credit union-specific regulatory agency. NCUA and the credit union industry have functioned successfully, due in large part, to the particularity of NCUA's focus. Any very successful organization may be tempted, at some point, to broaden its scope and bring the positive work that it has done to a larger constituency. Such an increase in scope, however, can lead to a decrease in overall effectiveness.

The proposed rule grants oversight to NCUA of areas well outside of its original charter and already sufficiently regulated by other governmental bodies. Moreover, NCUA regulation of certain CUSOs, such as insurance or investment services, would place compliance burdens on these organizations that their market competitors do not face. Such an imbalance could eventually push CUSOs out of these sectors and credit unions would no longer be able to offer the services to their members.

Continuing with the two examples above - insurance and investment - it is easy to see how the proposed rule creates regulatory redundancies in these areas. The services are two of the more common services offered through CUSOs and are also two of the most highly regulated industries nationwide. The Alaska Division of Insurance intensely controls the sale and brokerage of insurance products. It requires licenses for all producers, brokers, adjusters and anyone else transacting insurance, monitors consumer complaints and requires continuing education to renew licenses. Even the scope of clerical duties that an unlicensed employee may perform is limited by state law. Likewise, investment services are governed by a host of state and federal laws, many that are specifically aimed to ensure fiscal soundness, including minimum capital

requirements for CUSOs operating as broker-dealers. In particular, FINRA has increased its scrutiny over the sale of securities recently, leading to even closer oversight of investment services.

CUSOs employ an army of specialized attorneys and compliance officers, many of whom, though knowledgeable in a CUSO's particular business area, are not necessarily well-versed in NCUA regulations. Direct NCUA regulation of CUSOs creates an additional set of compliance hurdles that require different personnel. Although the requirements of the proposed rule may not seem onerous, it will create additional costs for CUSOs.

Denali Alaskan Federal Credit Union cannot support the proposed rule and, respectfully suggests that this type of regulation is overreaching on the part of NCUA and the agency may not be equipped to review the subtleties of an array of different business types. At best, the rule provides unnecessary oversight to already regulated industries. At worst, it will impose undue burdens on CUSOs which could ultimately force them out of their respective marketplaces.

Thank you for the opportunity to comment. We continue to appreciate the efforts of NCUA to steer the industry through an increasingly complex regulatory environment.

Sincerely,

A handwritten signature in black ink, appearing to read "William Baynard", written over a horizontal line.

William Baynard, NCCO
Assistant Vice President, Compliance
Denali Alaskan Federal Credit Union