



League of Southeastern
Credit Unions

Mike Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions
22 Inverness Parkway, Suite 200
Birmingham, AL 35242

Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314-3428

Re: Comments on Regulatory Review pursuant to EGRPRA, Part 4.

Mr. Poliquin,

The League of Southeastern Credit Unions (LSCU) appreciates the opportunity NCUA has provided to comment on its comprehensive review of its regulations under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). This effort is important in allowing credit unions, among others, to provide input into regulations that they think are “outdated, unnecessary, or burdensome”. Only a few regulations have caught our attention when reviewing the regulations listed in the request for comments.

I. §747.402 Grounds for suspension or revocation of charter and for involuntary liquidation.

Grounds in general. The NCUA Board may suspend or revoke the charter of any Federal credit union, and place such credit union into involuntary liquidation and appoint a liquidating agent therefor, upon its finding that the credit union has violated any provision of its charter or bylaws or of the FCUA or regulations issued thereunder.

The concerning language of this section is that the Board may revoke the charter of a credit union “upon the finding that the credit union has **violated any provision** of its charter or bylaws.” There are many sections of the bylaws that require a number of members or days before an action may be taken, here are a few examples:



1. The annual meeting must be held in a county where the credit union has an office or within 100 miles of an office.¹
2. 120 days before annual meeting chair will appoint a Nomination Committee,² or
3. Within 20 days after the close of each month financial officer will post a financial statement in the office of the credit union,³ or

In these examples, if a meeting were held at a beach resort 103 miles from an office, or if 119 days before an annual meeting the chair appoints the Nomination Committee, or 21 days after the close of the month a financial officer posts the financial statement, then the credit union would be in violation of its bylaws and subject to suspension or revocation of its charter by NCUA.

It is not our purpose to justify or validate the error or any event based on it, we think the said action would be void. Rather, we suggest that these violations do not rise to the level that could justify a revocation/suspension. Nor do we believe that NCUA would propose a revocation/suspension in those circumstances, however, we think it is better to establish the limits of this power by including the word “material” before the word “violated” in §747.402. If the language read “upon its finding that the credit union has *materially* violated any provision of its charter or bylaws” there would no longer be an opportunity for a credit union suspension over a benign violation of the bylaws.

II. §703.8 Broker-dealers.

(2) Information available from State or Federal securities regulators and securities industry self-regulatory organizations, such as the **National Association of Securities Dealers** and the North American Securities Administrators Association, about any enforcement actions against the broker-dealer, its affiliates, or associated personnel; and

¹ Article IV. Meetings of Members Section 1. Annual meeting

² Article V. Elections, Option A2—In-Person Elections; Nominating Committee and Nominations by Petition

³ Article VII. Board Officers, Management Officials and Executive Committee, Section 6. Duties of financial officer.



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This section simply needs to be updated to reflect the current circumstances. NASD no longer exists and has been replaced by FINRA in 2007.⁴ This update is clerical and would not affect the substance of the regulation.

Conclusion

We hope this information is useful and that NCUA will consider making these changes to the regulations presently under consideration under EGRPRA. LSCU will support any efforts to reduce the burden of regulations on credit unions, consumers, and communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lee", is written over a light blue background.

Mike Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions

⁴ finra.org