

7535-01-U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 740

RIN 3133-AD45

The Official Advertising Statement

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board proposes revising the requirements for use of the official insurance sign and official advertising statement to permit insured credit unions to use the basic form of the official advertising statement, a shortened form, or the official sign in advertisements. The proposed rule will give credit unions added flexibility in advertisements. As compared to the current requirement, credit unions will be able to use the shortened form or the official insurance sign in advertisements as alternatives to the basic official advertising statement; under the current rule, credit unions may only use the shortened form if they also include the official sign.

DATES: Comments must be received on or before [60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

.ADDRESSES: You may submit comments by any of the following methods (**Please send comments by one method only**):

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- NCUA Web Site:
http://www.ncua.gov/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html. Follow the instructions for submitting comments.
- E-mail: Address to regcomments@ncua.gov. Include “[Your name] Comments on Proposed Part 740” in the e-mail subject line.
- Fax: (703) 518-6319. Use the subject line described above for e-mail.
- Mail: Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.
- Hand Delivery/Courier: Same as mail address.

FOR FURTHER INFORMATION CONTACT: Moissette I. Green, Staff Attorney, Office of General Counsel, at the above address or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION:

NCUA continually reviews its regulations to “update, clarify and simplify existing regulations and eliminate redundant and unnecessary provisions.” NCUA Interpretive

Ruling and Policy Statement (IRPS) 87-2, Developing and Reviewing Government Regulations. Under IRPS 87-2, NCUA conducts a rolling review of one-third of its regulations every year, involving both internal review and public comment. As a part of its 2007 regulatory review, NCUA identified an improvement for part 740, the regulation governing notice of insured status, providing insured credit unions greater flexibility in how they meet the requirement of giving notice of their insured status.

The Federal Credit Union Act (Act) requires insured credit unions to display signs at their places of business indicating accounts are insured and also to include in all advertisements a statement to the effect that accounts are insured. 12 U.S.C. 1785(a). The Act authorizes the NCUA Board to promulgate regulations governing the substance of the official insurance sign and the manner it is displayed or used and, also, to address the practicality of including the official statement on insured status in advertisements. Id.

NCUA implements this authority in part 740 of its regulations and, in §740.5, NCUA requires insured credit unions to include the official advertising statement in all advertisements, including on their main internet pages, with certain exceptions. The basic form of the official statement is “This credit union is federally insured by the National Credit Union Administration.” Currently, the regulation permits shortening the official statement to “Federally insured by NCUA” if used with a reproduction of the official sign in §740.4(b).

NCUA proposes to revise §740.5(b) to permit insured credit unions to use, in addition to the basic form of the official advertising statement, the shortened form or the official sign in their advertisements. In other words, the proposed rule will permit insured credit unions, in addition to using the official advertising statement in its advertisements, to use the shortened statement alone or the official sign alone in advertisements. The flexibility this would provide is currently available under the Federal Deposit Insurance Corporation's rule regarding disclosure of insured status in advertisements.

12 CFR 328.3.

Additionally, the proposed amendment clarifies the font of the text in the official sign may be altered as described in §740.4(b)(2) when it is used as the official advertising statement. 12 CFR 740.4(b)(2).

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact any proposed regulation may have on a substantial number of small credit unions (those under \$10 million in assets). The proposed amendment merely expands the options credit unions have to comply with the requirement to notify members and the public of their insured status in advertisements. Accordingly, the NCUA has determined and certifies that the proposed rule, if adopted, will not have a

significant economic impact on a substantial number of small credit unions within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601-612.

Paperwork Reduction Act

The proposed rule does not contain a “collection of information” within the meaning of section 3502(3) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3502(3)) and would not increase paperwork requirements under the Paperwork Reduction Act of 1995 or regulations of the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. The proposed rule would not have substantial direct effect on the states, on the connection between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this proposed rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and general Government Appropriations Act, 1999 – Assessment of Federal Regulations and Policies on Families

NCUA has determined that this proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681 (1998).

Agency Regulatory Goal

NCUA's goal is to promulgate clear and understandable regulations that impose minimal regulatory burden. We request your comments on whether the proposed amendment is understandable and minimally intrusive if implemented as proposed.

List of Subjects in 12 CFR Part 740

Advertisements, Credit unions, Signs and symbols.

By the National Credit Union Administration Board on April 17, 2008.

Mary F. Rupp

Secretary of the Board

For the reasons set forth above, it is proposed that 12 CFR part 740 be amended as follows:

PART 740 – ACCURACY OF ADVERTISING AND NOTICE OF INSURED STATUS

1. The authority citation for part 740 is revised to read as follows:

Authority: 12 U.S.C. 1766, 1781, 1785, and 1789.

2. Part 740 is amended by revising paragraph (b) of Section 740.5 to read as follows:

§ 740.5 Requirements for the official advertising statement.

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(b) The official advertising statement is in substance as follows: “This credit union is federally insured by the National Credit Union Administration.” Insured credit unions, at their option, may use the short title “Federally insured by NCUA” or a reproduction of the official sign, as described in §740.4(b), as the official advertising statement. The official advertising statement must be in a size and print that is clearly legible. If the official sign is used as the official advertising statement, an insured credit union may alter the font size to ensure its legibility as provided in paragraph (b)(2) of § 740.4.

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