

November 20, 2017

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

Submitted via email to: regcomments@ncua.gov

Re: National Credit Union Administration 12 CFR Chapter VII Regulatory Reform Agenda

Dear Mr. Poliquin,

On behalf of the Maryland & District of Columbia Credit Union Association (MD|DC CUA) and the 94 member credit unions that provide cooperative financial services to over 2.1 million consumers in the Maryland and Washington DC regions, I am pleased to offer comments on the report issued by the National Credit Union Administration's Regulatory Reform Task Force (Task Force). NCUA established this Task Force in response to President Donald Trump's regulatory reform agenda and associated Executive Order 13777.

As a starting point, MD|DC CUA commends NCUA for its effort in this area. As an independent agency, NCUA is not required to engage in the review set forth by the Executive Order, and your decision to do so is positive for both the Agency and the industry that it regulates. Done properly, this review will enable NCUA to improve and streamline its own operations, and will present credit unions with a more reasonable regulatory regime that is based in practicality and common sense.

MD|DC CUA encourages NCUA to continue this process; the 3-year review already in place has resulted in regulatory improvements in the past. This Task Force should seek to build on those positives, broaden and deepen the evaluation of existent regulations, and perform an ongoing assessment to ensure that the Federal Credit Union Act is being appropriately reflected in regulations.

Regarding the specific items under discussion by the Task Force, MD|DC CUA strongly supports the proposed changes to:

- Appendix B to Part 701—Federal Credit Union Bylaws
 - Any ANPR and subsequent working group to address updating Bylaws should not impose new and additional regulatory compliance or reporting burdens on credit unions. Indeed, bylaws should be optional, with credit unions permitted to use their own bylaws.
- Appendix A to Part 701—Chartering and FOM Manual
 - Regarding voluntary mergers, we maintain our concerns over internal merger-related disclosures that may provide a spurious correlation between compensation and governance, given the proposed look-back extends two years prior to any voluntary merger; a 12 month look-back, especially if a final rule incorporates a de minimus exception, with forward-looking reviews time-limited rather than open-ended.

- NCUA should further facilitate mergers between credit unions with dissimilar fields of membership when there is no interest to retain the FOM; this can be accomplished by updating the NCUA chartering manual to eliminate the need for a conversion. A merged credit union could change its FOM and have its merger approved in a single application, rather than a lengthy multi-step review. As emergency merger authority exists to permit a merged credit union to retain its FOM, the ability to eliminate the multiple-step redundancy has precedent.
- Records Preservation Program and Appendices—Record Retention Guidelines; Catastrophic Act Preparedness Guidelines
 - The MD|DC CUA supports development of an agency working group to identify appropriate changes or improvements to the recordkeeping requirements. While a necessity, given the changes in how credit unions conduct business the requirements need to be updated to reflect and adapt to changes in technology and how records are maintained.

MD|DC Credit Union Association views these items as receiving appropriately high priority by NCUA.

Given the focus on the work of the Regulatory Reform Task Force, MD|DC CUA concurs with the NCUA recommendation that the current 1/3 annual review process be suspended until 2020. The Task Force should be the priority, and the previous process, while useful, is somewhat redundant considering the improved, nature of the emphasis on regulatory relief now in place.

Taken individually, or as a total package, the regulatory reforms under consideration would provide tangible relief to credit unions and would represent an overall modernization of the body of federal regulations that govern the credit union industry. At the same time, these changes would not diminish the ability of NCUA to perform its safety and soundness functions, and would not impair the ability of the regulator to perform necessary supervisory actions in any way.

MD|DC CUA would hope that this NCUA initiative is part of an ongoing, robust and forward-looking process that results in a constant testing of the basis for your rules and procedures. Thank you for inviting credit union input, and we look forward to working with you on similar efforts in the future.

Sincerely:



John J. Bratsakis
President/CEO