

September 02, 2013

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

RE: Comments on Proposed Rulemaking for Part 741 and 748, Filing Financial and Other Reports

Dear Gerald Poliquin,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), the largest state trade association for credit unions in the United States, representing the interests of more than 400 credit unions and their 10 million member-consumers. The Leagues welcome the opportunity to provide comments to the National Credit Union Administration (NCUA) on its notice of proposed rulemaking for Parts 741 and 748, filing financial and other reports.

Currently, credit unions must file required reports using NCUA's information management system, or other electronic means specified by the NCUA, *if they have the capacity to do so*. When a credit union is unable to file online, manual filing is permitted. Manual filers may submit their reports by U.S. mail or facsimile.

The NCUA proposes to require all federally insured credit unions (FICUs) to file required reports electronically and notes they intend to provide a secure access portal that would be the sole means for all FICUs to submit required reports.

The Leagues oppose a rule to require electronic filing. Currently, only 59 FICUs file reports manually. Of those 59 FICUs, 45 have less than \$2 million in assets. In addition, the proposed rule notes that only one-fourth of the 59 FICUs have email and internet access; meaning 44 do not. We find it highly unlikely that the manual filing by 59 small credit unions places a meaningful burden on the NCUA and certainly not one that justifies forcing these credit unions to conform to electronic filing and incur internet access expense.

The proposal references that the NCUA has completed an initiative to provide free laptops and technical assistance to manual filers and this effort allowed some FICUs to move to online filing. We commend the NCUA on this effort, but do not believe that this in itself affords credit unions the "capacity" to file electronically. In addition to the extra expense for internet access, it is likely that staff training and time is needed for credit union management to gain a sense of comfort with the online environment as well as to transition from paper to electronic. We support the NCUA's effort to encourage credit unions to move toward electronic filing by providing the assistance mentioned here; however, the Leagues do not believe these efforts fully justify an electronic filing requirement.

In conclusion, the Leagues oppose a rule to require electronic filing of required reports. If a final rule is issued to require electronic filing, the rule should allow a transition period of one year. In addition, any final rule should provide a means to file manually in the event of a disruption in Internet access.

Thank for the opportunity to comment on the proposed rule and considering our views and the issue.

Sincerely,

Diana R. Dykstra
President and CEO
California and Nevada Credit Union Leagues

cc: California and Nevada Credit Union Leagues