

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

August 7, 2017

Dear Mr. Poliquin,

Elements Financial FCU (Elements) has read with interest the NCUA's proposed rule on Bylaws: Bank Conversions and Mergers; and Voluntary Mergers of Federally Insured Credit Unions: 12 CFR Parts 701, 708a, and 708b. We appreciate the opportunity to provide comment on behalf of our 90,000 members, Board of Directors and employees.

In concept, Elements supports the concept of transparency and applauds the effort of the proposed rule to provide more information to members. However, quantity does not always breed quality and we are concerned the proposed rule opens up areas for misinformation.

While Elements has completed only one merger in our 87 year history, we continue to consider and evaluate opportunities knowing that the evolution of our business environment will be even more demanding and competitive and will ultimately drive more mergers. In order to provide value to our members, we must continue to provide products and services targeted to meet their needs, technology that competes with the most forward thinking FinTech companies and large money center banks while surviving the increased costs of cybersecurity, compliance and general business drivers.

Our specific concerns focus on two key areas:

- 1) The disclosure requirements of merger related financial arrangements; and
- 2) Member to member communication.

Merger Related Financial Arrangements:

There are many factors that will ultimately determine the appropriateness of a merger. Included in this is the ultimate decision to determine the ongoing leadership and organizational structure. No two merger situations will ever drive the exact same outcome, and given that most mergers are completed with the focus of the members in mind, we find the proposed rule for the disclosure of compensation arrangement overreaching and a potential driver for negative ramifications. In one situation, the best decision may be to keep all existing personnel of the merged credit union. In another situation, it may be very much the opposite in which consolidation and difficult decisions will have to be made, all with the members' best interest in mind. Disclosure of broad compensation structures in either case can lead to misinterpretation by the members. The credit union's Board of Directors and the ongoing leadership are charged to maintain their fiduciary duty to their membership. If ultimately, the merger plan, fully disclosed in advance to the NCUA for approval, does not meet those standards, then it should not be approved. Adding additional disclosure of information that can be taken out of context will not be helpful. The expanded definition of covered persons and the 24 month look-back period do not add value in the overall merger process. The existing rules are sufficient.

Member to Member Communication:

Members have existing channels to express merger concerns such as social media and other public forums. Requiring any and all member communication to be officially provided to all members at the cost of the credit union with no process for substantiation of fact or authenticity of authorship, combined with the lack of ability to respond without prior approval of a regional director or the director of the Office of National Examination and Supervision presents the opportunity for misinformation and confusion. If the NCUA continues to believe such communication must be provided to all members, additional thought should be given to how this is completed ensuring that comment and rebuttals are permitted and accomplished within an appropriate timeframe.

As previously stated, we believe the need for mergers within the credit union industry will continue to grow and should continue to occur as not every credit union will be able to meet the ongoing demands of our environment. Any additional regulation should assist in the process not deter or confuse members.

Respectfully submitted,

Lisa A. Schlehuber  
Chief Executive Officer  
Elements Financial FCU  
Indianapolis, IN