



June 5, 2009

Federal Trade Commission/Office of the Secretary
Room H-159 (Annex A)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Supplemental Proposed Rule for FDICIA Disclosures, Matter No. R411014

Dear Sir or Madam:

The National Association of State Credit Union Supervisors (NASCUS)¹ appreciates the opportunity to submit comments on the Federal Trade Commission's (FTC) supplemental proposed rule for the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) disclosures. We thank the FTC for working with state regulators to further the FTC's understanding of the examination and regulation of non federally insured credit unions.

NASCUS appreciates the FTC's changes to the FDICIA disclosure requirements and the implementation of changes to the law as affected by the Financial Services Regulatory Relief Act (FSRRA) of 2006. The changes address our concerns expressed earlier in our June 15, 2005 comment letter to the FTC. Particularly, we are pleased the following concerns have been addressed in this new rulemaking:

- 1) **Examination for compliance with FDICIA is a matter for the state regulator.** NASCUS strongly supports the language in FTC's supplemental proposed rule for FDICIA disclosures, as affected by the FSRRA that limits the FTC's authority under the law and provides state regulators specific enforcement authority.
- 2) **FTC should avoid creating a "chilling effect" on mergers between non federally insured and federally insured credit unions.** NASCUS believes the new language will mitigate a potential "chilling effect" on mergers between non federally insured and federally insured credit unions. It will allow institutions that obtain new depositors through a conversion or merger after October 13, 2006 the ability to obtain a "signed written acknowledgement" or "make an attempt" to obtain such an acknowledgement.

NASCUS is concerned with one current amendment in the FTC's proposed rule. Section 320.4, Disclosures in advertising and on the premises, requires disclosures "at each station or window where deposits are normally received, its principal place of business and all its branches where it accepts deposits or opens accounts (excluding automated teller machines or point of sale terminals), and on its main Internet page; and ..."

¹ NASCUS is the professional association of the 47 state credit union regulatory agencies that charter and supervise the nation's 3,100 state-chartered credit unions.

NASCUS believes that requiring this language “at each station or window” is problematic for credit union service center locations and shared branch locations, especially when a credit union may not have direct management oversight at these branch locations.

The National Credit Union Administration (NCUA) recently adopted a rule that acknowledges the evolution of shared branch networks and the difficulty for some tellers to comply with required signage. Part 740.4 of NCUA’s Rule & Regulations concerns disclosure requirements for shared branch locations that serve both federally insured and non federally insured credit unions, but are located in a federally insured institution. This rule became effective April 3, 2009.

NCUA’s revised rules make exceptions if a teller in a branch of a federally insured credit union accepts funds for non federally insured credit unions by requiring the teller to display a conspicuous sign next to the official sign that states:

“This credit union participates in a shared branch network with other credit unions and accepts share deposits for members of those other credit unions. While this credit union is federally insured, not all of these other credit unions are federally insured. If you need information on the insurance status of your credit union, please contact your credit union directly.”²

We believe that the language in NCUA Part 740.4 satisfactorily meets the statutory requirements of FDICIA. Further, we believe this disclosure would be adequate in facilities operated by a non credit union entity that serves both federally insured and non federally insured depository institutions. NASCUS recommends that FTC adopt similar language to NCUA’s final rule on the Accuracy of Advertising and Notice of Insured Status.

Thank you for the opportunity to comment on FTC’s proposed rule for FDICIA disclosures. If you have questions, or would like to discuss NASCUS’ comments in detail, please do not hesitate to contact NASCUS.

Respectfully,

[signature redacted for electronic publication]

Sandra Troutman
Vice President, Government Affairs

² National Credit Union Administration 12 CFR Part 740.4(c)