



September 7, 2010

Mary Rupp
Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: NASCUS Comments on Proposed Rule Parts 741 and 750, Golden Parachutes and Indemnification Payments

Dear Ms. Rupp:

The National Association of State Credit Union Supervisors (NASCUS)¹ appreciates the opportunity to provide comments to the National Credit Union Administration (NCUA) concerning NCUA's proposed rule, Parts 741 and 750, Golden Parachutes and Indemnification Payments.

The proper authority to regulate governance for state-chartered credit unions is the state regulator. However, the plain reading of the Federal Credit Union Act (FCUA) §206(t) authorizes NCUA to regulate in this field. Furthermore, state regulators generally agree that it could be inequitable to permit an institution-affiliated party (IAP) to receive a golden parachute payment at a time when the credit union poses a potential loss to the share insurance fund and possibly the members. With respect to restricting a federally insured credit union's ability to indemnify IAPs, NASCUS agrees that in the limited circumstances of a finding of fault in a proceeding brought by NCUA, or a state regulator, the penalty should be borne by the IAP and not the credit union. NASCUS also commends NCUA for its appropriate inclusion of the state regulator in determining the troubled condition of a state-chartered credit union as well as the advisability of granting an exception to the prohibitions for a state-chartered credit union.

NASCUS recommends NCUA include a clarification in the rule's preamble that refers breach of fiduciary duty in the case of a federal credit union to NCUA's regulatory definition of fiduciary duty, and in the case of a state-chartered credit union to the applicable state law standard.

NASCUS and state regulators remain committed to working in partnership with NCUA to ensure the safety and soundness of the credit union system. Please do not hesitate to contact me to discuss our comments further.

Sincerely,

- signature redacted for electronic publication -

Brian Knight
Senior Vice President Regulatory Affairs

¹ NASCUS is the professional association of the 46 state credit union regulatory agencies that charter and supervise the nation's 3,000 state-chartered credit unions.