

NASCUS REPORT

A weekly dispatch of the National Assn. of State Credit Union Supervisors

July 17, 2015

Marijuana legislation ...

It's about states' rights, clarity and security for credit unions

Our support for marijuana business banking access legislation – which we outlined in a letter to Senate and House members this week -- is rooted in the fundamental principles of states' rights, and clarity and security for credit unions and their members. To be clear: we are not advocating for marijuana legalization; our goal is clear legal and regulatory standards for credit unions. Given the reality of a state-regulated marijuana industry in 23 states and DC, it is time for a solution that provides clarity and security to credit unions and their members. And the Marijuana Businesses Access to Banking Act of 2015 (S.1726) that Sens. Jeff Merkley (D-Oregon) and Cory Gardner (R-Colo.) introduced last week (the first of its kind in the Senate) is an initial step toward that solution. The legislation can help to resolve some fundamental questions of liability under federal law, which would allow state and federal regulators to focus on setting clear regulatory expectations around these accounts. As we stated in our letter, resolving these conflicts in law will ultimately help make safer the communities where this activity has been legalized and the financial institutions serving them. Conceptually, this bill is a step in the right direction – but it's just one step; more steps are needed for regulators and credit unions to be fully assured. We will be engaging Congress to ensure the bill preserves regulators' ability to address any safety and soundness or BSA/AML concerns arising from legal state marijuana accounts, while providing financial institutions the assurances they need to serve their communities with confidence.

LINK:

[NASCUS letter in support of S.1726](#)

Chairman Matz to testify on the Hill – and we'll watch for OTR

Reports in trade press surfaced this week that NCUA Board Chairman Debbie Matz will testify next Friday (July 24) before the House financial institutions subcommittee. The precise subject of her testimony remains vague – the subcommittee (as of this writing) has not yet publicly “noticed” (or announced) the hearing (it may be “noticed” by now; see the link below to monitor the subcommittee's hearing schedule/plans). The press reports, however, indicated that the event would be an oversight hearing by the committee, and that Chairman Matz is expected to focus on the agency's budget (timely, since the day before the NCUA Board is expected to have conducted its “mid-year review” of the agency spending plan), including efforts to bring transparency to the agency's calculation of the “overhead transfer rate.” In advance of the hearing, we have been meeting with subcommittee members and staff urging that the OTR and other NASCUS priorities receive their due attention.

LINK:

[House financial institutions subcommittee hearing schedule](#)

Our op-ed on OTR helps drive home the point

We took the opportunity of the CUNA/World Council meeting in Denver this week to spread the word about NASCUS' view of that the overhead transfer rate (OTR) should be open to public notice and comment by authoring an op-ed outlining our concerns. Since an estimated 3,000 credit union leaders (from here and abroad) attended the meeting, we thought a column in the Credit Union Journal – distributed at the meeting – would be a good venue for our views. Our column made it clear: The favoritism that the “overhead transfer rate” engenders for federal credit unions over state charters must come to an end if the dual-chartering system is to thrive. Our collective concern about the OTR is not an academic exercise saddled in bureaucratic legalese; it's about dollars and cents, with NCUA cutting federal operating fees by tapping the money contributed by both federal and state charters. It's time open the OTR methodology to public comment, to assure both transparency in the process, equity in the costs borne by federal and state credit unions — and a continuing, strong dual chartering system.

LINKS:

[CU JOURNAL: NCUA Should Open OTR to Public Review](#)
[NASCUS legal analysis of the OTR](#)

2 more House members sign on to budget transparency bill

It's terrific that members of the state credit union system are letting their lawmakers know they should sign on to the NCUA Budget Transparency Act (HR 2287) – as illustrated by two more U.S. House members signing on to the bill. Late last week, Reps. Cheri Bustos (D-IL) and Keith J. Rothfus, (R-PA) signed on, bringing the total cosponsors to 14. The outreach is exemplified in the correspondence that Washington's Scott Jarvis and Linda Jekel shared with us this week. The respective director of the states' Department of Financial Institutions, and Division of Credit Unions director wrote to Rep. Denny Heck (D-Wash.) that “state-chartered credit unions represent the overwhelming percentage of all credit union assets in Washington State. Passage of this legislation helps ensure an equitable playing field for state and federally chartered credit unions.” Well said indeed. Please, take some time and write to your House members as soon as you can and urge them to support HR 2287.

LINK:

[NASCUS talking points urging House members to back HR 2287](#)

Cybersecurity symposium boasts a ‘can't miss’ agenda

If you haven't signed up yet for the NASCUS/CUNA Cybersecurity Symposium Aug. 24-25 in Denver, you stand to miss:

- A live hack demonstration;
- A top U.S. Secret Service cybercrime expert;
- A rundown in the vulnerabilities in the payments system – including Apple Pay and “chip and pin.”
- A two-hour presentation on the FFIEC's proposed “cyber assessment tool”

And that's not to mention the 13 hours of educational presentations, panel discussions, demonstrations and group discussion – featuring more than 10 experts in cybersecurity making presentations and leading discussions with the group in 15 separate sessions and forums. All of this packed into two days! Don't miss it; see the link below for more information – and see you in Denver!

LINK:

[NASCUS/CUNA 2015 Cybersecurity Symposium info and agenda](#)

BRIEFLY: NCUA Board; IOLTA rule, regulator transitions, ICURN engagement

The **NCUA Board plans to consider two final rules** (capital planning and stress testing schedules – which we comment on -- and FCU ownership of fixed assets) at its meeting next Thursday—as well as hold its “mid-year operating budget reprogramming” . . . In our comment letter to NCUA this week on its proposed rules implementing the law enacted last year extending share insurance coverage to IOLTAs and other escrow accounts, we recommended that **federal share insurance coverage should be passed-through to certain prepaid card accounts**, similar to that coverage provided for IOLTA accounts and similar escrow accounts . . . **Recent changes in the roster of state credit union regulators** include retirement of **Harry (Pat) Murphy** of Tennessee, after over 30 years of service effective July 31. Tina G. Miller will be assuming his duties. Also: **Chris Myklebust** of Colorado is now Colorado's State Bank Commissioner, effective July 8, 2015. Chris is a former secretary/treasurer of NASCUS' National Institute of State Credit Union Examination (NISCUE). A successor to Myklebust as top state credit union regulator (State Commissioner of Financial Services) has not yet been named . . . NASCUS participated this week in the Denver, Colo., annual conference of the **International Credit Union Regulators' Network (ICURN)**, an invitation-only event is open to agencies with statutory authority for supervising credit unions and other financial cooperatives.

LINK:

[NASCUS comment letter on capital planning, stress testing](#)
[NASCUS comment letter/proposed IOLTA share insurance coverage rule](#)
