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July 24, 2012

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20006

Re: Procedural Rules To Establish Supervisory Authority Over Certain Nonbank Covered Persons Based on Risk Determination, [Docket No. CFPB–2012–0021], RIN 3170–AA24

Dear Ms. Jackson:

This comment letter represents the views of the Credit Union National Association (CUNA) regarding the Consumer Financial Protection Bureau's (CFPB's) proposal to define its procedures to supervise non-depository institutions that pose risks to consumers. By way of background, CUNA is the largest credit union advocacy organization in this country, representing approximately 90% of our nation's 7,200 state and federal credit unions, which serve about 95 million members.

CUNA strongly agrees that non-depository institutions engaging or that have engaged in conduct that poses risks to consumers with regard to consumer financial products or services should be subject to the most rigorous consumer protection supervision, regulation, and enforcement, as contemplated by the Dodd-Frank Act (Act). We believe the CFPB has taken an appropriate step in that direction in developing procedures to supervise and examine certain non-depository institutions that were not subject to meaningful consumer protection supervision prior to the enactment of the Act. We support these efforts that maintain a bright line between entities subject to its rulemaking and regulated entities that should not be.

In that connection, we urge the CFPB to define non-depository institutions that pose risks to consumers in a manner that will provide consumers with the same robust consumer protection that they receive today from credit unions and other depository institutions.

Under the proposed procedures, the CFPB would first issue a notice of reasonable cause to notify a non-depository institution that it is being considered for supervision, along with a description of the agency's assertions. The institution would have a reasonable opportunity to respond to the CFPB or voluntarily agree to supervision. Based on the information received, CFPB staff will make a recommendation to the CFPB Director, who will make a final determination on supervision. After two years or the agreed upon supervision period, the supervised institution may be eligible to file a petition to apply for the termination of this supervision authority.

We generally agree with the proposed procedures to supervise non-depository institutions.

In addition, we agree that a supervised institution that wishes to petition to apply for termination of CFPB supervision authority should adequately demonstrate why supervision is no longer required, including a progress report regarding how the institution has reduced its risks to consumers.

Further, we urge to the CFPB to identify any remaining gaps in consumer protection in the financial markets, including under rulemakings concerning "larger participants" and other non-depository entities.

Thank you for the opportunity to comment on this proposal. If you have any questions concerning our letter, please feel free to contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

Dennis Tsang

Dennis Tsang
Regulatory Counsel