

September 21, 2015

Legislative and Regulatory Activities Division
Office of the Comptroller of the Currency
Attention: 1557-0328
400 7th Street SW
Washington, DC 20219

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Re: Don Cohenour - FFIEC Cybersecurity Assessment Tool

To Whom It May Concern:

On behalf of the 1.453 million credit union members we represent, the Missouri Credit Union Association (MCUA) appreciates the opportunity to the Office of the Comptroller of the Currency (OCC) on the Federal Financial Institutions Examination Council's (FFIEC) Cybersecurity Assessment Tool.

In today's quickly evolving technological landscape, cyber and data threats are very real and breaches all too common. Understanding the significance of a breach, credit unions take very seriously their responsibility to safeguard their members' information from such threats. MCUA supports the FFIEC's focus on the importance of cybersecurity and its effort to develop resources for use by FFIEC-regulated entities. Further, we appreciate the FFIEC's recent work to create a comprehensive tool dedicated to cybersecurity. However, MCUA has a number of concerns.

Concerns with the Assessment

The FFIEC is currently soliciting input on the reporting burden of the Assessment as required by the Paperwork Reduction Act. In addition to questions about the accuracy of the burden estimate, we would like to ensure the FFIEC is aware of several issues related to the Assessment.

In regard to the reporting burden, the FFIEC estimates that credit unions—as well as all other types of financial institutions—will be able to complete the Assessment in 80 hours. We believe this estimate is severely understated. The Assessment, at over 55 pages, will require a significant amount of time and resources for financial institutions to fully understand. We have heard from credit unions, of varying asset sizes, that they anticipate allocating several hundred hours in the first year alone to understand and complete the Assessment. At a minimum, we believe the FFIEC has overlooked the challenges many institutions will face in reviewing and understanding the Assessment, let alone the time and resource commitment necessary to actually conduct the Assessment.



The Assessment is currently voluntary for all FFIEC-regulated entities and, as such, the burden estimate is based on the current voluntary nature of the Assessment. However, the FFIEC agencies will implement the Assessment as part of the examination process over time to benchmark and assess institutions' cybersecurity efforts. OCC examiners will begin incorporating the Assessment into examinations in late 2015. NCUA examiners will be receiving training on the Assessment in the coming months and will begin requiring credit unions to complete the Assessment within the next year—likely in June 2016, according to the NCUA. MCUA urges the NCUA to maintain the Assessment as a voluntary tool that credit unions can use for guidance.

As discussed above, we believe the burden on credit unions will be much greater than the 80 hours estimated by the FFIEC. Credit unions are already overwhelmed by current regulatory compliance burdens. While we fully embrace the importance of cybersecurity, we believe credit unions can enhance their capabilities in this area in a way that does not unduly increase the compliance burden they are already under. MCUA has consistently been a strong proponent of appropriate safeguards for consumers—including in the area of cyber and data security—that balance their interests with those of credit unions that need to minimize the costs of regulatory burdens borne by all members. We believe an appropriate balance can be achieved by maintaining the Assessment as a voluntary resource available to credit unions.

We appreciate the NCUA's willingness to discuss the Assessment with the credit union industry. In addition to a comprehensive webinar, the NCUA has indicated that it will soon be releasing a Letter to Credit Unions along with Frequently Asked Questions on the Assessment. We urge the NCUA to provide such additional information as soon as practical. Credit unions and other financial institutions are understandably quite concerned with the prospect of being examined on the Assessment within less than a year's time.

Credit unions differ from other financial institutions in a variety of ways. In particular, credit unions are not-for-profit financial cooperatives that exist to serve their members, not to make a profit. Another major differentiating characteristic is that credit unions are governed by a board of directors elected by and from the credit union's membership. Board members serve voluntarily.

The Assessment spells out a number of specific expectations for financial institutions' boards of directors, including review of management's analysis of the Assessment results, review of management's determination of whether the institution's cybersecurity preparedness is aligned with its risks, and review and approval of plans to address any weaknesses. Under a voluntary approach, we fully support extensive involvement and accountability of an institution's board of directors. Further, under a mandatory approach, extensive involvement of a board is likely appropriate for very large and complex financial institutions, such as some of our nation's largest commercial banks. However, we are concerned with the trend over the past several years of increasing the specific requirements of credit union boards as enumerated in the NCUA's rules and regulations. Thus, if the Assessment becomes mandatory, we ask the NCUA, in coordination with the FFIEC, to limit the specific board responsibilities as detailed in the Assessment.

Lastly, if the Assessment becomes mandatory, as the FFIEC agencies have indicated, we urge the NCUA and others to solicit input from the public. We believe it is critical that NCUA, as credit unions' prudential regulator as well as a member of the FFIEC, fully vet the Assessment, including through a thorough review of public comments from credit unions and other stakeholders.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,



Don Cohenour
President