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By Electronic Delivery

Mary Rupp, Secretary to the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
regcomments@ncua.gov

Re: **NCUA -- 12 CFR Part 708b; "Disclosure of Merger Related
Compensation Arrangements;" 72 Federal Register 20067, April 23, 2007.**

Dear Ms. Rupp:

The National Credit Union Administration (NCUA) proposes to amend its current rules regarding mergers of federally-insured credit unions to add a requirement that material increases in senior management or board member compensation arrangements resulting from a proposed merger be disclosed as part of the merger application and be available for credit union members to review prior to their vote on the merger. A material increase is defined as an increase of 15% or \$10,000, whichever is greater.

The American Bankers Association (ABA) appreciates the opportunity to comment on this proposal on behalf of the more than two million men and women who work in the nation's financial services industry. ABA brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership--which includes community, regional, and money center banks and holding companies, as well as savings associations, trust companies, savings banks, and bankers banks--makes ABA the largest banking trade association in the country.

ABA supports the NCUA's rulemaking. The proposed disclosure and inspection right increases transparency and allows the NCUA and impacted credit union members to make informed decisions on the proposed merger.

ABA suggests that the NCUA may wish to clarify the rule to more closely reflect the NCUA's Board discussion of the proposal on April 12, 2007. During the Board's consideration both Board Member Hood and Chairman Johnson agreed that there would be situations that justified a higher increase in salary because of a change in scope of duties and/or size of institution. The NCUA may wish to include preamble language to guide its regional offices and credit union members when reviewing merger plans and the financial arrangements disclosed. As

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Chairman Johnson and Board Member Hood noted, not every material increase in compensation is inappropriate.

This is also one of the reasons why the Office of Thrift Supervision (OTS) rule on which the NCUA based its proposal phrases its requirement as a "presumption." This allows the affected entities to provide the basis to rebut the presumption. NCUA may wish to more fully adopt the OTS approach in order to clearly provide for those situations where the compensation arrangement is appropriate.

Further, the member inspection portion of the rulemaking only applies to federal credit unions. ABA suggests that the NCUA consider application of the requirement to state chartered credit unions as well. Members of state chartered credit unions would benefit from the ability to make fully informed decisions in the same manner as their brethren at federally-chartered credit unions. Uniform application enhances the NCUA Board's stated goal of greater transparency with this rulemaking.

ABA supports the NCUA proposal and encourages the NCUA to consider amending the final rule to reflect the clarification and suggestions noted above. Thank you for considering our views.

Sincerely,



C. Dawn Causey