



March 21, 2007

Ms. Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number S7-22-06  
Regulation R

Dear Ms. Morris,

I am writing this comment letter on behalf of the National Association of Credit Union Service Organizations ("NACUSO"). NACUSO is a trade association representing credit unions and their operating subsidiaries called credit union service organizations ("CUSOs"). Many of NACUSO's members have entered into networking arrangements with broker/dealers. Prior to 2001, the networking agreements have been with CUSOs and since then with credit unions.

We understand that this proposed Regulation R does not apply to credit unions. We also understand that the SEC intends to provide a regulation that will confirm that certain exemptions apply to credit unions. NACUSO urges the SEC to implement a rule that will clarify and codify the exemptions for credit unions. NACUSO urges that the exemptions applicable to credit unions include the exemptions contained in proposed Regulation B, including the networking exemption and sweep account exemption. We also ask the SEC to extend the safekeeping and custody exemption to credit unions. While the safekeeping and custody services are not currently common in credit unions today, there are credit unions that desire to provide this service.

There are hundreds of credit unions that are in networking arrangements under the authority of the Chubb No-Action Letter. In light of Regulation R, we have seen some confusion among some credit unions and even state securities regulators over whether the networking exemption continues to apply under the Chubb Letter to credit unions. Prompt action by the SEC to confirm by rule that the networking exemption continues to apply to credit unions will provide clear guidance in the marketplace.

Very truly yours,

*Thomas C. Davis*  
Thomas C. Davis, President

*Guy Messick*  
Guy Messick, NACUSO Legal Counsel

**NACUSO Office: PMB 3419 Via Lido #135, Newport Beach, CA 92663**  
**Phone: (888)462-2870 [www.nacuso.org](http://www.nacuso.org) \***