

July 21, 2004

Securities and Exchange Commission

Sent By E-Mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Re: Securities and Exchange Commission (SEC) Proposed Rule "Reg B", Broker-Dealer Exemptions

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Thank you for the opportunity to comment on the recently issued SEC proposed rule, Regulation B.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state-chartered and federally-chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level, and provides a voice for Oregon's 1.3 million credit union members on issues impacting credit unions at a local and national level.

The proposal would grant all credit unions, including federal- and state-chartered credit unions and federally and privately insured credit unions, three exceptions currently allowed banks under the Securities and Exchange Act of 1934. These exceptions would allow credit unions to conduct securities related activities without registering as a broker or dealer.

The proposal would carry some, but not all of the same exceptions allowed banks under the Exchange Act to credit unions and supercede the current authority provided credit unions under SEC opinion letter known as the CHUBB exemption.

CUAO supports the approval of the proposal with some exceptions.

The proposal would serve to level the playing field for credit unions and allow them parity with banks in providing the opportunity to directly serve their member needs for securities services and sweep accounts without registering as a broker-dealer. Federal- and state-chartered credit unions are supervised by federal and state regulators and further registration and regulatory oversight by SEC would be overly burdensome, repetitive and waste financial resources.

The proposal does not allow credit unions to serve as a safekeeping agent. The language in the proposal states that this decision was based on the fact that credit unions do not engage in activities necessitating the need for this service. As credit unions engage in buying and selling securities for their members it would make sense that they would also serve to hold those in safekeeping, should their member wish. Further, credit unions meet SEC requirements of safekeeping agents in that they are supervised or regulated by federal or state regulators. Examination standards that apply to credit unions are sufficient to protect

the interests of investors. CUAO requests SEC include the exemption necessary for credit unions to provide safekeeping services.

CUAO also supports the exemption allowing credit unions to offer sweep account services without the need to register as a broker-dealer.

Allowing credit unions to offer such services without registering as a broker-dealer will enhance the ability of credit unions to compete with banks and thrifts and allow consumers the ability to choose the institution that best suits their financial planning and investment needs.

The SEC should reconsider the decision to not automatically extend future exceptions allowed banks and thrifts to credit unions. To not automatically extend future exceptions would necessitate the additional burden of individually considering future exceptions before they can be extended to credit unions. This would be burdensome, waste resources and time and limit the value to credit union members. CUAO requests that future exceptions allowed banks and thrifts also be automatically extended to credit unions.

CUAO generally supports the proposed amendments to the definitions with the exception of that proposed for “nominal one-time cash fee of a fixed dollar amount”. To set a dollar amount on the term “nominal” would necessitate the continued review and amendment of this definition. Credit unions should be well versed on the meaning of “nominal” and no further description should be necessary and would prove to be a future interpretive burden.

In closing, CUAO supports the SEC proposed Regulation B and the exceptions that would allow credit unions to conduct securities related, sweep account services and the addition of safekeeping services without registering as a broker or dealer. The exceptions will allow credit unions parity with banks and thrifts and provide consumers the ability to choose the institution that best suits their financial planning and investment needs.

Thank you again for affording CUAO the opportunity to comment on this important proposal.

Respectfully,

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