

117TH CONGRESS
2D SESSION

S. 4698

To amend the Federal Credit Union Act to modify requirements relating to the regulation and examination of credit union organizations and service providers.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2022

Mr. OSSOFF (for himself, Ms. LUMMIS, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Credit Union Act to modify requirements relating to the regulation and examination of credit union organizations and service providers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Improving Cybersecu-
5 rity of Credit Unions Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Until 2001, the National Credit Union Ad-
9 ministration (referred to in this section as the

1 “NCUA”) maintained third-party examination au-
2 thority over credit union organizations.

3 (2) As of the date of enactment of this Act,
4 other Federal and State bank supervisors maintain
5 third-party examination authority over bank service
6 companies pursuant to the Bank Service Company
7 Act (12 U.S.C. 1861 et seq.).

8 (3) The Government Accountability Office, the
9 Financial Stability Oversight Council, and the In-
10 spector General of the NCUA have all requested the
11 restoration of the NCUA’s third-party vendor au-
12 thority.

13 (4) As of the date of enactment of this Act, sig-
14 nificant cybersecurity threats threaten credit unions
15 and the economy of the United States.

16 (5) By giving the NCUA examination parity
17 with other Federal and State bank supervisors, and
18 restoring third-party examination authority to the
19 NCUA, this Act, and the amendments made by this
20 Act, will protect credit union customers and
21 strengthen credit unions against cybersecurity risks,
22 privacy violations, and anti-money laundering con-
23 cerns.

1 **SEC. 3. REGULATION AND EXAMINATION OF CREDIT UNION**
 2 **ORGANIZATIONS AND SERVICE PROVIDERS.**

3 (a) IN GENERAL.—The Federal Credit Union Act (12
 4 U.S.C. 1751 et seq.) is amended by striking section 206A
 5 (12 U.S.C. 1786a) and inserting the following:

6 **“SEC. 206A. REGULATION AND EXAMINATION OF CREDIT**
 7 **UNION ORGANIZATIONS AND SERVICE PRO-**
 8 **VIDERS.**

9 “(a) REGULATION AND EXAMINATION OF CREDIT
 10 UNION ORGANIZATIONS.—

11 “(1) GENERAL EXAMINATION AND REGU-
 12 LATORY AUTHORITY.—A credit union organization
 13 shall be subject to examination and regulation by the
 14 Board to the same extent as an insured credit union.

15 “(2) EXAMINATION BY OTHER BANKING AGEN-
 16 CIES.—The Board may authorize any of the fol-
 17 lowing entities to make an examination of a credit
 18 union organization in accordance with paragraph
 19 (1):

20 “(A) Any Federal regulatory agency that
 21 supervises any activity of a credit union organi-
 22 zation.

23 “(B) Any Federal banking agency that su-
 24 pervises any other person who maintains an
 25 ownership interest in a credit union organiza-
 26 tion.

1 “(b) APPLICABILITY OF SECTION 206.—A credit
 2 union organization shall be subject to the provisions of
 3 section 206 as if the credit union organization were an
 4 insured credit union.

5 “(c) SERVICE PERFORMED BY CONTRACT OR OTHER-
 6 WISE.—Notwithstanding subsection (a), if an insured
 7 credit union or a credit union organization that is regu-
 8 larly examined or subject to examination by the Board,
 9 causes to be performed for itself, by contract or otherwise,
 10 any service authorized under this Act, or in the case of
 11 a State credit union, any applicable State law, whether
 12 on or off its premises—

13 “(1) such performance shall be subject to regu-
 14 lation, examination, and enforcement by the Board
 15 to the same extent as if such services were being
 16 performed by the insured credit union or credit
 17 union organization itself on its own premises; and

18 “(2) the insured credit union or credit union or-
 19 ganization shall notify the Board, in a manner and
 20 method prescribed by the Board, of the existence of
 21 the service relationship not later than 30 days after
 22 the earlier of—

23 “(A) the date on which the contract is en-
 24 tered into; or

1 “(B) the date on which the performance of
2 the service is initiated.

3 “(d) ADMINISTRATION BY THE BOARD.—The Board
4 may issue such regulations and orders as may be nec-
5 essary to enable the Board to administer and carry out
6 this section and to prevent evasion of this section.

7 “(e) DEFINITIONS.—For purposes of this section—
8 “(1) the term ‘credit union organization’ means
9 any entity that—

10 “(A) is not a credit union;

11 “(B) is an entity in which an insured cred-
12 it union may lawfully hold an ownership inter-
13 est or investment; and

14 “(C) is owned in whole or in part by an in-
15 sured credit union; and

16 “(2) the term ‘Federal banking agency’ has the
17 same meaning as in section 3 of the Federal Deposit
18 Insurance Act.

19 “(f) EXERCISE OF AUTHORITY.—To minimize dupli-
20 cative efforts, prior to conducting any examination of a
21 credit union organization under the authority provided to
22 the Board under this section, the Board shall first seek
23 to collect any information which the Board intends to ac-
24 quire through such examination from—

1 “(1) any Federal regulatory agencies that su-
2 pervise any activity of that credit union organiza-
3 tion; and

4 “(2) any Federal banking agency that super-
5 vises any other person who maintains an ownership
6 interest in that credit union organization.”.

7 (b) APPROVAL.—Any changes to the budget of the
8 National Credit Union Administration Board as a result
9 of the amendments made by subsection (a) shall be fea-
10 tured in a public hearing, subject to public comment, and
11 approved by the Board.

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