



February 6, 2019

Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Re: Request for Comment Proposed Policy on No-Action Letters and the Product Sandbox
Docket No. CFPB-2018-0032

To Whom It May Concern:

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the Consumer Financial Protection Bureau's (CFPB) request for comment regarding the agency's proposed policy on No-Action Letters (NALs) and its product sandbox initiative.

As the state trade association representing Ohio's 267 credit unions and their three million members, we work collaboratively with various other state and national credit union associations to help create a strong and efficient operating environment. The efficient operating environment our credit unions require is largely influenced by federal agencies and consumer protection regulations, which is why NALs and the product sandbox is of significance to Ohio's credit unions.

As financial cooperatives, credit unions provide services and products to their member-owners which are non-predatory and consumer-friendly. Credit unions, like the agency, are pioneering and look to provide consumers with relevant financial services and products as the economy and market change. Providing flexibility to credit unions in regards to revamping the policy on NALs and through the new product sandbox program is laudable. We agree with the CFPB that the existing NAL policy has historically been underutilized and has not fulfilled its statutory purpose of "ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive."¹ Generally, we are supportive of the agency's proposal to make significant revisions to its policy on NALs and its creation of the product sandbox program.

The CFPB acknowledges that since it finalized the policy in 2016, the agency has issued only one such NAL as of the publication date of this request for comment in the Federal Register.² As such, we believe the following proposed changes to the policy are productive for encouraging applicants to seek a NAL;

- Elimination of redundant or burdensome requirements mirroring similar practices of other federal agencies;
- Creation of stability by having duly-authorized officials issue NALs whereas NALs are currently issued as a non-binding staff recommendation and provide no assurances;
- Centering the application on quality and persuasiveness with significant emphasis on potential benefits of the product or service; and,
- Aiming to grant or deny an application for a NAL within 60-days notice of complete application.

Finally, as it relates to NALs, OCUL notes that the 2016 policy's goal was "intended to facilitate consumer access to innovative financial products,"³ whereas the current policy proposal removes such

¹ 12 U.S.C. 5511(a).

² 83 FR 64036.

³ 81 FR 8686.





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language.⁴ OCUL reads this to signal that the agency intends to make NALs more inclusive by expanding NALs to entities and products broader than traditional regulatory sandboxes which are geared towards FinTechs.

Additionally, OCUL is supportive of the agency's creation of its new product sandbox program (typically, business models, products, and services may be tested with lessened regulatory oversight in order to foster innovation). While there are key differences between a NAL and participation in the product sandbox, such as term and safe harbor from certain liability, the agency should consider providing more defined clarification on when an applicant would seek to participate in the sandbox program rather than applying for a NAL. Further guidance on this would be helpful to the industry and consumers.

As the agency continues to analyze whether it is effectively stimulating participation in its programs, OCUL urges the Bureau to further consider items which could suppress participation. These items include the cost and labor of the credit union in creating new disclosures, potential state-law deterrents, lack of coordination with other federal regulators, and the application process among other items.

Engaging in this type of thoughtful analysis and industry collaboration which addresses the costs, benefits, and burdens of regulations and policies will move the Bureau forward in producing a net positive to consumers and the financial services industry. As such, we appreciate the Bureau taking the time to review the effectiveness of its Policy on No-Action Letters and build a new regulatory sandbox program. Should you have any questions, please feel free to contact us at 1-800-486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Regulatory Counsel

⁴ 83 FR 64038.



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