



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**December 22, 2025**

Melane Conyers-Ausbrooks  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Delivered electronically via: <https://www.regulations.gov>

RE: Notice of Proposed Rulemaking to Codify the Elimination of Reputation Risk from its Supervisory Program [NCUA-2025-0972]

To Whom It May Concern:

On behalf of the Defense Credit Union Council (DCUC),<sup>1</sup> thank you for the opportunity to comment on the National Credit Union Administration's (NCUA) proposed rulemaking to codify the elimination of reputation risk from its supervisory program. DCUC represents credit unions that serve active-duty military, veterans, and their families worldwide. Our members operate in highly regulated environments and have extensive experience with NCUA and other agency examinations and supervision.

### **I. The Proposed Rule Is Good Policy and Aligns with Executive Directives**

DCUC supports the NCUA's proposed rule and urges the agency to finalize it.

Specifically, the NCUA states that to improve the efficiency and effectiveness of the examination and supervision program, it has removed reputation risk from its supervisory framework and is proposing to codify this change through regulation. These actions align with recent presidential Executive Order 14331, *Guaranteeing Fair Banking for All Americans*, which requested federal regulators remove the use of reputation risk or equivalent concepts that could result in politicized or unlawful debanking.<sup>2</sup>

In practice, the NCUA's proposed rule would prohibit the agency from criticizing or taking adverse action against an institution, defined as an entity for which the NCUA makes or will make supervisory determinations or other decisions, either solely or jointly on the basis of reputation risk. The proposed rule would also prohibit the agency from requiring, instructing, or encouraging an institution to close an account, to refrain from providing an account, product, or service, or to modify or terminate any product or service on the basis of a person or entity's political, social, cultural, or religious views or beliefs, constitutionally protected speech, or on the basis of politically disfavored but lawful business activities perceived to present reputation

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<sup>1</sup> The Defense Credit Union Council represents more than 200 defense-affiliated credit unions and over 40 million members—including active-duty servicemembers, Guard and Reserve personnel, veterans, Department of Defense civilians, and military families.

<sup>2</sup> See Executive Order 2025-14331, "[Guaranteeing Fair Banking for All Americans](#)," 90 Fed. Reg. 38925 (Aug. 12, 2025).

risk. These are policy changes DCUC has supported and urged NCUA to implement in the past and we appreciate the agency's responsiveness to our comments.<sup>3</sup>

### **I. The Proposed Rule Promotes Clarity and Consistent Supervision**

DCUC agrees with the NCUA's assessment that reputation risk is subjective and difficult to consistently measure, particularly across regions. Unlike traditional risk categories, such as credit, liquidity, or interest rate risk, reputation risk lacks concrete metrics and depends on perception rather than measurable indicators. This subjectivity can lead to inconsistent outcomes and divert examiner and credit union resources from core safety and soundness considerations. By eliminating reputation risk as a separate supervisory consideration, the proposed rule would foster transparency, predictability, and fairness in the examination process. The NCUA's updated approach would preserve examiner discretion to act when objective risks are apparent and remediation is attainable.

To answer the NCUA's specific questions, DCUC believes the NCUA's prohibitions accurately capture the actions that add undue subjectivity to supervision. DCUC also supports the NCUA's definition of "adverse action" and believes it is clear and effective in achieving the agency's intent. This definition should provide clarity for examiners and credit unions. We also support the definition of "reputation risk" in the proposed rule, as it should assist examiners from distinguishing reputational considerations from objective risks.

Overall, the proposed rule is clearly drafted and understandable. Should implementation issues present themselves to our credit union members that would warrant future reconsideration, we will certainly communicate that to the NCUA Board.

### **II. Examiner Training and Industry Outreach Needed**

DCUC strongly encourages the NCUA to provide proper training and clear written guidance to all examiners on this regulatory change to ensure consistency across examiners and regions. This regulatory change is only effective if it is followed by all examiners across all regions.

If this rule is finalized, DCUC also requests that NCUA host a webinar for the credit union industry on this change and its ramifications. This webinar should include an opportunity for questions from the industry with answers from NCUA supervisory executives. Additionally, as the NCUA continues its efforts to streamline regulatory requirements, DCUC encourages the agency to publish summaries of all regulatory changes on its website under a dedicated section addressing recent supervisory and compliance developments. This highlighted section will enable credit unions to review all recent changes in one location, saving time on review and implementation.

Please contact me at [Jason.Stverak@dcuc.org](mailto:Jason.Stverak@dcuc.org) with any questions on this rulemaking or other matters that impact credit unions.

Sincerely,



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DCUC

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<sup>3</sup> See [Comment letter from DCUC to the National Credit Union Administration, re: Feedback on the NCUA's Strategic Plan and Budget Development Process \(2026-2030 Strategic Plan / 2026-2027 Budget\)](#) (submitted July 23, 2025)(urging NCUA to eliminate "reputation risk" from the list of key supervisory focus areas in its strategic plan).