

individual account at the credit union. This is consistent with FDIC's treatment of these funds.

B. Summary of Comments

NCUA received sixteen comment letters regarding the proposed rule: Six from federal credit unions (FCUs), two from state credit unions, and eight from credit union trade organizations.

The commenters expressed general support for all of the proposed amendments, except for the titling requirement in the revocable trust account provision. Fifteen commenters strongly opposed the titling requirement and expressed the same or similar concerns. The concerns they cited included the great expense of updating their forms and systems. The commenters noted a host of problems the titling requirement would create for their computer-based data processing systems, which they stated presently cannot accommodate the additional titling information required by the proposal. Many of these commenters stated that the information NCUA proposes to be included in the account title could just as easily be captured elsewhere in the account documentation without the need to update forms or data processing systems. Six commenters were concerned that the titling requirement would apply to existing accounts and that it would be expensive and labor intensive to identify those accounts to alter their titles to comply with the proposal.

It appears from the comment letters that a significant number of commenters misread the titling requirement of the proposal and are under the impression it requires that beneficiaries be named in the title. As noted above, that is not the case. NCUA proposed only that a member's intent to create a revocable trust must be demonstrated in the title of the account using commonly accepted terms such as "in trust for," "as trustee for," "payable on death to," or any acronym for these terms. As noted, NCUA stated that, while it prefers the beneficiaries also be listed in the title, it only requires that the beneficiaries be named somewhere in the share account records of the insured credit union.

NCUA's intent in proposing the titling requirement was to make it simpler for credit union members to create revocable trust accounts and to obtain the expanded insurance coverage they seek. NCUA did not anticipate the proposed requirement would create any significant, additional burden for credit unions and, moreover, did not intend to impose the requirement retroactively to existing revocable trust accounts.

Nevertheless, as a result of the information provided by the commenters and other interested parties, NCUA has decided not to adopt the proposed titling requirement at this time because of the difficulties commenters identified that some FCUs would have in adapting their data processing systems and account forms. NCUA continues to believe that titling of revocable trust accounts so as to indicate the nature of the account would benefit FCUs in a number of ways, including enabling FCUs to help members better appreciate the nature of their accounts and share insurance coverage. NCUA encourages FCUs to modernize and maximize their data processing systems' capabilities as much as is practicable, given their circumstances, in this regard.

As noted, there was general support for all the other proposed amendments which include: Providing a six-month grace period for members to restructure their insured accounts upon the death of a member and the merger of insured credit unions; clarifying that the interests of nonqualifying beneficiaries of a revocable trust account are treated as the individually owned funds of the owner even where the owner has not actually opened an individual account; and clarifying that there is coverage for Coverdell Education Savings Accounts, formerly Education IRAs. There was little specific comment on these proposals except that two commenters suggested extending the six-month grace periods to one year. NCUA believes six months is a sufficient amount of time to restructure insured accounts and consistent with the FDIC's deposit insurance rules. Accordingly, these proposed amendments are adopted in the final rule without change.

C. Technical Correction

In 2000, NCUA amended Part 724 of its regulations to permit an FCU in a territory, including trust territories, or a possession of the United States, or the Commonwealth of Puerto Rico, to act as a trustee or custodian for certain pension or profit sharing plans. 65 FR 10933 (March 1, 2000). At the same time, NCUA amended § 745.9-2 of the share insurance rules to clarify that these accounts would be entitled to separate share insurance coverage. *Id.*

In a subsequent separate rulemaking, NCUA further amended § 745.9-2 to address coverage of accounts unrelated to the prior amendments to § 745.9-2 providing coverage of trust or custodial accounts. 65 FR 34921 (June 1, 2000). Inadvertently, the subsequent amendments to § 745.9-2 deleted the provision providing coverage for trust or

custodial accounts. Accordingly, NCUA is reinstating those provisions as a technical amendment.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a proposed rule may have on a substantial number of small credit unions, defined as those under ten million dollars in assets. This rule only clarifies the share insurance coverage available to credit union members, without imposing any regulatory burden. The final amendments would not have a significant economic impact on a substantial number of small credit unions, and, therefore, a regulatory flexibility analysis is not required.

Paperwork Reduction Act

NCUA has determined that the final rule would not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. The final rule would not have substantial direct effects on the states, on the connection between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this final rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681 (1998).

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104-121) provides generally for congressional review of agency rules. A reporting requirement is triggered in