



strength in members.

August 11, 2023

**Via Email Delivery to [cyberamendment@dfs.ny.gov](mailto:cyberamendment@dfs.ny.gov):**

New York State Dept. of Financial Services  
Attn.: Joanne Berman, Executive Deputy Superintendent  
One State Street  
New York, NY 10004-1511

Re.: Amendment of 23 NYCRR Part 500: Cybersecurity Requirements for  
Financial Service Companies

Dear Ms. Berman:

The New York Credit Union Association (“NYCUA” or “Association”), a trade association representing all New York credit unions and their more than 6 million members, writes to comment on proposed Amendment of Part 500 of Title 23 of the NYCRR [Cybersecurity Requirements for Financial Service Companies]. As an Association that embodies state and federally chartered credit unions, we must be cognizant of the impact that state-issued regulations may have on all credit unions that do business in New York State; and thus, we wish to comment on the possible effects of this amendment on credit unions.

Cybersecurity is certainly crucial in safeguarding all types of data against theft and loss. As technology continues to advance, it is logical that cybersecurity will become more and more important to the daily operations of a financial institution. It should not, however, become an unnecessary hinderance to overall operational productivity; particularly when an institution operates and/or services members with locations/residences in numerous states. Federal credit unions are already subject to the Gramm-Leach-Bliley Act, which seeks to protect consumer financial privacy by requiring financial institutions to fully explain their information-sharing practices to customers and safeguard sensitive data. Rather than develop a framework of state-specific cybersecurity regulations, the goal should be to encourage a unified national standard.

As it pertains to the proposed amendment, at the outset, this regulation applies to “Covered Entities” which are defined as “any person operating under or required to operate under a license, registration, charter, certificate, permit, accreditation or similar authorization under the Banking Law, the Insurance Law or the Financial Services Law, *regardless of whether the covered entity is also regulated by other government agencies*” {*emphasis added*}. Although entities organized under federal law are exempt from registration requirements with the Department of Financial Services (“DFS”), this proposed amendment leads to the question of whether federal credit unions operating in New York must also report cybersecurity incidents to DFS.

Notably, New York Banking Law requires that *any* credit union operating in New York and acting as a mortgage loan servicer in the state, must notify the Superintendent and comply with any regulations applicable to mortgage loan servicers. Since mortgage loan servicers will have to comply with New York’s cybersecurity

requirements, those federal credit unions who are also acting as Mortgage Loan Servicers in New York, must also comply. While exempt entities, such as credit unions, may not have been an intended target, as written, this new regulation ultimately compels most of these institutions to comply as well.

Encouraging a national cybersecurity standard would achieve the rigorous protections and reporting obligations sought by New York State, but also maintain uniformity, productivity, and efficiency in daily credit union operations. Otherwise, it is respectfully suggested that the definition of “Covered Entities” be modified to specifically exclude exempt federal institutions and/or clarify the obligations of traditionally exempt institutions under the new amendment. In sum, the New York credit union community is committed to working together in an attempt to reduce cybersecurity risks; however, the goal should be for the states to move toward a national standard, which will not only safeguard data and limit losses, but increase productivity in daily operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is fluid and cursive, with the first name "W. J." and the last name "Mellin" clearly distinguishable.

William J. Mellin  
President/CEO  
New York Credit Union Association