

## Third-Party Vendor Authority

**Description:** H.R. 7022, the Strengthening Cyber-Security for the Financial Sector Act of 2021, passed out of the House Financial Services Committee on May 17 on a party-line vote. The legislation would give the NCUA and FHFA unlimited authority over third-party vendors. CUNA strongly opposes this legislation.

**Outlook over the next few months:** A modified version of H.R. 7022 was attached to the House-passed version of the FY23 NDAA via an amendment offered by Chairwoman Waters. The amendment only included the NCUA portion of the legislation, which is rumored to be a compromise offered by HFSC Ranking Member McHenry.

For this language to be included in the final version of the NDAA, it would need sign-off from House Financial Services Chair and Ranking Member, the Senate Banking Committee Chair and Ranking Member, House Armed Services Committee Chair and Ranking Members, and the Senate Armed Services Committee Chair and Ranking Member.

While the legislation has not been introduced in the Senate, we've heard an NCUA-focused bill is being floated by Sen. Ossoff.

### Talking Points:

- Credit unions are concerned that extending additional supervisory authority to NCUA could result in the agency increasing its budget to hire personnel with appropriate expertise to supervise these firms.
- Because credit union member resources are used to fund the agency, this additional authority would require credit unions to send more of their members' savings to NCUA and place increased financial burdens on credit unions.
- While NCUA has requested this authority for several years, the agency has yet to develop a clear vision of the scope of this authority or how they would implement it. This has made it impossible for us to assess the impact it would have on credit union operations, including whether it would lead third-party vendors to increase the costs credit unions pay for their services.
- NCUA has made this request for several years, so we assume the agency must have some idea of how it would be used. Sharing details of their intentions with Congress and the industry would be helpful to us understanding what to expect if NCUA is granted this authority.
- It is possible that extending this authority to NCUA could over time lead to a reduction in credit union costs if such supervision leads to reduced losses to the National Credit Union Share Insurance

**CUNA Subject Matter Expert:** Abby Truhart and Madison Rose

**Letters we've sent:**

- [May 16, 2022](#) - CUNA wrote to Chairwoman Waters and Ranking Member McHenry prior to the legislative mark-up scheduled to start on May 17th opposing H.R. 7022
- [July 13, 2022](#) - CUNA, DCUC, NAFCU sent a joint letter to House Leadership opposing inclusion of the third-party vendor amendment in the FY23 NDAA.