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August 30, 2018

Gerard S. Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314  
Via email: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

RE: Risk-Based Capital—Supplemental Proposal (RIN 3133–AE90)

Dear Mr. Poliquin:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the proposed Risk-Based Capital Supplemental Proposal. CUNA represents America's credit unions and their 110 million members.

CUNA appreciates NCUA's re-consideration of the Risk-Based Capital (RBC) rule as issued in 2015. CUNA maintains, however, that the RBC rule, as applied, is functionally unnecessary. The data continues to clearly show that the rule is a solution looking for a problem. If in place prior to the crisis, the proposed RBC rule would have done almost nothing to prevent the dislocations that occurred—most capital and liquidity issues were confined to the corporate credit union arena, where the agency had already effectively addressed relevant concerns. RBC places significant unnecessary burdens on credit unions and needlessly coerces credit union asset allocations—all at a significant cost to credit union members. Should the agency choose to forego common-sense restraint and pursue the RBC rule as re-proposed, CUNA urges meaningful change.

The proposal would raise the threshold for RBC compliance to a credit union with greater than \$500 million in assets. We believe this threshold would be more appropriately set at \$10 billion in assets. A \$10 billion threshold would align with the eligibility for supervision under the NCUA's Office of National Examinations and Supervision, as well as the threshold for supervision under the Bureau of Consumer Financial Protection. Maintenance of disparate asset thresholds among rules from myriad departments and divisions across federal and state regulatory bodies contributes to duplicative and inconsistent oversight.

Moreover, given the easing of regulatory oversight in the banking sector, with enactment of S. 2155 having increased the Dodd-Frank-mandated threshold for bank holding company enhanced prudential standards from \$50 billion in assets to \$250 billion, credit unions are increasingly forced to compete with behemoth banking organizations, whose hundreds-of-attorneys-strong compliance and economic departments dwarf the average two to five FTE compliance personnel

at a credit union with \$500 million in assets. Even at a \$500 million asset credit union, RBC compliance will be an additional layer of regulatory compliance filings, that removes personnel from the Main Street-focused business of community lending.

The proposed rule would extend the compliance date by one year, to January 1, 2020. CUNA continues to support legislative efforts to delay the effective date of the agency's RBC rule for a period of two years, until January 1, 2021.

CUNA agrees with the agency's elimination of online banking as an indicator of complexity for purposes of RBC compliance eligibility. Given the speed of technological innovation, CUNA remains wary of legislative or regulatory thresholds that are foreseeably likely to be outdated nearly as soon as the Federal Register ink is dry.

Thank you for the opportunity to provide comments. Should you have any questions about CUNA's comments, please feel free to contact me at (202) 626-7627, or Lance Noggle at (202) 508-6705.

Sincerely,



Monique Michel  
Senior Director, Advocacy & Counsel  
Credit Union National Association