



October 6, 2011

Via e-mail: regcomments@ncua.gov

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: **John F. Kozlowski, Ohio Credit Union League**
Comments on Proposed Rule - Corporate Credit Unions

Dear Ms. Rupp:

The Ohio Credit Union League, the trade association for credit unions in Ohio, appreciates the opportunity to provide comments on the National Credit Union Administration's (NCUA) proposal to amend its Corporate Credit Union Rule, Part 704. The Ohio Credit Union League (OCUL) advocates on behalf of Ohio's 384 credit unions, both federal- and state-chartered, and their 2.69 million members.

NCUA has proposed technical amendments to its Corporate Credit Union Rule, Part 704. These proposed technical amendments would:

1. Revise the definition of "net assets" in Section 704.2 to exclude Central Liquidity Facility (CLF) stock subscriptions;
2. Revise Section 704.6 to incorporate current concentration limit and credit rating requirements that trigger Section 704.10 consequences that include a written investment action;
3. Revise the consequences of weighted average life (WAL) violations so that such violations would not be subject to capital category reclassification or subject to requirements that apply to a violation of the interest rate sensitivity in Section 704.8; and
4. Make several other clarifying changes and technical corrections.

In general OCUL supports these technical amendments to address changes that have been previously made to the Corporate Credit Union Rule. OCUL also continues to encourage NCUA to review its regulatory system to eliminate excessive and duplicative rules that increase costs and create confusion, increasing the regulatory burden on credit unions.

OCUL has reviewed the proposed amendment to Section 704.2 that would amend the "net asset" definition to also exclude Central Liquidity Facility (CLF) stock subscriptions. OCUL agrees with NCUA in that the credit risk of carrying this CLF stock subscription is minimal. OCUL also supports access by all natural person credit unions and corporate credit unions to use the CLF as a liquidity provider.



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NCUA has also proposed clarifying the requirements for Investment Action Plans under Section 704.6 by moving Sections 704.6(c)(3) on issuer concentration limits and 704.6(f)(4) on credit rating requirements to a new Section 704.6(h). Under proposed Section 704.6(h) an investment will be subject to the consequences of Section 704.10 if it violates the issuer concentration limits or credit rating requirements. This proposal is of concern to OCUL in that its proposed rule on credit rating references issued in February 2011 has yet to be finalized. OCUL suggests that it would be best to wait to make these proposed changes once the credit rating references proposal is finalized and adopted by NCUA.

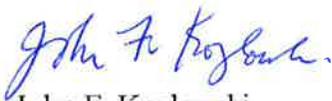
NCUA has proposed a clarification to the weighted average life (WAL). As part of this proposed revision to Section 704.8, WAL violations would no longer be subject to capital category reclassification for purposes of Prompt Corrective Action. OCUL supports this revision in that it would reduce the regulatory burden to credit unions and still address continuing WAL violations that may arise.

NCUA has proposed a revision to Section 704.18 to change the phrase “the sum of retained earnings and paid in capital” to the term “core capital.” It OCUL’s recommendation that NCUA not replace the phrase “sum of its retained earnings and paid in capital” with “core capital.” Further, OCUL also suggests that NCUA replace “paid in capital” with “perpetual contributed capital.” It is OCUL’s belief that the definition of “core capital” should include the sum of: 1. retained earnings; 2. perpetual contributed capital; 3. retained earnings of any acquired credit union; and, 4. minority interests. Any additions to this definition should require substantial justification.

Finally, OCUL has reviewed the additional technical corrections proposed by NCUA and is in agreement with them.

The Ohio Credit Union League appreciates the opportunity to provide comments on these proposed technical amendments to the Corporate Credit Union Rule, Part 704 and is available to provide additional information or answer any questions. Thank you again for your consideration. If I can be of additional assistance, please do not hesitate to contact me at jkozlowski@ohiocul.org or (614) 923-9766.

Sincerely,



John F. Kozlowski
General Counsel

cc: Mary Dunn, SVP and Deputy General Counsel, CUNA
Paul Mercer, President, Ohio Credit Union League
Tim Boellner, Chair, Ohio Credit Union League
Jennifer Ferguson, Chair, OCUL Government Affairs Committee