

Illinois Credit Union League

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VIA E-MAIL TRANSMISSION
regcomments@ncua.gov

September 27, 2005

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

Re: Response to Request for Comments
Regarding CUSO Investments by FISCUS
Included with Proposed Rule Part 741.8

Dear Ms. Rupp:

We are pleased to respond on behalf of our member credit unions to the National Credit Union Administration ("NCUA") Board's request for comments regarding whether some of the limits in NCUA's CUSO rule should be extended to federally insured state-chartered credit unions ("FISCUs").

The Illinois Credit Union League represents over 300 FISCUs in Illinois.

In response to our request for additional information, NCUA Staff Attorney Moissette Green stated that NCUA was not considering imposing the requirements NCUA is considering for non-standard investments on FISCUS investments in CUSOs. (We posed the question because the introductory paragraph to section C of the Supplementary Information could be so construed.)

NCUA does request comment on whether NCUA's regulations should require "FISCUs investing in CUSOs to comply with the limits on structure, accounting, audits, NCUA access, and corporate separateness addressed in §§712.3 and 712.4 to protect the NCUSIF."

The CUSO rule promulgated by the Illinois Division of Financial Institutions ("DFI") addresses the issues of concern to NCUA and we agree that corporate separateness, proper accounting and audits, and access by the state regulator and NCUA are

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appropriate areas of concern. However the Illinois DFI's rule provides more flexibility in determining the structure of a CUSO. Section 190.5(b) of the DFI's CUSO rule authorizes CUSOs to be structured as corporations, limited partnerships, general partnerships, joint ventures, limited liability companies, or limited partnerships. NCUA has not indicated why FISCUs should not be allowed to invest in CUSOs with structures other than the three authorized by NCUA.

We realize this is the initial step in determining whether proposed rules will be issued, but we urge NCUA to consider whether restriction of the structure of CUSOs is warranted.

We also note that §§712.3 and 712.4 contain limitations and restrictions other than those listed by NCUA in the request for comment. If some of limits contained in part 712 are imposed on FISCUs, those limits should contained in a separate section to make it clear to FISCUs which provisions of Part 712 apply to them.

We appreciate the opportunity to respond to the request for comment regarding extension of some of the provisions of the NCUA CUSO rule to FISCUs. We will be happy to respond to any questions regarding these comments or otherwise discuss our concerns with agency staff.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

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