

30 October 2007

Via E-Mail

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

Re: Comments on Advanced Notice of Proposed Rule (ANPR) for
Parts 703 and 704

Dear Ms. Rupp:

On behalf of IDB-IIC Federal Credit Union, I am responding to the National Credit Union Administration's (NCUA) request for comment regarding permissible foreign currency investments. IDB-IIC Federal Credit Union greatly appreciates NCUA's willingness to consider expanded investment authorities to complement its previous decision that permitted credit unions to offer foreign currency denominated shares to members. While we have no immediate plans to offer such shares to our members, we believe that our members that reside outside the U.S. (approximately 20%) would greatly benefit from foreign currency denominated products and services.

We note that the Board has not included the issue of lending in foreign denominated currencies in conjunction with either the previous decision permitting foreign currency shares or the proposed rule that would permit foreign currency denominated investments. We believe that for a credit union to offer products or services that are foreign currency denominated in a safe and sound manner, any authorities granted to accept foreign currency denominated shares or invest in foreign currency must be complimented with the ability to lend in foreign currency. The rationale for enhanced investment authorities is to enable a credit union to effectively hedge against the risk of currency fluctuation. The most natural hedge against such risk is the ability to match the deposits with loans to members. In other words, a credit union with an equal amount of shares and loans in a given currency is naturally hedged against currency fluctuation risks.

The inability to lend in foreign currency would have two potentially negative impacts for the credit union and its members:

- Members would incur currency fluctuation risks if they made deposits denominated in foreign currencies while borrowing in U.S. Dollars.
- The spread that the credit union could earn between foreign currency investments and foreign currency denominated shares might not be sufficient to cover the cost of operations.

Therefore, considering the solid principles of safety and soundness and recognizing that a primary purpose of credit unions is to provide loans for necessary and provident purposes, we strongly encourage the Board to also consider granting a credit union the ability to lend to its members in foreign currency.

IDB-IIC Federal Credit Union appreciates the opportunity to comment on this important subject.

Yours truly,

Bruce Cameron
President
IDB-IIC Federal Credit Union