



World Council of Credit Unions, Inc.

SENT VIA EMAIL

October 30, 2007

Ms. 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:

As the apex trade association and development agency for credit unions worldwide, World Council of Credit Unions, Inc. (WOCCU) represents over 46,000 credit unions and 172 million members in 75 countries with over \$1 trillion in assets. Although it is rare for the World Council to comment directly on national-level regulatory issues, at times we do offer comments on issues that are international in scope. We believe this to be one such issue.

Given that NCUA has amended share insurance regulations to allow credit unions to accept shares in a foreign currency, a position that we support, we believe that it is imperative that credit unions be able to mitigate the potential foreign currency risk related to mobilizing such funds. There are three primary ways for credit unions to manage and mitigate such risks. These include: 1) hedging the foreign exchange risk through future and/or option contracts in proportion to the foreign currency on deposit; 2) investing in foreign currencies in proportion to share deposits that have been mobilized; and 3) lending to members in the same foreign currencies as those on deposit, at a proportional rate.

We believe that any credit union that is granted approval to accept shares in foreign currency should also have the systems and capacity to manage the risks related to these activities through any or all of the above activities. All three of these strategies provide avenues of risk mitigation that if managed properly and conservatively would expose credit unions to manageable risk.

As credit unions seek to remain relevant and viable to sponsors and/or select employee groups that are more global in scope than ever before, credit union services

Madison Office
5710 Mineral Point Road
Madison, Wisconsin
53705-4493 USA

Phone: (608) 395-2000
Fax: (608) 395-2001
www.woccu.org

*"Quality
Credit Unions
for Everyone!"*

and products must also keep pace. This includes being able to service members with the core savings and loan services of a credit union.

We believe that banking regulator information exchange, converging prudential standards and the use of rating agencies have developed to a level in which select foreign banks can be relied upon as safe places for credit union investments. In fact, capital markets for many years and bank supervisors globally, through Basel II, place a high degree of trust and reliance on the ratings issued by the premier ratings agencies.

WOCCU would support instituting a permissible range of imbalance between foreign currency on deposit and related cumulative foreign currency hedges, investments and loans. WOCCU also supports the requisite internal controls contemplated for such activities and that credit unions seeking to engage in such activities seek approval from NCUA.

We appreciate the opportunity to comment on this important subject and please contact me if you have any questions or if we can assist the Agency in reviewing how other jurisdictions handle this type of issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dave Grace".

Dave Grace
Vice President