

- In summary, restrict by regulation as much as you can in the investment arena for corporates, because the corporate investments professionals, as well as the examination professionals failed to fully grasp the complexities associated with the private issued MBS sub prime investments.

Field of Membership

- No restrictions, however, create a standard rating system of every operating corporate CU for natural person CU's to evaluate.

Governance

- No changes, except more accountability and transparent financial reporting.

Capital Requirements

- Increase the capital requirements of Corporates.
- Consider corporates making an investments and/or annual premium deposits to the NCUSIF.
- Restrict MCA capital contribution (Tier 2) percentage from natural person CU's into Corporates.
- Increase PIC capital contribution (Tier 1) percentage from each individual corporate.
- Core Capital should be a requirement for other corporate services but with a shorter notice of withdrawal(6 months to two years) to create a more competitive environment should a corporate take more risk than a competing corporate.

Payment Systems

- The payment systems provide a vital role for natural person CU's, and therefore need to remain a part of Corporate services as the market demands.

Summary

The Corporate CU's should remain a basic overnight and short term depository alternative for CU's going forward, but with much more restrictive investment regulations, and an increase in their capital requirements. Competition is always a benefit for any industry, and the weak corporates will disappear as a result of any new structures, so the surviving corporates will not need to restrict their FOM's.

Thanks for the opportunity to comment.

Submitted by

Steve Rasmussen
President/CEO



April 3, 2009

Michael E. Fryzel, Chairman
NCUA
1775 Duke Street
Alexandria, VA 22314

Subject: ANPR Letter 09-CU-02

Dear Mr. Chairman:

In response to the request for the above mentioned ANPR, I would offer the following suggestions.

The original functions of the Corporate CU's were to act as a depository for retail CU's offering short term, and over night rates, provide liquidity and short term loans, and act as a clearing institution for most of our financial instruments. The Corporate CU's also evolved as a vehicle for all types of new payment systems and has fulfilled those roles admirably.

We need the Corporate CU's to fulfill those functions, but with much more restrictive oversight.

Recommendations:

Stronger investment regulations

- No private issued investments of any type, whether it be mortgage backed securities or corporate bonds, etc.
- Shorter term investments, even though they would be backed by the full faith and credit of the U.S.
- Strict regulation regarding concentration limits of Investments.
- Only investments that can be strictly marked to market, or marked to matrix.
- No new type of derivative type of investments that will be created in the future.