

March 9, 2010

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

Re: Comments on Proposed Regulation 12 CFR Part 704

Dear Ms. Rupp:

The AFL-CIO Employees Federal Credit Union (AFLCIOEFCU) appreciates this opportunity to comment on the Agency's proposed guidance on its Corporate Credit Union Rule, 12 C.F.R. Part 704.

The AFLCIOEFCU is located in Washington DC and has members located throughout the United States. We have \$76 million in assets and over 9,700 members. We rely on our corporate credit unions to provide reliable services and a safe place to house our overnight funds and for their Simpli-CD program. We were disappointed that a percentage of our capital account was depleted and are looking for a sensible restructure of the corporate system. We urge members of the board to consider other alternatives to these regulations that could promote safety and soundness of corporate credit unions while also affording natural person credit unions with the wholesale priced depository services that allow us to be competitive.

Corporate Governance, § 704.14

The definitions used to prescribe corporate credit unions' board composition are substantially limiting and could prevent very good folks to consider volunteering. Many credit unions may not have the specific position descriptions that are in line with the proposed regulation, but an individual may otherwise have advanced credentials that could contribute to a corporate credit union's success. Of note, this provision would exclude degreed professionals such as attorneys, certified public accountants and others who don't hold the prerequisite credit union title, and whose contributions have proven essential to credit union success. We strongly recommend that the Board consider language that would permit these individuals to serve.

Term Limits, §704.14 (a) (3)

AFLCIOEFCU recommends at least a 12-year term limit instead of just 6 years. A long tenured and stable Board is important as Boards are built around the corporate's culture, values, and principles. It takes time for Board members to thoroughly understand a corporate credit union's operations. Having too short of a term-limit weakens the Board members' ability to effectively govern. High turnover and insufficient time to become acclimated with the corporate's operations can lead to less stable governance, and greater

pressure on corporate management to be constantly shifting priorities based on a Board member's desire to accomplish things quickly during their term.

Disclosure of Executive and Director Compensation, § 704.19

We oppose the public disclosure of salaries for any corporate credit union official. We are further concerned that the board's actions may ultimately lead to the same requirement for natural person credit unions.

Permissible Investments

Provisions included within the proposal regarding derivatives are too limited. Corporate credit unions should be able to offer derivatives to help natural person credit unions hedge their risks.

Proposed §704.3 Corporate Credit Union Capital

Natural person credit unions are driven to protect their member assets and most likely be unwilling to continue to place funds in a corporate that will be at risk. Our Board is faced with this issue right now. The proposed capital restructuring will additionally cause each of the affected corporates to attempt to solicit more of these deposits and their ability to eventually do so is unpredictable. Corporates will be further mandated to substantially change their business model with respect to pricing of depository products and services. These eventual re-pricings will cause natural person credit unions to seek alternatives to the very services that they rely on.

We appreciate the opportunity to provide our area credit union's input on this matter.

Very truly yours,

James H. Norris, III
President/CEO AFLCIOEFCU