



OCUL SERVICES
CORPORATION

January 26, 2011

VIA E-MAIL TO: regcomments@ncua.gov

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

RE: OSC Comments on Notice of Proposed Rulemaking for Part 704 – Corporates

Dear Secretary Rupp:

The OCUL Services Corporation (OSC) was founded in 1966 as the for-profit subsidiary of the Ohio Credit Union League. OSC provides natural person credit unions and other interested organizations with customized products and services to meet their business needs and goals. These products and services are often cooperatively created by OSC and a group of credit unions or by OSC and a group of league service corporations.

OSC normally does not offer comments on the National Credit Union Administration's (NCUA) proposed rules, but the rules propose for 12 CFR Parts 701, 704, and 741 Corporates have the ability to significantly impact our operations as well as the operations of our credit union supporters.

We would therefore like to offer comments on two of the seven proposed rules, Section 701.5 – limitation of membership and Section 704.21 – sharing of Temporary Corporate Credit Union Stabilization Fund costs. Our comments follow the summary of the proposed rules.

1. Sect. 701.5 – Protect against unnecessary competition between corporate credit unions by limiting natural person credit unions to membership in one corporate of the natural person credit union's choice at any one time and prohibiting an natural person credit union from making any investment in a corporate where the natural person credit union is not also a member.

OSC is an associate member of Corporate One FCU and uses Corporate One FCU for our corporate treasury needs. While this is the preferred arrangement, it is sometimes necessary for us to partner with other members of the corporate credit union network from time to time to acquire services that Corporate One FCU does not offer. The proposed rule would eliminate our ability to do so by specifically limiting organizations to membership in one corporate credit union and by preventing corporate credit unions from conducting business with non-members.

OSC would therefore be forced to acquire services not offered by Corporate One FCU from other financial services organizations, probably outside of the credit union movement. If this occurs, liquidity will leave the credit union movement and the time required to transact business between currently partnered organizations will be increased. Costs to OSC for these services will likely be higher than if the services were obtained from a corporate credit union, which will drive OSC's pricing to natural

person credit unions higher. Such increased costs and diminished operations are not uncommon when the federal government (NCUA in this case) disrupts market exchange with unnecessary market limitations.

The rules published in the Federal Register on October 20, 2010, have substantially reduced the ability of corporate credit unions to compete for members based on investment returns, which is the stated goal of the currently proposed rule. Additional rules in this area are redundant and unnecessary. We therefore respectfully request that NCUA withdraw 701.5 from the final rule.

2. Sect. 704.21 – Provide for the equitable sharing of Temporary Corporate Credit Union Stabilization Fund expenses among all members of corporates, including both credit union and noncredit union members, by establishing procedures for requesting members not insured by the National Credit Union Share Insurance Fund to make voluntary premium payments to the Temporary Corporate Credit Union Stabilization Fund.

As stated above, the OSC is not a credit union. No contract for services exists between OSC and NCUA. As such, NCUA has no authority to assess the OSC Temporary Corporate Credit Union Stabilization Fund costs.

Since most OSC services are purchased by credit unions that are paying Temporary Corporate Credit Union Stabilization Fund assessments directly to NCUA, assessing OSC Temporary Corporate Credit Union Stabilization Fund costs would actually be a type of double taxation. It doesn't make sense to tax those funds for a second time by assessing Temporary Corporate Credit Union Stabilization Fund costs against OSC directly.

Per the proposed rule, if OSC were to decline to pay Temporary Corporate Credit Union Stabilization Fund fees assessed by NCUA, OSC would be subject to a vote on possible expulsion from corporate membership. This situation is untenable as many of the credit unions forced to vote on possible expulsion would be OSC clients. This could potentially strain relations with those credit unions, reducing OSC's ability provide future services to those credit unions. .

Clearly, NCUA does not have the legal authority to make Temporary Corporate Credit Union Stabilization Fund assessments against non-FICUs such as OSC. In the future, NCUA should refrain from proposing rules that expose credit union organizations such as OSC to the coercive intent plainly evident in 704.21. We therefore respectfully request that NCUA withdraw 704.21 from the final rule.

Thank you again for your consideration in this matter.

Respectfully submitted,



William Burke
Vice Chair – OCUL Services Corporation

Cc: Mary Dunn, SVP and Deputy General Counsel, CUNA
Paul Mercer, President, Ohio Credit Union League
Jennifer Ferguson, Chair, Ohio Credit Union League
Steve Behler, Chair, OCUL Government Affairs Committee