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Filed via: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

May 23, 2011

Ms. Mary Rupp  
Secretary to the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Re: NCUA Proposed Rulemaking for Part 741, Interest Rate Risk Proposal

Dear Ms. Rupp:

The Wisconsin Credit Union League, serving over 220 credit unions and over two million members, welcomes the opportunity to provide the following comments to the agency's proposal to amend Part 741 to add new requirements for credit unions' policies and management of interest rate risk (IRR).

Wisconsin credit unions, like those all over the country, are feeling the onerous burden of increased regulation – not only from their own regulators, but also as a result of the Dodd-Frank Act. Increasing regulatory requirements are making it more difficult all the time for small and medium size credit unions to exist, as evidenced by the current significant increase in merger activity. Additional regulatory requirements also stifle innovation, the means by which credit unions continue to survive by adding value for their members – because of both the amount of time those credit unions must spend on regulatory compliance as well as the impact of regulation on the innovative ideas themselves. As credit unions strive to adjust to and comply with the new economic and regulatory realities, it's necessary also that their regulators find the balance between promoting safety and soundness and permitting reasonable risk-taking and innovation.

The proposed IRR rule fails to achieve this balance in two specific ways. First, the NCUA provides little specific justification that the rule adds anything to the means already available to it to ensure the credit unions have effective IRR policies and management. Indeed, it appears the only change the proposed rule really provides is the alleged policy “guidance” that it includes – presenting the likely danger of turning into a “one size and situation fits all” checklist that is rigidly enforced by examiners to the detriment of credit unions that are not all

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the same size, and each of which is different in complexity, membership needs, business goals, and operational structure.

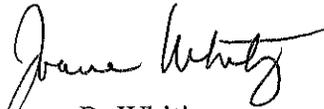
Second, the proposed IRR rule fails to achieve a regulatory balance because of the threat of the loss of share insurance if a credit union does not have what an examiner believes is a compliant policy and IRR management – no matter how compliant, well run, or successful the credit union is otherwise. The combination of a rigid policy requirement with such an intimidating and absolute penalty for non-compliance does not result in a balanced regulatory scheme.

To be clear, we support and encourage Wisconsin credit unions to effectively manage interest rate risk, and we believe their federal and state regulators already have the authority to require all credit unions to have such a policy. But given the flood of other regulation that has come through the spillway and continues to back up even further, what Wisconsin credit unions do not need is a new regulation, redundant of powers their examiners already hold, with such a severe enforcement penalty.

For the reasons described above, as well as the reasoning and conclusions contained in the comment letter submitted by the Credit Union National Association, we respectfully state that we are opposed to adoption of the proposed IRR rule amending Part 741.

Thank you for the opportunity to comment on this proposal.

Sincerely,



Joanne R. Whiting  
EVP and Chief Advocacy Officer  
Wisconsin Credit Union League