

From: [Suzanne Yashewski](#)
To: [Regulatory Comments](#)
Cc: [Dick Ensweiler](#); [Buddy Gill](#)
Subject: TCUL Comments on Proposed Rulemaking for Part 741
Date: Monday, May 23, 2011 6:15:45 PM

May 23, 2011

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3486

Sent Via e-mail to: regcomments@ncua.gov

RE: TCUL Comments on Proposed Rulemaking for Part 741

Dear Ms. Rupp:

This comment letter represents the views of the Texas Credit Union League (TCUL) regarding the National Credit Union Administration Board's proposal to amend Part 741 of NCUA's Rules and Regulations regarding Interest Rate Risk. TCUL is the official trade association serving over 500 federal and state credit unions and more than 7.4 million credit union members in Texas. TCUL appreciates the opportunity to comment on this very important issue.

TCUL recognizes the importance of managing interest rate risk (IRR). As a result, TCUL offers dues based educational assistance on Asset-Liability Management to our member credit unions. Additional training and education is available through the Credit Union National Association (CUNA) as well. TCUL encourages credit unions to maintain adequate interest rate risk policies and procedures. *However, we oppose adoption of a new federal regulation on interest rate risk.*

We estimate nearly half of our Texas credit unions would not be impacted at all by this proposed rule as they have no first mortgages or investments over five years, while approximately 18% of TCUL members could be most affected by the rule. The NCUA examination process is a better alternative than a new regulation on the matter. One noted ALM expert we consulted pointed out that in the 35 years of working with credit unions (including the 1980's), he had never seen a credit union fail because of interest rate risk.

Data collected by CUNA show that credit unions are actively managing their interest rate risk exposure. This is the result of the strong ALM policies already in place at credit unions. Therefore, we do not feel that there is a compelling reason to justify implementing a new rule on top of guidance already issued by the FFIEC and current ALM practices. Examiners can effectively monitor interest rate risk management by reviewing ALM policies and practices during the examination process.

If the proposed rule passes despite our objection, TCUL recommends the following changes:

- As an umbrella rule is not necessary; NCUA's approach to the issue of IRR should be targeted more tightly rather than broadly solely to those credit unions it determines as having the most IRR exposure and not subjecting all credit unions to scrutiny under another regulation and burden to determine if compliance is needed.
- The rule and guidance should not serve as a "checklist" for examiners, which would undermine the risk-based approach to IRR management.
- Credit unions should be permitted to choose which IRR measurement methods they want to use.
- The threshold should be raised from \$10 million to \$50 million to decrease the burden on smaller (less complex) credit unions.
- There should be a phase in period of at least one year as credit unions will be required to bring in assistance of outside third parties who likely will not be able to work with all requesting credit unions in the proposed limited time frame of three months.

Thank you for considering our comments. If you have any questions, please contact me at (512) 853-8516 or syashewski@tcul.coop.

Sincerely,

Suzanne Yashewski
SVP Regulatory Compliance & Legal Affairs
Texas Credit Union League