

From: [Patrick Babinski - FACU](#)
To: [Regulatory Comments](#)
Subject: - Maintaining Access to Emergency Liquidity
Date: Thursday, September 27, 2012 1:04:31 PM

September 27, 2012

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

VIA E-MAIL: regcomments@ncua.gov

RE: Proposed Rule - Maintaining Access to Emergency Liquidity

Dear Ms. Rupp:

The Floodwood Area Credit Union (FACU) appreciates this opportunity to comment on the National Credit Union Administration's (NCUA's) proposed rule regarding credit unions maintaining access to emergency liquidity. By way of background, FACU represents the interests of 1978 members. FACU urges the Board to withdraw the proposed rule on maintaining access to emergency liquidity and respectfully offers the following comments and suggestions in support of our position.

The issuance of a final rule regarding emergency liquidity is inconsistent with other regulators' actions regarding emergency liquidity for their regulated institutions. Other regulators have their institutions follow guidance, such as the 2010 interagency guidance relating to emergency liquidity. Allowing financial institutions to follow guidance instead of a regulation allows those institutions to make their own decisions as to their emergency liquidity needs based upon their own size and complexity. NCUA should withdraw the proposed rule and allow credit unions to follow guidance in the area of emergency liquidity that the other financial institution regulators see as appropriate.

The issuance of a final rule will not allow credit unions to manage themselves as they see fit. Instead, credit unions will be limited by regulation to two sources of emergency liquidity without having the ability to decide what is best for their own credit union. As an additional option for emergency liquidity, NCUA should reexamine the use of and seek assurance from the Federal Home Loan Banks as a viable option for an emergency liquidity source. NCUA should also give consideration to allowing credit unions to create their own policies for holding other sources of emergency liquidity, such as

holding U.S. Treasuries, cash and other liquid investments.

The Central Liquidity Facility (CLF) is still a healthy alternative for emergency liquidity; however, NCUA should consider modifying the structure of the CLF to adjust to the changes that have occurred in the credit union environment. NCUA should revisit the requirement to capitalize the CLF in order to gain access to it as an emergency liquidity resource. The capitalization requirement may deter many credit unions from viewing this as a viable option for emergency liquidity.

Again, FACU appreciates this opportunity to comment on NCUA's proposed rule regarding access to emergency liquidity and hopes NCUA will reconsider its efforts in issuing the proposed rule and evaluate whether alternative emergency liquidity sources and guidance are a more appropriate avenue to protect credit unions. FACU urges the Board to withdraw the proposed rule. If you have any questions about our comments and suggestions, please do not hesitate to contact me at (218) 476-2288.

Sincerely,

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