



MISSOURI CREDIT UNION ASSOCIATION

September 27, 2012

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

**RE: Michael V. Beall, Esq., - Comments on Part 741
Maintaining Access to Emergency Liquidity**

Dear Ms. Rupp:

On behalf of the 1.3 million credit union members, the Missouri Credit Union Association (MCUA) would like to take this opportunity to express our views on the proposal regarding liquidity requirements for federally insured credit unions. As noted in the National Credit Union Administration's (NCUA's) Letter to Credit Unions 12-CU-10 titled "Changes to Central Liquidity Facility Access and Emergency Liquidity Proposed Rule," credit unions will need to establish access to the Central Liquidity Facility (CLF). MCUA does not believe that new regulations are needed when the current interrogatory guidance is sufficient.

We strongly oppose the final rule on emergency liquidity. MCUA understands that credit unions will need to address operational procedures regarding access to liquidity funds in an emergency. However, we believe that the interagency guidance on liquidity policies, plans and procedures effective May 2010 is sufficient to further safety and soundness within the credit union system. A new regulation would duplicate these efforts and increase compliance costs for credit unions.

MCUA questions the need for specific emergency liquidity funds in light of the few instances the fund was accessed. More than 91% of the lending the CLF has done occurred in 2009 and was predominately given to conserved corporate credit unions versus natural person credit unions. We also believe that the National Credit Union Share Insurance Fund can extend emergency liquidity funds, if needed.

In the event the NCUA moves forward with the proposal, MCUA asks NCUA to consider issues that would be extremely burdensome to our credit unions. Requirements of the proposal vary by asset size and, as such, the asset size-break for small credit unions should be consistent with the agency's developing a new definition of "small credit unions." For larger credit unions, we feel the agency should not only utilize asset size but also indicators such as loan-to-share ratios in determining when additional requirements would be made. Credit unions already face extreme increasing regulatory burden and MCUA feels that additional requirements should only be imposed when safety and soundness is necessary and cannot be addressed with current guidance. In this case, the current guidance is more than sufficient to address this issue.

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Limiting the source of emergency funds, specifically, excluding the Federal Home Loan Bank (FHLB), is of great concern. Allowing access to emergency funds through the CLF or the Federal Reserve Discount Window is too restrictive. We believe that the FHLB is an appropriate source of funds for credit unions that have sufficient excess collateral requirements.

As always, we appreciate the opportunity to respond to your comment call on Part 741 Maintaining Access to Emergency Liquidity. MUA opposes the proposal but should the NCUA proceed, we ask for consideration in establishing a system that is workable for the credit union system. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael V. Beall".

Michael V. Beall, Esq.
President/CEO