



September 28, 2012

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

**MA, NH, RI Comments on Proposed Rulemaking on Emergency Liquidity
12 C.F.R. Part 741**

BY EMAIL ONLY

Dear Secretary Rupp:

On behalf of the member credit unions of the Massachusetts Credit Union League, Inc., the New Hampshire Credit Union League and the Credit Union Association of Rhode Island (“Leagues”), please accept this letter of comment relative to the National Credit Union Administration’s (“NCUA”) proposed rulemaking governing emergency liquidity and the application of Basel III liquidity and capital requirements on certain credit unions. The proposed rule generally seeks to require additional policy requirements and specific liquidity sources in instances of financial emergency or distressed economic conditions. Collectively, the Leagues are the state trade associations, serving over 200 credit unions who further serve approximately 2.6 million consumer members, and operating as part of the Credit Union National Association.

The Leagues appreciate the opportunity to provide input again on such an important topic and offer the following comments as a supplement to our advance notice of proposed rulemaking comment letter in this area.

Scope and Focus of the Proposed Rule

The Leagues question the need for additional rulemaking in light of the ample and consistent regulatory guidance on the topic. Additional regulatory requirements are most challenging and their burden accelerated in this economic climate without a clear need, statutory directive or safety and soundness risk. The Leagues understand the focus of the NCUA on reliable sources of liquidity and the structure of the Central Liquidity Facility as a credit union industry source for liquidity but believe that the proposed rule does not adequately address these issues.

In addition and as in the past, the Leagues also suggest that, rather than promulgating segmented provisions as the proposal seeks to do, that the NCUA should be encouraged to address case-by case problems through a more targeted approach. By employing a much more

narrowly focused plan designed to address any problem areas quickly, well-managed credit unions could continue operating without interruption providing important benefits to members. Such a plan could include an analysis of a combination of asset mix, loan-to-share ratios, and other financial indicators.

Liquidity Sources

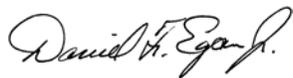
It has been the experience of the Leagues that in emergency circumstances, a wide range of options for liquidity is preferred. Diversity is key in any contingency funding plan. The Leagues suggest again that for larger credit unions, the Federal Home Loan Bank system be included in any rulemaking. Many such credit unions are already Federal Home Loan Bank members, participate in their governance structure and have experience in accessing advances when needed. History has revealed that they serve as an uninterrupted source of emergency liquidity to their member institutions with sufficient collateral. This resource has proven to be a valuable and local option in the past and the Leagues encourage their inclusion in any rule subject to any additional requirements that the NCUA may impose on the Federal Home Loan Banks to promote timely, reliable, safe and sound emergency liquidity for credit unions.

Basel III Capital Requirements

The Leagues note that the NCUA has included in the proposed rule the exploration of whether Basel III liquidity measures and monitoring tools should be incorporated in supervisory expectations. The Leagues have strongly supported risk-based capital and alternative capital approaches for credit unions. In any regime moving forward, capital adequacy should be matched to the nature of the credit union system. In this arena, the Leagues view the treatment of shares a delicate, priority issue to credit unions. While Basel III seeks to underscore public confidence and stability, the Leagues urge the NCUA to proceed with caution as our credit unions already have both high levels and high quality capital. It may be prudent to monitor and learn from the development of the issue in the broader financial services community, combined with industry efforts to promote awareness and additional tools for supplemental capital, as well as a cost-benefit analysis, prior to further public consideration of the issue.

Thank you for your consideration of these views. The Leagues remain available to address any questions or concerns at your convenience.

Sincerely,



Daniel F. Egan, Jr.
President

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