From:	Suzanne Yashewski
To:	_Regulatory Comments
Cc:	Dick Ensweiler; Tom Haider
Subject:	TCUL Comments on Notice of Proposed Rulemaking for Part 741, Maintaining Access to Emergency Liquidity
Date:	Friday, September 28, 2012 5:51:51 PM

September 28, 2012

Filed via regcomments@ncua.gov

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

Re: Maintaining Access to Emergency Liquidity
12 CFR Part 741, RIN 3133–AD96

Dear Ms. Rupp:

This letter represents the views of the Texas Credit Union League ["TCUL"] regarding NCUA's proposal on liquidity risk management. 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 Urges Withdrawing the Proposal

TCUL believes overall liquidity management and policies are vital to credit union operations. However, TCUL does not support adoption of the proposed regulation. We feel that the 2010 interagency guide on liquidity is sufficient at this time. As we understand it, this guidance is sufficient for other regulators, and we don't see any reason credit unions should be singled out and subjected to new regulatory burdens. There does not appear to be any justified need for credit unions to secure access to specific types of emergency liquidity beyond what other federally insured depository institutions are required to do.

In fact, this proposal runs contrary to NCUA's stated intent to ease regulatory burdens on credit unions. NCUA has not produced evidence of a material safety and soundness concern in relation to liquidity risk management substantiating additional compliance burdens. Without a strong justification, NCUA should avoid imposing additional cost and time burdens on credit unions that are already overburdened in this quickly changing regulatory environment.

If NCUA Proceeds, TCUL Urges Changes

If NCUA proceeds, TCUL requests a more targeted approach to the final rule.

First, TCUL supports lighter regulatory requirements for “small credit unions”. For larger credit unions, we urge NCUA to look beyond asset size to include other indicators such as loan-to-share ratios in determining whether additional liquidity policy and federal liquidity source requirements should be imposed.

TCUL strongly urges NCUA to include the Federal Home Loan Banks [“FHLB”] as an emergency liquidity source if it proceeds with a final rule. The FHLBs have served as an uninterrupted source of emergency liquidity to member institutions with eligible collateral.

TCUL requests that the Central Liquidity Fund be modified in order to function properly as an emergency liquidity source. One problem is the unreasonably extended time required to approve and fund loans. Should a credit union require emergency funding, 10 days may be too long. To the contrary, the FHLBs often fund within the same day as the request.

BASEL III liquidity monitoring requirements should not be imposed on credit unions, especially since the future of BASEL III has been questioned by banks and other regulators.

Keep in mind, the vast majority of credit unions will never need to access an emergency liquidity source, and the costs of establishing access can be significant.

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

Sincerely,

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