



October 21, 2013

National Credit Union Administration
Gerard Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

RE: Comments on Notice of Proposed Rulemaking for Parts 703 and 721

VIA ELECTRONIC MAIL: www.regulations.gov

Dear Mr. Poliquin,

The Michigan Credit Union League (MCUL), the statewide trade association representing 98% of the credit unions located in Michigan and their 4.55 million members, appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to allow federal credit unions the authority to fund charitable donations accounts (CDAs) with investments that may otherwise be deemed impermissible, under its incidental powers authority.

The NCUA is proposing that a federal credit union's investment in all CDAs have an aggregate limit of 3 percent of the credit union's net worth, for the duration of the accounts. Further clarification is added that this aggregate limit is based on the book value at which the account is carried on the credit union's statement of financial condition prepared in accordance with Generally Accepted Account Principles (GAAP). The MCUL believes this 3 percent ceiling should be further clarified to include only the credit union's contribution to the CDA. If for example, a high performing investment is purchased and is generating significant yields, the account should be able to maintain that investment and the yields generated to benefit their respective charity, without the requirement to divest in order to comply with the ceiling.

The MCUL is supportive of the proposal to segregate CDA assets in a custodial account or special purpose entity designated as a CDA. However, with regard to the requirement to have a U.S. Securities and Exchange Commission (SEC) Registered Investment Advisor manage those accounts, the MCUL has concerns related to certain entities' existing exemptions from registration, such as OCC supervised national banks, federal savings banks or thrifts engaged in trust and investment activities. The MCUL believes this requirement is unnecessary and may require credit unions to limit their investment advisory options because certain trust companies that are currently exempt would not seek SEC registration in order to comply with this provision. Therefore, the MCUL urges the NCUA to reconsider their proposal to eliminate the requirement that an outside entity managing CDAs for federal credit unions be a Registered Investment Advisor with the SEC.

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Finally, the MCUL proposes that the NCUA consider excluding the administrative costs, including legal fees, associated with the creation, management and maintenance of professionally managed CDAs from the definition of "total return" in order for credit unions to recoup those costs.

In conclusion, the MCUL is very supportive of the NCUA's willingness to develop a regulatory framework to support the charitable endeavors of federal credit unions. The MCUL believes the minor revisions included in this letter will further benefit charities and those federal credit unions supporting them. The MCUL appreciates the opportunity to comment on behalf of Michigan's credit union community.

Sincerely,

A handwritten signature in black ink, appearing to be "K. Ross". The letters are stylized and connected.

Ken Ross
Executive Vice President & Chief Operating Officer