

May 04, 2015

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

RE: Comments on Proposed Rule 791 and IRPS 15-1

Dear Gerald Poliquin,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), one of the largest state trade associations for credit unions in the United States, representing the interests of approximately 400 credit unions and their 10 million members. The Leagues welcome the opportunity to provide comments to the National Credit Union Administration (NCUA) on its proposal to increase the asset size threshold used to define small credit unions under the Regulatory Flexibility Act (RFA).

Under the RFA, the NCUA must determine whether a proposed or final rule will have a significant impact on a substantial number of small entities. If so, the agency must conduct a regulatory flexibility analysis, including consideration of an exemption or substantial alternatives to the proposed or final rule that would lessen the burden on small entities. The NCUA proposes to increase the asset size threshold used to define small credit unions for RFA purposes from \$50 million to \$100 million.

The Leagues wholeheartedly support an increase to the asset size threshold as it will cause future regulations to more likely trigger an RFA analysis. The Leagues believe the proposed \$100 million threshold is too low and recommend it be increased to \$550 million – consistent with other financial industry regulators. We offer the following comments to help improve the proposed IRPS 15-1.

Asset Size Threshold

In determining an appropriate asset threshold for RFA purposes, the NCUA considered which federally insured credit unions (FICUs) are most disadvantaged in comparison to their credit union peers, as well as risk to the National Credit Union Share Insurance Fund (NCUSIF). The Leagues understand that competitive disadvantages exist in the industry, but believe greater disadvantages exist between small credit unions and banks.

The Leagues urge the NCUA to consider competitive disadvantages within the entire financial industry when setting a threshold for small entities. In doing so, we point out that the FDIC, OCC and Federal Reserve Board each use the Small Business

Administration's asset threshold of \$550 million for determining "small entity" status under the RFA. Credit unions warrant the same regulatory relief.

Should the NCUA not allow the same \$550 million asset threshold as the other regulators, we urge the agency to consider an asset threshold of \$250 million. In promulgating the Liquidity and Contingency Funding Plans rule, the NCUA noted that credit unions with \$250 million or more in assets are more likely to affect the credit union system and the NCUSIF. We find this to be more reasonable than the proposed \$100 million asset threshold. In NCUA's second risk-based capital proposal, FICUs with \$100 million in assets would be a "complex" credit union. Taken together then, this proposal suggests that you are either a small credit union or a complex credit union.

Office of Small Credit Union Initiatives (OSCUI)

Although the proposal does not address the functions and objectives of the NCUA's Office of Small Credit Union Initiatives (OSCUI), some credit unions are concerned that resources currently available to them under OSCUI may be stretched too thin under this new definition of small credit unions. The Leagues strongly urge the NCUA clarify the final rule and IRPS addresses the definition of small credit unions for RFA purposes only and does not apply to eligibility for OSCUI resources.

Conclusion

In conclusion, the Leagues recommend credit unions with \$550 million or less in assets be considered a small entity for RFA purposes. This will afford them the same consideration regarding the impact of proposed and final rules as other financial institutions are given by their regulators. In any case, the asset size threshold should not be less than \$250 million.

We thank you for the opportunity to comment on the proposal and for considering our views.

Sincerely,

Diana R. Dykstra
President and CEO
California and Nevada Credit Union Leagues

cc: CUNA, CCUL