

From: [Beverley Rutherford](#)
To: [Regulatory Comments](#)
Subject: VACU Comments on NCUA Proposed Rule -Derivatives Investment Authority
Date: Thursday, July 25, 2013 12:45:52 PM

Thank you for the opportunity to comment on NCUA’s proposed rule that amends the investment rule with respect to the use of derivatives. I am responding on behalf of the largest state-chartered credit union located in Virginia, with over 2.4 billion in assets, and over 220,000 members.

We offer the following comments about the proposed rule:

- We do not support NCUA charging fees to those credit unions to obtain derivatives authority. Not only do we believe this may set a precedent for fees for other credit union activities , we believe this may be a deterrent to those credit unions that could benefit from the use of derivatives in their investment risk strategy.
- We are concerned that this rule would limit a credit unions’ ability to rely on external service providers to meet the experience requirements. The use of derivatives makes sense for many credit unions in their overall strategy, but requiring three years (or five years depending on the authority level) of knowledge and experience in derivatives transactions would be burdensome to many credit unions; being able to use external service providers that are screened appropriately should be permitted.
- Being a state-chartered credit union, we support state credit unions looking to their state law for derivatives authority and requirements as opposed to following NCUA’s derivatives rules.

Overall, we believe the requirements of the proposed rule will be very costly for many credit unions to meet, ultimately deciding the cost of using derivatives exceeds whatever benefit they may receive. We urge the NCUA to consider these concerns as they issue the final rule. Thank you for considering our comments.

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