



Credit Union National Association

[cuna.org](http://cuna.org)

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July 29, 2013

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

Re: Comments on Proposed Rule – Derivatives

Dear Mr. Poliquin:

This letter supplements the Credit Union National Association's (CUNA) initial comment letter regarding the National Credit Union Administration (NCUA) Board's request for public comments on a proposed rule to allow federally insured credit unions to invest in simple derivatives transactions for the sole purpose of mitigating interest rate risk (IRR). This letter reiterates our concerns that the costs to credit unions for complying with the provisions in the proposed derivatives rule are excessive and will place derivatives authority out of reach for many if not most credit unions seeking derivatives authority.

While CUNA was preparing to develop its own cost estimates, ALM First shared with us its numbers related to how expensive NCUA's proposal will be for credit unions. Rather than duplicate efforts, we urge NCUA to fully consider the cost estimates in ALM First's July 8, 2013 comment letter.

As you can see from these estimates, the extremely high compliance costs for will minimize the value to credit unions from using derivatives. If the proposal goes forward without the significant changes CUNA is urging, the excessive requirements and costs associated with these requirements will result in a lost opportunity for credit unions to reduce risk in a similar manner allowed for banks. This would place credit unions and the credit union system at a distinct disadvantage. Moreover, it would deprive credit unions of an important tool to manage IRR and thereby contain costs for the National Credit Union Share Insurance Fund.



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Thank you for your consideration of this letter and of the comments in our earlier letter filed July 23rd. We do not routinely file supplemental letters but felt it was important to call attention to our concerns about the costs associated with the proposal. If you have any questions concerning this letter, please contact me at (202) 508-6736.

Sincerely,

A handwritten signature in cursive script that reads "Mary Mitchell Dunn".

Mary Mitchell Dunn  
Deputy General Counsel and Senior Vice President