

December 23, 2013

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

RE: Comments on Proposed Rule - Capital Planning and Stress Testing

Dear Gerald Poliquin,

I am writing on behalf of Xceed Financial Credit Union, a workplace credit union that focuses on meeting the needs of working adults employed by our many Select Employer Group (SEG) partners. We have \$1 billion in assets under management, over 67,000 members nationwide, and operate 15 Financial Centers in five states. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its Proposed Rule for Capital Planning and Stress Testing.

In general, Xceed Financial Credit Union's position is that the proposed capital analysis requirements are appropriate. Our rationale is that the balance sheets of the largest credit unions, which are covered by the requirements, are not significantly different from covered banks, so requirements that mirror those of banks are appropriate.

With regard to the proposed time frames for approval and resubmittal of the covered credit union's capital plans, we think the 3-month turnaround from NCUA for approval is reasonable. However, allowing credit unions just 30 days to resubmit a plan is inadequate - given that NCUA will take 90 days for plan review, it is doubtful that one-third that amount of time will be sufficient to effectively modify the plan.

On the issue of which entity ought to conduct the stress testing, Xceed Financial Credit Union sees no reason for NCUA to create an independent stress test that it administers when the other regulatory bodies allow the institutions under their purview to perform their own testing. Neither NCUA nor any other outside agency can possibly possess a more comprehensive understanding of a credit union's balance sheet than the credit union itself. Therefore, our view is that NCUA should focus on validation and recommendations related to stress tests performed by the covered credit unions. The cost estimates cited by NCUA, which we consider inappropriate, also argue against the agency conducting independent testing. However, should NCUA determine that this is its proper role, the cost for testing should be borne by that agency - neither individual credit unions nor the Share Insurance Fund should be forced to cover NCUA's operating expenses.

With respect to the proposed capital ratio for credit unions, our view is that it should mirror the 5% figure required of banks. A lower ratio is proposed based on a perceived inability of credit unions to raise capital for the higher ratio; however, we think it is unrealistic to believe that even a bank -- if truly stressed -- can effectively raise capital, so different standards for credit unions do not make sense. Similarly, though we cannot speak to the specific components to be excluded from the stress test capital ratio, our general view is that items banks exclude should also be excluded by covered credit unions.

We also see no good reason to make the rules of public disclosure of stress test results different for covered credit unions. Though it is true there is risk of the results being misread, it is the same situation banks face, so the same rules should apply.

In summary, Xceed Financial Credit Union supports capital analysis requirements for credit unions of a size that is comparable to covered banks. Like other very large institutions, these very large credit unions can put their federal insurers at risk; furthermore, they have the in-house expertise and resources to effectively comply with rules that mirror those of similarly-situated banks. As NCUA moves forward with new rules, we encourage all parties to learn from the experiences of bank regulators to ensure that the NCUSIF is adequately protected with minimal burden to credit unions.

Thank you for the opportunity to comment on this Proposed Rule and for considering our views on Capital Planning and Stress Testing.

Sincerely,

Teresa Freeborn
CEO
Xceed Financial FCU

cc: CCUL