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November 23, 2015

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

**Bank Note Maturity RIN 3133-AE55**

Dear Mr. Poliquin:

As the President/CEO of the New York Credit Union Association, I am writing this letter in support of NCUA's proposal to allow federal credit unions to invest in bank notes with remaining maturities of five years or less. Based on feedback from our member credit unions, the Association believes that this narrow amendment will be used to expand investment options.

Currently 12 CFR 703.14(f)(5) authorizes FCUs to invest in bank notes with "original" weighted average maturities of less than 5 years. By eliminating the "original" modifier, FCUs will be allowed to invest in any bank notes that mature in five years or less.

While any expansion of investment authority is welcomed, credit unions reviewing this proposal questioned why they are still limited to investing in notes with a cap of five years. Nothing in the Federal Credit Union Act imposes this restriction. In addition, even though Regulation D is an appropriate guideline for NCUA to follow, the agency is not required to strictly adhere to all of its definitions. In 1981, NCUA opined that its powers under the FCU Act were broad enough to permit the sale of federal funds to any bank in which a federal credit union may deposit funds. (NCUA-IR - 81-2 FEDERAL FUNDS 03/81).

That same authority should be used to permit credit unions to invest in any note representing the proceeds of a federally insured deposit, regardless of its maturity length. To address safety and soundness concerns, NCUA could stipulate that FCUs would only be allowed to invest in notes representing deposits having equal ranking with all other senior, unsecured indebtedness of the bank. (See RE: BANK NOTES, 2002 WL 34156839).



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In debating the merits of risk-based capital reform, larger credit unions argued that as NCUA imposes greater capital constraints on credit unions, it should expand the scope of permissible investments. To this end, we support this proposed amendment and urge NCUA to continue to review and eliminate unnecessary restrictions on investment authority.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is fluid and cursive, written over a white background.

William J Mellin  
President/CEO  
New York Credit Union Association