



Via email to regcomments@ncua.gov

November 4, 2015

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

RE: Comments on Proposed Rule – Bank Notes

Dear Mr. Poliquin,

CU Investment Solutions LLC (CUIS) thanks the NCUA Board (Board) for its action to improve 12 CFR Part 703 (Part 703) with its proposed revision to the language addressing maturity requirements for bank notes. CUIS believes the Board's proposed revision will align the regulatory language in Part 703 to be consistent with the original intent for consistency with the definition of "deposit" under Regulation D.

Additionally, CUIS believes the change will prudently enhance the investment opportunities available to credit unions. Issuers in the market for senior bank notes predominately choose to issue new notes with original maturities of three, five and seven years. Consequently, Part 703, as currently written, effectively limits credit unions to bank notes with original maturities of three years. The proposed revision to Part 703 will open a significant amount of high-quality seasoned bank note issues (those with remaining maturities of less than five years, but original maturities of five years and longer) that are not currently permissible to credit union investment managers.

The proposed revision to Part 703 does not increase the amount of risk intended to be allowed under the existing regulation because it still does not allow credit unions to assume bank note investment risks corresponding with bank notes having maturities of five years and longer. It is merely the practical limitations of the structure of issuance in the bank note market that has currently prevented credit unions from exercising their full authority under the regulation. As a result, existing standards for prudent credit due diligence and risk management practices should continue to be appropriate.

Again, we thank the Board for its responsiveness and expeditious action in this matter.

Respectfully,

Brad Thomas
Managing Director / Chief Credit Officer