April 21, 2015

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

RE: Comments on Proposed Rule: Risk-Based Capital; RIN 3133-AD77

Dear Gerald Poliquin,

On behalf of McKesson Employees' Federal Credit Union, I appreciate the opportunity to comment on NCUA's proposed amendments to the Risk Based Capital (RBC) Rule.

McKesson Employees' Federal Credit Union is a federally chartered CU in San Francisco, California serving the McKesson Employees nation wide. We currently have 4900 members, representing $26 million in assets and $1.9 million of insured shares.

I would like to thank the NCUA for listening to credit unions concerns about the risk based capital proposal and would like to share my comments.

I do not feel that the RBC rule is necessary.RBC is a complicated set of rules and ratios based on a theory that has not worked in practice. In contrast, the simple and easy-to-understand leverage ratio has served the CU system well through good times and multiple economic crises. RBC for banks has become so complex — and even brought adverse, unintended consequences — that the U.S. banking regulators in April 2014 unanimously adopted credit unions' simple leverage approach to capital adequacy to supersede RBC's multiple measures. The FDIC vice chairman even made a comment stating that it doesn't work.

This rule serves no constructive purpose and will not work as outlined. As they say for mutual funds: "past performance is no guarantee of future results". So why would we think this rule could do better than the one failure it might have caught. And, this poor performing rule isn't free. It will cost credit unions and their member-owners millions of dollars to comply with and it will deflect the attention from otherwise real problems.

Complexity should not be based on size. Complexity should consider the portfolio of assets and liabilities. Complexity should factor in consideration of deposit account types, member services, loan and investment types and portfolio composition.

Additional Capital Above the RBC Level May Be Required under a New Proposed Requirement for a Capital Adequacy Plan. This provision does not seem to be justified. NCUA has eliminated the provision in the earlier proposal regarding individual additional minimum capital. Under the previous provision, an examiner could have been able to impose additional capital on credit unions on a case-by-case basis. This proposal looks like more of the same from the original and should also be eliminated.

I am concerned that NCUA is considering further regulation of interest rate risk that after-the-fact may be tied back to risk based capital. It would seem unfair to issue a RBC rule then later change the game with an IRR rule. A separate interest rate risk rule is NOT necessary.

Summary of my position:

I am asking that you reject the risk-based capital proposal under consideration, as it is not necessary! NCUA said it would follow the lead of the FDIC in regulating risk at banks, and FDIC has rejected risk-based capital standards in favor of a simple, direct tangible equity to tangible asset formula. I don't say this a lot, but the NCUA should follow their lead. As you know, Credit unions as a whole did not cause the recent economic crisis. CUs did the same thing they always have: gave good service with good rates and a sound banking option to people in our community who might otherwise be underserved or unbanked.

Thank you again for the opportunity to comment on this proposed rule.

Sincerely,

Christopher Bruno
President/CEO
McKesson EFCU

cc: CUNA, CCUL