



April 23, 2015

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

**Risk-Based Capital, 80 FR 4340-01**

Dear Mr. Poliquin:

I am writing this letter on behalf of First New York FCU, a community credit union in New York's Capital Region, to comment on NCUA's proposed Risk-Based Capital regulation. First New York FCU would be subject to the proposed RBC framework if implemented as drafted. NCUA deserves credit for the numerous and substantial improvements made to its original proposal. However, my credit union, like many others in New York State, continues to believe that additional improvements and clarifications are necessary.

If NCUA feels compelled to create a new RBC framework, it should clarify precisely what powers examiners will be able to exercise. Specifically, NCUA has suggested in this proposal's preamble that, even if a credit union satisfies well-capitalized requirements, it can impose capital requirements in excess of those minimum thresholds. This approach is misguided. Credit unions that comply with regulations should be free to allocate their resources in the way that they feel best advances the needs of their members. In addition, to the extent feasible, credit unions should have bright line rules for complying with RBC requirements.

For similar reasons, First New York supports NCUA's decision to raise the threshold for compliance with this regulation from \$50 to \$100 million. Credit unions at or above that threshold are presumably complex and, with appropriate notice should be able to comply with RBC requirements. In the preamble, NCUA asks credit unions if criteria other than asset size should be used in classifying credit unions as complex. There is no need to make the threshold more complicated. A \$100 million trigger for complying with this regulation would provide another appropriate bright line for credit unions.

In its first proposal, NCUA had understandable difficulty balancing a desire for compliance simplicity against the need to create an RBC framework that it feels more accurately reflects the risk posed by credit union investments and activities. Many of NCUA's improvements in this amended proposal reflect the need to make an RBC framework as complicated as it needs to be in order to treat well-functioning sophisticated credit unions fairly. As NCUA continues to make adjustments to its proposal, I urge it to continue to make changes even if they result in a more complicated RBC framework.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark F Jarocki", is written over a faint, larger version of the signature.

Mark F Jarocki  
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