



April 2, 2015

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

RE: Risk-Based Capital, 80 FR 4340-01

Dear Mr. Poliquin:

As the President/CEO of Sidney FCU, which serves members in the Southern Tier of New York, I would like to comment on NCUA's revised Risk-Based Capital Proposal. I am pleased with a number of changes that the NCUA has made from its initial proposal, but it has still not demonstrated why it needs to impose a more complicated RBC system on all but the largest and most complex credit unions.

Many of the changes in this draft result in greater compliance complexity. For example, NCUA reduces the proposed risk ratings for member business loans by proposing a new category of assets defined as "commercial loans." Rather than increasing complexity, a better approach would be to dramatically reduce the number of credit unions subject to RBC reform. The existing PCA system reflects the unique structure of credit unions since they, as opposed to almost every other institution subject to BASEL III reforms, do not have the ability to raise capital with stock offerings. In addition, natural person credit unions did remarkably well at avoiding widespread failure during the Great Recession.

There is no need to fix something that is not broken. NCUA should dramatically reduce the number of credit unions subject to a new RBC system. First, it should raise the asset threshold for compliance from \$100 million to \$500 million. The \$500 million threshold reflects the point after which credit unions are healthiest as reflected in loan and membership growth. In addition, NCUA is attempting to make its framework more comparable with the BASEL III framework adapted by other financial institutions and a higher compliance threshold would be more consistent with this approach. Second, NCUA should classify a credit union as "complex" for RBC purposes only if it engages in a combination of activities. The activities that I feel would make a large credit union complex include participation loans, non-agency mortgage-backed securities, repurchase transactions, and derivatives.

A primary goal of the NCUA should be to insure that whatever RBC framework it implements does not increase the compliance burden on credit unions while decreasing the flexibility they need to effectively allocate their resources. The substantial amendments NCUA has already made demonstrates that it is willing to respond to legitimate industry concerns. I would ask that it continue to narrow the application of RBC requirements so that they only apply to truly "complex" credit unions.

Sincerely,

A handwritten signature in black ink that reads 'James A. Doig'. The signature is written in a cursive style with a large, stylized 'D' at the end.

James Doig, President/CEO
Sidney FCU
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Sidney Federal Credit Union • Sidney Branch

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