RBFCU

July 22, 2016

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

RE: The NCUA's Proposed Rule regarding Incentive-Based Compensation Arrangements

Dear Mr. Poliquin:

On behalf of Randolph-Brooks Federal Credit Union (RBFCU), this letter is being submitted in response to the NCUA's proposed rule regarding incentive-based compensation arrangements for credit union executives.

Request for Extended Comment Period

First, we would like to request an extended comment period. Since the NCUA, the FDIC, the OCC, the SEC and the FHFA have all adopted the notice of proposed rulemaking on incentive-based compensation and begun comment periods at different times, the financial services industry and other interested stakeholders have not had an appropriate amount of time to fully review and comment on the proposed regulations. We would like to respectfully request an extension of the comment period to at least 150 days from the date when the rule is published in the Federal Register.

Credit Unions Did Not Cause the Financial Crisis

In general, we appreciate and understand that there is a necessary and proper regulatory role for the NCUA and other similar governmental agencies; however, we believe that this particular regulation is overly burdensome and won't alleviate the problems the Dodd-Frank Act is trying to address.

The proposed rulemaking is extremely long and complicated, and seems to be inappropriately applied to credit unions, which are not-for-profit financial cooperatives, since credit unions were not responsible for creating the 2008 financial crisis. We understand if the NCUA feels it is appropriate to issue guidance to credit unions given the Dodd Frank requirements to address

Austin
512-833-3300
San Antonio
210-945-3300
Toll-free
1-800-580-3300
rbfcu.org
One Randolph-Brooks Parkway, Live Oak, TX 78233 | P.O. Box 2097, Universal City, TX 78148-2097

RBFCU

issues with flawed incentive-based compensation arrangements, but credit unions have not historically relied on incentive-based compensation arrangements when determining compensation for their executives and loan officers.

The NCUA Already has Oversight

As part of its safety and soundness exams, the NCUA already has supervisory authority to address compensation plans that result in unsafe and unsound practices at federally-insured credit unions. As fiduciaries of their credit union, the board of directors is the most appropriate body to adequately determine how to compensate its senior executive team. We believe that by implementing the proposed regulation, NCUA would be inappropriately extending their regulatory role and oversight of credit unions in the areas that each uniquely situated credit union should have the ability and flexibility to determine on its own. RBFCU believes that its board of directors and senior executive team should have the flexibility to determine the compensation plan for its own credit union executives rather than the NCUA.

We already have, and fulfill every day, a duty to ensure the safety and soundness of our financial institution. RBFCU currently shares compensation information with our board and with NCUA examiners to allow them to look at compensation as compared to performance. Providing copies of all underlying plan documents and individual reward payments does not add any additional value to the process already being performed.

Therefore, RBFCU encourages the NCUA to extend its comment period so that financial institutions and other stakeholders can have a sufficient amount of time to review and comment on the proposed rulemaking. However, if the NCUA declines to do so, we respectfully request that the NCUA withdraw this proposed regulation, and recognize that such a proposal is unnecessary because it already has the ability to manage unsafe and unsound executive compensation packages through its supervisory authority. Thank you for your consideration.

Sincerely,

Randall Carswell
Senior Vice President