

From: [Park Cann](#)
To: [Regulatory Comments](#)
Subject: Parker Cann - Comments on Advance Notice of Proposed Rulemaking for Supplemental Capital
Date: Tuesday, May 09, 2017 5:14:20 PM

Dear Mr. Poliquin:

The purpose of this letter is to provide comments on the Advance Notice of Proposed Rulemaking for Supplemental Capital (ANPR) issued by the National Credit Union Administration (NCUA). The ANPR was published in the Federal Register on February 8, 2017.

Since 1998, when the Credit Union Membership Access Act was enacted, I have been a strong proponent for allowing credit unions to issue supplemental capital that counts for regulatory capital purposes. From 1995 until 2002 I served as head credit union regulator for the state of Washington and, subsequently, I served in senior executive positions at credit unions. I recently retired from the credit union industry.

I support the development of a rule that permits credit unions, upon application and approval by the NCUA and, if state-chartered, their state regulator, to issue a variety of forms of supplemental capital instruments that are recognized as capital for risk-based capital purposes. The rule should not be so prescriptive and rigid as to discourage innovation by credit unions and acceptance by potential investors. Among other features, it should allow for a broad range of potential purchasers of the instruments, including members and non-members, whether they are natural or non-natural persons. Pooling arrangements should be permitted to reduce the cost and complexity of issuances by small credit unions. Of course, a fundamental principle here is that the issuance of supplemental capital instruments must not disrupt the cooperative nature of credit unions.

I believe that issuance of supplemental capital would be a valuable tool for credit unions to maintain and build their capital, enhancing their ability to serve members. And I believe, from my discussions with credit union executives over the years, that a meaningful number of credit unions would exercise their ability under the rule to issue supplemental capital. Ultimately, I hope that Congress can be persuaded to amend the Federal Credit Union Act to allow credit unions to issue supplemental capital instruments that would be recognized more fully, for PCA net worth purposes as well.

I recognize that there are serious issues that must be tackled in a rulemaking on supplemental capital. However, these issues are not insurmountable. Existing state and federal bank regulation on similar issues can be looked to as a conceptual starting point. With the input of credit unions and state credit union regulators, I am confident that the NCUA can fashion a

balanced rule that would benefit credit unions and their members, and protect the NCUSIF, supplemental capital investors, and other interested stakeholders.

Thank you for the opportunity to comment on the ANPR.

Parker Cann