



OHIO CREDIT
UNION LEAGUE

August 18, 2017

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

Re: Request for Public Comment Regarding Corporate Credit Unions
RIN 3133-AE75

Dear Mr. Poliquin,

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the National Credit Union Administration's (NCUA) proposed changes to corporate credit unions (corporates). One of the largest corporates, Corporate One FCU, is domiciled in Ohio, with 810 credit union members nationwide.

First, we wish to acknowledge the tremendous value corporates (especially Corporate One FCU) have brought to Ohio credit unions historically, bring to them today, and will bring to them in the future (especially if their rule framework is modernized to reflect contemporary economic, market, and industry conditions). Of course, the corporates are built on the same motivational foundation as credit unions: the cooperative business model. As member-owned and -led cooperatives, the corporates pursue a mission centered on member success, not profit extraction. These member-centric motivations create unique value for credit unions in essential business spaces such as balance sheet management, ALM strategy, liquidity optimization, investment planning, payments leverage, financial technology, and credit facilities. Corporate One FCU, central to credit union success in Ohio for decades, has a proud Ohio history and an expansive national future. We support this rule proposal because it will allow Corporate One FCU and other corporates to more effectively leverage capital, in a safe and sound way, to the benefit of its member-owner credit unions.

OCUL strongly supports the proposed changes regarding the definitions of retained earnings and Tier 1 capital. As a result of the financial crisis, NCUA revised Part 704 of the rules governing corporates. Consequently, the corporate credit union system has significantly contracted and consolidated. NCUA is revisiting technical aspects of the rule to account for changed conditions. We appreciate NCUA's initiative to establish a regulatory framework that provides a foundation for a vibrant corporate system that creates strong value for natural-person credit unions.

OCUL agrees that the definition of "retained earnings" should expressly include equity acquired in a merger and reflect GAAP (Generally Accepted Accounting Principles). OCUL believes the change to Tier 1 capital, as a result of the new retained earnings definition, will benefit the corporate system, creating comparable leverage ratios among corporates. The current rule limits the amount of perpetual contributed capital included in Tier 1 capital. We are pleased NCUA seeks to assist the financial marketplace by easing restrictions on how perpetual contributed capital is counted toward regulatory capital requirements for corporates.



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In addition, as noted by NCUA, Part 704 of the rules has not been fully reviewed since the expansive changes in 2010. We encourage the NCUA to place Part 704 of the rules on its 2018 rule review schedule. During a more expansive rule review, corporates, their natural-person credit union members, and other interested parties (such as OCUL) could explore other rule modernization opportunities for the benefit of credit unions and their members.

We respectfully request that NCUA adopt the proposed rule. We applaud the agency's proposal to implement common-sense regulations that benefit corporates and their members. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Manager of Policy Impact



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