Catalyst Corporate Federal Credit Union

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September 1, 2017

Gerard Poliquin, Secretary of the Board
National Credit Union Administration
Via email: regcomments@ncua.gov

RE: Comments on Proposed Rule – 12 CFR Part 741 – Requirements for Insurance; National Credit Union Insurance Fund Equity Distributions

Catalyst Corporate Federal Credit Union (Catalyst Corporate) commends the NCUA Board (Board) for proposing changes to 12 CFR Part 741. Below are our comments and suggestions.

Closing the Temporary Corporate Credit Union Stabilization Fund (TCCUSF)

Catalyst Corporate supports closing the TCCUSF but understands that the loss of the $6 billion line of credit from the Treasury Department is a significant sacrifice as it removes a material form of contingent liquidity. Given the relatively small size of the Central Liquidity Facility (CLF), additional consideration should be given to future changes to the CLF statute and regulations.

Catalyst Corporate agrees with the Board that managing to an adverse scenario provides a good balance between maintaining sufficient equity in the National Credit Union Share Insurance Fund (NCUSIF) to manage volatility and keeping money at work in the credit union community. Catalyst Corporate recommends setting the normal operating level of the NCUSIF to withstand a moderate to severe recession until the legacy assets have been fully addressed and their volatility ceases to impact the fund.

Given the importance of the corporate credit union asset management estates, and the impact those estates could and will have on the volatility of the NCUSIF equity ratio, Catalyst Corporate fully supports increasing the transparency of the financials for those estates after the two funds are combined. Increased transparency will continue to highlight NCUA's successful management of the legacy assets and the positive impact the legal settlements continue to have on each of the individual estates. Continuing to provide this transparency will ensure that the final payouts on the individual corporate estates to the holders of receiver certificates are clear to all credit unions that funded the TCCUSF. Catalyst Corporate further supports the potential reduction of overall expenses that merging the two funds should entail.

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§741.4(e)

Catalyst Corporate supports using the last four quarters of insured share balances to help mitigate seasonal variations. Additionally, the use of a four quarter look-back period to estimate each insured credit union's proportionate share of an excess funds distribution more closely aligns with the longer term stability horizon that NCUSIF premiums and any Federally Insured Credit Union's (FICU) required capitalization deposit are designed to create.

§741.13 (as a temporary measure)

Catalyst Corporate supports the Board's proposal to add temporary §741.13 to address any NCUSIF equity distributions related to the winding down of the TCCUSF. Finally, Catalyst Corporate recommends repaying credit unions according to the full amount of assessments paid and recommends against using either FIFO or LIFO in any form or fashion. Using the full amount of any special assessments paid by an FICU most closely aligns with the Federal Credit Union Act that requires the Board to effect a pro rata distribution to the insured credit unions after each calendar year.

Technical Changes

Catalyst Corporate supports all of NCUA's technical changes and the elimination of Appendix A to part 741.

Thank you for the opportunity to comment on the proposed changes to 12 CFR Part 741.

Sincerely,

Kathy L. Garner
President/CEO