



*League of Southeastern
Credit Unions & Affiliates*

Michael Lee
Director of Regulatory Advocacy
League of Southeastern Credit Unions
22 Inverness Parkway, Suite 200
Birmingham, AL 35242

Gerard Poliquin
Secretary of the Board
National Credit Union Administration 1775 Duke St.
Alexandria, VA 22314-3428

Re: 12 CFR Part 702 - Risk-Based Capital—Supplemental Rule – [RIN 3133–AE90]

8/23/2018

Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) agrees with the proposed rule to increase the threshold for the application of the Risk Based Capital rule from \$100 million to \$500 million in assets and to extend the effective date of the 2015 rule by one year to January 1, 2020. The LSCU is a trade association that represents 244 credit unions in Alabama and Florida. Our mission is “to create an environment that enables credit unions to grow and succeed.” We support these proposed changes and think they will reduce the regulatory burden to most credit unions while maintaining an appropriate system to properly account for higher risk portfolios amongst the largest credits that are the greatest risk to the Share Insurance Fund. Therefore, we agree with both proposed changes to the RBC regulation to moving the effective date from Jan. 1, 2019 to Jan. 1, 2020, to amending the threshold definition of “complex” credit union from \$100 million to \$500 million, to revising the complexity index (CI), and to developing a complexity ratio (CR).

Our only additional comment would be for NCUA to express to Congress the need update the statutory provisions of the FCUA regarding Risked Based Capital to better accommodate the cooperative nature unique to credit unions, particularly regarding alternative capital. We have previously expressed our thoughts on necessary changes to alternative capital in a recent letter to NCUA,¹ and this continues to reflect our thoughts on improving the capital requirement for credit unions.

Again, we support the proposed changes to the RBC regulation, and we appreciate the work NCUA has continued to do to provide important regulatory changes to relieve credit unions from costly, complex, and often unnecessary burdens. We know these changes will ultimately benefit the American consumer. Please feel free to contact me with any additional thoughts or questions regarding this or other regulatory issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lee", with a stylized, cursive script.

Mike Lee

Director of Regulatory Advocacy.

¹ Letter from Michael Lee, Dir. of Regulatory Advocacy, League of Southeastern Credit Unions and Affiliates, to National Credit Union Administration on Alternative Capital (May 8, 2017)(On file with LSCU).