



September 7, 2018

Gerald Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

**Re: RIN 3133-AE90**

Dear Mr. Poliquin:

The Pennsylvania Credit Union Association ("PCUA") on behalf of its member credit unions, submits these comments on the Risk-Based Capital-Supplemental Rule (the Rule). PCUA is a state-wide advocacy organization that represents a majority of the over 400 credit unions located in the Commonwealth of Pennsylvania. We appreciate the efforts of the National Credit Union Administration (NCUA) to make changes to the Risk-Based Capital Rule.

PCUA and its member credit unions support NCUA's proposed changes to the Rule; however, the delay in the effective date of the Rule should be used to continue to find ways to improve the Rule.

#### The Asset Threshold and OCI

In the current proposal, NCUA proposes raising the asset size threshold included in the definition of a "complex" credit union from \$100 million to \$500 million. We agree that a \$500 million threshold is more reflective of a "complex" credit union. When we first reviewed the risk-based capital rule in 2015, we spoke with many of our credit unions that had assets greater than \$100 million but less than \$500 million who indicated they did not offer many of the complex products and services that were included in the original rule.

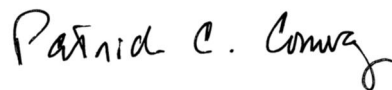
The intent of the Rule is to protect the share insurance fund from large losses that could be caused by high-risk "outlier" credit unions. Asset size alone is not an indicator of risk and we encourage NCUA to continue improving the Rule's definition of complex. We support NCUA's proposed changes to the Original Complexity Index (OCI). We encourage NCUA to continue looking for ways to improve the OCI so that the definition of a "complex" credit union is truly reflective of complex credit unions, and not strictly asset-based.

Delay in Implementation

NCUA proposes delaying the effective date of the October 29, 2015 final risk-based pricing rule for one year, making it effective January 1, 2020. Although many of our credit unions have started preparing for implementation in 2019, we support delaying the effective date by 2 years as found in legislation that passed the U.S. House of Representatives in July. The JOBS and Investor Confidence Act of 2018 (S. 488) would delay the risk-based capital rule by pushing the effective date from January 1, 2019 to January 1, 2021. The extra time will not only allow extra time for our credit unions to prepare and test prior to implementation, but will also provide NCUA with additional time to review the rule and find other areas that may need improvement.

Thank you for the opportunity to comment.

With best regards,

A handwritten signature in black ink that reads "Patrick C. Conway". The signature is written in a cursive, slightly slanted style.

Patrick C. Conway  
President & CEO

cc: Association Board  
Government Relations Committee  
Regulatory Review Committee  
State Credit Union Advisory Committee