CREDIT UNION ASSOCIATION OF THE DAKOTAS

July 25, 2019

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

Submitted electronically
to regcomments@ncua.gov

RE: RIN 3133–AF01; Proposed Rule: Risk-Based Capital—Delay of Effective Date

Dear Mr. Poliquin,

The Credit Union Association of the Dakotas (CUAD), which represents state and federally chartered credit unions in the states of North Dakota and South Dakota, appreciates the opportunity to provide comment to the National Credit Union Administration (NCUA) regarding its proposed rule to delay the effective date of the NCUA's October 29, 2015 final rule and November 6, 2018 supplemental final rule both regarding risk-based capital.

CUAD fully supports the delay of the NCUA's Risk-Based Capital Rule until January 1, 2022. As CUAD has expressed in prior comment letters, we continue to appreciate and acknowledge the NCUA's role and responsibility to protect the share insurance fund and also to ensure safety and soundness in credit unions. However, we have concerns the Risk-Based Capital rule process began as a solution in search of problem. Nonetheless, CUAD applauds the NCUA for listening to the credit union industry and taking steps to address the concerns expressed by taking "additional time to holistically and comprehensively evaluate capital standards for federally insured credit unions." *84 FR 30048*

CUAD believes it is logical, efficient and preserves members' funds for these rules to be delayed while the NCUA examines whether other changes should be made to the Risk-Based Capital rule, such as whether asset securitization, and subordinated debt should be addressed, and whether a community bank leverage ratio analog should be integrated into the NCUA's capital standards. As member-owned financial cooperatives, the compliance costs, anytime a rule change is implemented, is ultimately bore by the members. Thus, when a credit union is required to implement a rule and then make changes in short order to a recently implemented rule, it is an unnecessary cost when the rule could be delayed. If money can be saved by implementing as fully vetted and as well-designed regulation as can be achieved, it is ideal.

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As discussed in the proposed rule, the additional time would also be used for implementation. As explained in the proposed rule, the NCUA is taking steps to modernize examinations including, “replace outdated, end-of-life examination systems, streamline processes, adopt enhanced examination techniques, and leverage new technology and data to maintain high quality supervision of federally-insured credit unions with less onsite presence. These initiatives include the Enterprise Solution Modernization, Call Report Modernization, and Virtual Examination programs. The proposed delay would enable the NCUA to direct additional time and resources toward modernizing examination systems, versus dedicating resources to end-of-life systems being retired.” *84 FR 30049* Again, CUAD fully supports being good stewards of, what is ultimately, the members’ money and not wasting it on outdated systems.

The additional implementation time for the Risk-Based Capital rule would also allow credit unions to first tackle the Financial Accounting Standards Board’s final current expected credit loss standard without having to implement two complex rules simultaneously.

Thank you for this opportunity to share our comments and concerns.

Respectfully,

Jeffrey Olson

Jeffrey Olson
CEO/President

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Chief Compliance Officer

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