Illinois
Credit Union League

July 25, 2019

Filed via reg.comments@ncua.gov

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

RE: ***Illinois Credit Union League---Comments on Proposed Rule: Risk-Based Capital – Delay of Effective Date***
RIN 3133-AF01

Dear Mr. Poliquin:

The Illinois Credit Union League ("ICUL") is the primary trade association for over 260 state and federally chartered credit unions doing business in the State of Illinois, who in turn serve over 3.5 million consumers. We thank you for the opportunity to comment on the National Credit Union Administration's (NCUA) proposed delay of the effective date of the risk-based capital rule.

ICUL fully supports the proposed delay of the risk-based capital rule, and adopts the viewpoints in the comment letter filed by the Credit Union National Association on July 23, 2019 (copy attached for convenience).

We thank you again for the opportunity to comment on the proposed rulemaking. We fully support the proposal to delay the effective date until January 1, 2022. If you have any questions, please feel free to contact me.

Sincerely,

Illinois Credit Union League
Kari Osier
Kari Osier
Compliance Specialist

Credit Union National Association
CUNA

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July 23, 2019

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

Re: Delay of Effective Date of the Risk-Based Capital Rule; RIN 3133–AF01

Dear Mr. Poliquin:

On behalf of America's credit unions, I am writing about the National Credit Union Administration's (NCUA) notice of proposed rulemaking regarding a delay of the effective date of the risk-based capital (RBC) rule. The Credit Union National Association (CUNA) represents America's credit unions and their 115 million members.

Proposed Delay of RBC Effective Date

The NCUA Board has proposed delaying the effective date of the RBC rule from January 1, 2020, to January 1, 2022. This proposed delay would allow the Board additional time to holistically and comprehensively evaluate the NCUA's capital standards for credit unions. We support the proposed delay and believe it will benefit both the NCUA and credit unions, allowing them additional time to prepare for the rule's implementation.

CUNA maintains, however, that the RBC rule, as applied, is functionally unnecessary. The data continues to clearly show that the rule is a solution looking for a problem. If in place prior to the crisis, the proposed RBC rule would have done almost nothing to prevent the dislocations that occurred—most capital and liquidity issues were confined to the corporate credit union arena, where the agency had already effectively addressed relevant concerns. RBC places significant unnecessary burdens on credit unions and needlessly coerces credit union asset allocations—all at a significant cost to credit union members.

Benefits of Delaying the RBC Effective Date

Credit unions are concurrently working to implement a number of additional changes, some from the NCUA and some from other federal regulators. The proposed delay will afford credit unions additional time to implement changes that are necessary to comply with the RBC rule.

We agree with the NCUA that the additional time would benefit credit unions as they work to implement the Financial Accounting Standards Board's (FASB) final current expected credit loss (CECL) standard. The proposed delay would allow credit unions additional time to allocate resources to the implementation of CECL. While during a recent meeting, FASB has tentatively agreed to delay the CECL effective date until January 1, 2023, we nevertheless believe a delay to the RBC rule effective date will be of benefit to credit unions.

Furthermore, we appreciate the NCUA's plan to use the proposed delay to review additional issues related to credit union capital, including 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.

We encourage the NCUA to examine whether an analog to the bank regulators community bank leverage ratio (CBLR) would be appropriate for credit unions. The CBLR is intended to be an optional, simplified, alternative measure of capital adequacy for federally insured banks. We support the agency's efforts to pursue potential alternatives for credit unions that may be simpler and more appropriate for their operations.

We also support the NCUA's effort to pursue a proposed regulation on subordinated debt. We believe alternative capital has the potential to benefit numerous credit unions and allow them to continue to grow their operations. We appreciate Chairman Hood's commitment to issue a proposal by the end of this year.

Conclusion

On behalf of America's credit unions and their 115 million members, thank you for the opportunity to share our comments on the proposed rulemaking regarding a delay of the effective date of the RBC rule. We support the agency's proposal to delay the effective date until January 1, 2022. If you have questions about our comments, please do not hesitate to contact me at (202) 508-6743.

Sincerely,

Luke Martone

Luke Martone
Senior Director of Advocacy & Counsel