



Submitted via email to: regcomments@ncua.gov

July 25, 2019

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

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

Dear Mr. Poliquin:

The Wisconsin Credit Union League, representing Wisconsin's credit unions® and their more than 3.2 million members, is pleased to comment in support of the NCUA's proposal to delay the effective date of its risk-based capital (RBC) Rule from Jan. 1, 2020, to Jan. 1, 2022. The delay would benefit both the NCUA and covered credit unions.

As the NCUA has said, delaying the RBC Rule would give it time to holistically and comprehensively evaluate its capital standards for credit unions. We applaud the NCUA for recognizing the need to review additional issues related to credit union capital, including whether asset securitization and subordinated debt should be addressed. We hope that the NCUA will move forward on plans to propose a rule allowing certain forms of subordinated debt to qualify as capital for RBC purposes. Pushing back the RBC Rule makes eminent sense if the NCUA does propose and finalize a rule on subordinated debt, since credit unions would need the extra time to consider the use of any authorized forms of subordinated debt before the new RBC system takes effect.

We are also pleased that the NCUA has said it will consider integrating a community bank leverage ratio (CBLR) analog into the NCUA's capital standards. The CBLR is intended to be an optional, simplified, alternative measure of capital adequacy for federally insured banks. Our credit unions would certainly welcome alternatives that may be simpler and more appropriate for their operations.

A delay would give credit unions needed time to prepare for the RBC Rule. It will take time for covered credit unions to adopt RBC plans for the NCUA's review and approval and to implement the strategic and operational changes that will be necessary for a new RBC system. What's more, they need breathing room as they work to implement the Financial Accounting Standards Board's (FASB) current expected credit loss (CECL) standards. We understand that FASB has tentatively agreed to delay CECL until January 2023, but given the significant changes CECL will entail, an RBC Rule delay would be a welcome break for credit unions.

The Wisconsin Credit Union League

1 East Main Street, Suite 101, Madison, WI 53703-5109

Phone: (608) 640-4040 (800) 242-0833 Fax: (262) 549-7722 Web: www.theleague.coop

In closing, we back the NCUA's plan to delay the effective date of its RBC rule, and we commend it for proactively considering other issues related to credit union capital.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Guttormsson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul E. Guttormsson
Vice President of Legal & Compliance
Wisconsin Credit Union League & Affiliates
(608) 640-4052