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: Delay of Effective Date of the Risked Based Capital Rules – 12 CFR 702 [RIN 3133-AF01]

07/26/2019

To Mr. Poliquin,

The League of Southeastern Credit Unions & Affiliates (LSCU) appreciates the opportunity to comment on the delay of the effective date of the Risk Based Capital Rule to 2022. We support the delay so that NCUA can consider further efforts to modify regulations that may assist credit unions in complying with the capital rule and to allow credit unions more time in which to prepare for it. 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 understand the importance of implementing the Risk Based Capital Rule for the credit union industry, however, we think this step by NCUA is appropriate considering the wide-ranging scope of the rule. In particular, we appreciate NCUA looking at factors, such as asset securitization, subordinated debt and the alternative measure of capital adequacy, that may assist credit unions in complying with the Risk Based Capital requirements and to better accommodate the capital requirements to the cooperative nature of the credit union industry. For credit unions that pursue asset securitization, there will be some complicated compliance issues involving securities regulations. In such cases, we will work to assist credit unions and hope that NCUA will work with both state and Federal securities regulators to provide credit unions as much guidance as possible. Similarly, we have commented on

NCUA's previously solicited query on subordinated debt and look forward to NCUA's forthcoming proposal on this matter and how that tool can assist credit unions in their strategic capital planning. We also think evaluating the recently finalized rule by the banking regulators that provides for a community bank leverage ratio (CBLR) may provide some insight into ways in which the Risked Based Capital Rule can be best tailored to the diverse and unique structure of the credit union industry. And we will continue to advocate for legislative action that would give NCUA more flexibility in overseeing the capital regimes of the credit union industry that accounts for our unique cooperative nature.

We appreciate the efforts of NCUA in reducing some of the regulatory burdens that hinder credit unions while maintaining a safe and sound operating environment. We support the delay of the effective date of the Risked Based Capital Rules to Jan. 1, 2022. If we can be of any assistance with this issue, we will be glad to provide any assistance we can.

Sincerely,

Mike Lee

ALABAMA OFFICE: 22 Inverness Parkway, Suite 200, Birmingham AL 35242 | 205.991.9710
FLORIDA OFFICE: 3692 Coolidge Court, Tallahassee FL 32311 | 850.576.8171

866.231.0545
www.lscu.coop