



September 11, 2018

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

Dear Mr. Polquin:

The Louisiana Credit Union League (LCUL) submits these comments on the Risk-Based Capital-Supplemental Rule on behalf of Louisiana credit unions. LCUL is a state-wide advocacy organization that represents the interests of nearly 180 credit unions located in Louisiana. We 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 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 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.

With best regards,

*Bob Gallman*  
Bob Gallman  
President & CEO