



The National Voice of the State Credit Union System

March 25, 2021

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: NASCUS Comments Risk-Based Net Worth – COVID-19 Regulatory Relief
RIN 3133–AF21

Dear Secretary Conyers-Ausbrooks:

The National Association of State Credit Union Supervisors (NASCUS)¹ submits this letter in response to the National Credit Union Administration's (NCUA) request for comments on RON 3133-AF21, Risk-Based Net Worth – COVID-19 Regulatory Relief.² If finalized, the rule would raise the asset threshold for defining a credit union as “complex” for purposes of being subject to the risk-based net worth requirements in the NCUA’s regulations.

NASCUS has reviewed the proposal and carefully considered the implications of raising the asset threshold for the definition of a “complex” credit union. We concur with NCUA’s assessment that raising the asset threshold for the purpose of defining a credit union as “complex” would not result in a material increase in risk to the National Credit Union Share Insurance Fund (NCUSIF).³ Furthermore, the benefit of the regulatory relief provided by this proposed change, for both credit unions and their members, outweighs any nominal increase in risk. NASCUS supports the proposed rulemaking, and we recommend NCUA move to finalize the rule as proposed.

NCUA provides a compelling case in the Supplemental Material for raising the asset threshold. We note the fact that the proposed change would provide relief to 1,737 federally insured credit unions (FICUs) while maintaining coverage of over 81 percent of assets held by FICUs.⁴ While an overwhelming majority of credit union assets would still be covered, more modestly sized credit unions would be able to refocus on responding to the pandemic and serving their membership.

¹ NASCUS is the professional association of the nation’s 45 state credit union regulatory agencies that charter and supervise over 2,000 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State chartered credit unions hold over half of the \$1.87 trillion assets in the credit union system and are proud to represent nearly half of the 125 million credit union members.

² “Risk-Based Net Worth – COVID-19 Regulatory Relief” 86 Fed. Reg. 10872 (February 23, 2021).

³ Id. at 10874.

⁴ Ibid.

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Finally, cohering the current threshold now to the threshold taking effect under the 2015 Risk-Based Capital Rule (2015 RBC Final Rule) on January 1, 2022 makes sense. We appreciate there might be those that disagree with the 2015 RBC Final Rule raising of the “complex” threshold to \$500 million in assets. However, re-litigating the 2015 RBC Final Rule is not the question presented today: on January 1, 2022, the “complex” asset threshold will rise to \$500 million. The question before us is what regulatory and supervisory sense is there for maintaining a \$50 million threshold for the remaining 9 months of 2021 given the limited risk mitigation utility maintaining a low threshold provides. We see little benefit to maintaining the existing threshold as an interim benchmark.

NASCUS remains committed to working with NCUA on the continued implementation and administration of risk-based capital and prompt corrective action. To discuss our comments in detail, or if we may answer any questions, please do not hesitate to contact us at your convenience.

Sincerely,

- signature redacted for electronic publication -

Brian Knight
Executive Vice President & General Counsel