

**Jordan, Sheron Y**

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**From:** Mark Willer [markw@rcu.org]  
**Sent:** Tuesday, March 24, 2009 8:45 AM  
**To:** \_Regulatory Comments  
**Subject:** Royal Credit Union - Comments on Advanced Notice of Proposed Rulemaking for Part 704

The following represent general comments on the ANPR for Part 704:

- Reduce the number of Corporate CUs. A logical number would be to have one CCU per NCUA region.
- Increase the level of required capital. The current crisis will probably redefine capital adequacy for all financial institutions. Target a 6% level and once achieved, refund the NPCU membership capital.
- Limit the “specialty” of the Corporate CUs. This reduced redundancy should be able to reduce costs. If a Corporate CU doesn’t have the specific need of a NPCU, they should be able to offer another Corporate CU product. This would generate cooperation among Corporate CUs as well.
- Look at limiting the purpose of Corporate CUs. Call center business, core account processing are not truly “core” products of a Corporate CU. Focus more on the financial role.
- Corporate CU current pricing is much better than treasuries. We would not want to jeopardize this advantage.
- Require Corporate CUs to have multiple borrowing sources
- Look deeply at the need for a “US Central”. If the Corporate CU system is reduced to 5 Corporate CUs there should be ample expertise for investing at the corporate level rather than have a “US Central” do the investing. It seems if a US Central is needed, it would be solely for the aggregation of liquidity.
- We are currently experiencing a “perfect storm” and the amount of regulation that would have been needed to protect the system would have been too burdensome and the system probable would have failed earlier because it would not have been competitive
- An independent evaluation of investments from experts such as PIMCO should be part of the annual audit process to identify risk.
- One of the primary duties of corporate system is to provide liquidity...unfortunately, no system, other than the FED, can assemble a profitable balance sheet and at the same time provide guaranteed liquidity for its users. There has to be some risk built into the system. Placing specific controls on cash flows based on these unprecedented times would be inappropriate.
- Corporate CUs primary duty should be liquidity...as such, limit the length/duration of their investments. If the overall return from the top (US Corp to Corporate CUs to NPCU) is a few basis points less, so be it.
- A risk weighted capital requirement should be implemented for Corporate CUs

Thank you for your consideration

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Royal Credit Union

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