

**From:** John McKenzie [JohnM@icul.org]  
**Sent:** Thursday, April 02, 2009 5:13 PM  
**To:** \_Regulatory Comments  
**Subject:** Indiana Credit Union League's Comments on Proposed Advance Notice of Proposed Rulemaking on Corporate System

April 2, 2009

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Indiana Credit Union League's Comments on Proposed Advance Notice of Proposed Rulemaking on Corporate System

Dear Ms. Rupp:

The Indiana Credit Union League (ICUL) appreciates the opportunity to provide comments on NCUA's ANPR regarding the structure and operations of corporate credit unions (corporates). The ICUL represents 186 of Indiana's 204 credit unions, with those credit unions serving more than two million members.

It is our expectation that there will continue to be consolidation at an increased rate within the corporate system. It is important that the manner in which this occurs is driven by the objective of maximizing the service and pricing value available to credit unions through the important payment system, liquidity, investment, and other services offered, combined with an acceptable level of capital and risk management. The consolidation process should be a decision of the member credit unions, not regulator driven. There should be a different approach to fields of membership that reduces the degree of overlap and competition between corporates. The future direction needs to entail a structure that accommodates the system being very responsive to member credit union support service needs. It also needs to align a member credit union's capital investment with the corporate that is used for services, while also recognizing the interdependence of shared risk throughout the corporate system.

Corporate credit unions, as well as many natural person credit unions, have been the victims of bad practices and fraud by others who are outside of the credit union system. If the rating agencies and Wall Street firms had been doing their jobs the right way, we would not be in this situation. The rating agencies problem needs to be fixed going forward.

NCUA's corporate credit union regulations essentially forced the concentration of investments into mortgage-backed securities because of restrictions on investment rating requirements. This contributing factor should be addressed as changes to the corporate system and its regulatory structure are considered.

The concept of corporate credit unions being required to maintain their own separate deposit insurance fund should be explored as part of the future direction for the corporate system.

NCUA should be careful to avoid infringing on state powers given that some corporates are state-chartered. NCUA's role as the insurer should not be used as a mechanism for overreach into the areas of corporate governance and operational issues that should fall within the scope of state regulatory authority for state-chartered corporates.

The regulatory framework for the corporate system needs to be flexible and broad enough to allow for a value-added role by corporates in serving credit unions. The services offered by corporate credit unions are essential to the success of natural person credit unions, with meeting the needs of various size credit unions being an important objective. The future direction and structure of the system needs to retain the many strengths of the current system that have served credit unions so well for decades.

Thank you for the opportunity to comment on this ANPR.

A handwritten signature in black ink, appearing to read "J. McKenzie".

John McKenzie  
President  
Indiana Credit Union League  
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