

January 25, 2012

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

re: National Credit Union Administration; Maintaining Access to Emergency Liquidity; 12 C.F.R. Parts 741; 76 Federal Register 79553, December 22, 2011

Dear Ms. Rupp:

The American Bankers Association (ABA)¹ is filing this comment as an addendum to its January 18, 2012, letter to the National Credit Union Administration Board (the Board) on its advanced notice of proposed rulemaking on requiring federally insured credit unions (FICUs) to have access to backup federal liquidity sources for use in times of financial emergency and distressed economic circumstances. ABA believes that advances from a FHLB should be part of a menu of federal liquidity sources that FICUs can access during times of financial emergency and distressed economic circumstances.

The evidence shows that the Federal Home Loan Bank (FHLB) system was an important source of systemic liquidity during the recent financial crisis. Advances from FHLBs provided member institutions with needed liquidity at the very moment that credit markets became frozen.

While many FICUs are eligible to join a FHLB, most FHLB eligible FICUs have elected to not join. Despite this low participation rate, FHLB eligible FICUs should have the option of using advances from a FHLB to meet their emergency liquidity needs.

In conclusion, ABA believes FHLB advances along with the Federal Reserve's Discount Window are an important tool for FICUs to manage their emergency liquidity needs.

If you have any questions, please feel free to contact the undersigned.

Sincerely,



Keith Leggett
Vice President and Senior Economist

¹ The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$13.8 trillion banking industry and its two million employees. The majority of ABA's members are banks with less than \$165 million in assets. ABA's extensive resources enhance the success of the nation's banks and strengthen America's economy and communities.