

May 4, 2021

Department of Business Oversight
Attn: Regulations Coordinator, Legal Division
1515 K Street, Suite 200
Sacramento, CA 95814

Re: PRO 09/17

Dear Commissioner Alvarez,

I am writing on behalf of Patelco Credit Union (“Patelco”), a California state-chartered, federally insured credit union (FICU), to provide comments on modifications to proposed regulations: PRO 09/17 – Credit Union Law.

A. Part 703 Permissible Investments

The Department proposes to amend Financial Code § 30.200 to afford credit unions broader investment choices and eliminate the requirement to obtain the Department’s prior approval for routine investments. Patelco Credit Union strongly supports the proposed change to §30.300 which would offer greater flexibility in investment options and bring California state-chartered credit unions somewhat closer to parity to federally chartered credit unions. While Patelco would encourage the DFPI to consider full parity with federally chartered credit unions in the future, the proposed amendments to the credit union law regarding investments removes an opaque and outdated regulation.

B. 10 Percent Limitation on Investments

The Department is proposing that a credit union is authorized to *“invest in securities issued by any person, subject to the limitation that the credit union’s total investments in the securities issued by any one person shall not exceed 10 percent of the credit union’s equity capital, as that term is defined in Section 14400 of the Financial Code.”*

Part 703 of the NCUA rules only places limits on federal credit unions to specific investment activities that may be deemed higher risk, such as municipal securities, mortgage note repurchase transactions and commercial mortgage related securities for federal credit unions. California state-chartered credit unions should have full parity with federal credit unions in order to equally compete in the marketplace.

Sincerely,

Angela L. Jeffers
SVP, General Counsel

