



Consultation on Potential Changes to the Investment Framework for Credit Unions

Rathkeale and District Credit Union welcome the opportunity to make a submission on CP109.

We welcome the proposal of the introduction of new investment classes and will outline below our thoughts on each:

Supranational Bonds – We welcome the introduction of this additional investment class and would have no issues with the minimum credit rating and maturity limit. We do feel that the concentration limit which is based on the regulatory reserve should be amended. We would suggest that the concentration limit for these bonds would remain at the current level for bank bonds.

Corporate Bonds – We welcome the introduction of this additional investment class and would have no issues with the minimum credit rating and maturity limit. We do feel that the concentration limit which is based on the regulatory reserve should be amended. We would suggest that the concentration limit for these bonds would remain at the current level for bank bonds.

Approved Housing Bodies – We would not be opposed to see the introduction of this investment class but it is very difficult to assess the potential. This is a complete new area for us and would need more investigation on all parts (Central Bank, credit unions, advisors) as to how this would work out. Also the maturity level is much longer than what we are used to.

Counterparty Limit – We would be opposed to the reduction in counter party limit to 20%. We feel this would put undue pressure on the credit union at the present time where returns are low and quite a number of the banks are charging for short deposits. The long terms rates are also low. In relation to the transitional period of 12 months may not be sufficient if the funds were held in fixed term deposits for greater than 12 months.

Collective Investment scheme - We do not have any issue with the use of collective investment schemes.

We would also like to endorse the Davy proposal being submitted and would agree with their comments in relation to income and liquidity.