

Ms Sharon Donnery
 Registry of Credit Unions
 Central Bank of Ireland
 PO Box 559
 Dame Street
 Dublin 2

27th March 2014.

Dear Ms Donnery,

The Board of Directors of Ballybay Credit Union Ltd. welcomes the proposed introduction of a tiered regulatory approach by the Central Bank in its supervision of Credit Union. We are of the view the level of supervision should be relative to the nature, scale and complexity of the entity. We agreed with this part of the recommendation as proposed by the Commission on Credit Unions. On studying the "Consultation Paper CP76" we have reservations as to the impact your proposals will have on Ballybay Credit Union and on the Credit Union movement.

Our concerns and issues are as follows:-

Lending

Restricted Persons The definition of family member Section 2(1) of the Credit Union Act 1997 is wide, unwarranted and inconsistent with lending restrictions. The imposition of such regulation will unfairly prejudice family members of Directors and Management. It will also impact on the ability of Credit Unions to attract new volunteers.

Community Lending

The Board acknowledged that the Credit Union should support their local communities but we would like clarity on the term Community Lending.

Lending Limits linked to Reserves We feel that the lending limits should not be linked to the Regulatory reserves. Regulatory reserves should be set relative to the risk profile of the Credit Union.

Maturity Limits We would ask that the Commission on Credit Unions proposed three tier system be reconsidered. We welcome the amendment to Section 35 limits for Category 2 Credit Unions, however the thresholds which determine when a Credit Union is eligible to be considered Category 2 is too restrictive.



Credit Union House, Main Street, Ballybay, County Monaghan

Tel: 042 9741789 Fax: 042 9748032

E-mail: info@bbaycu.com

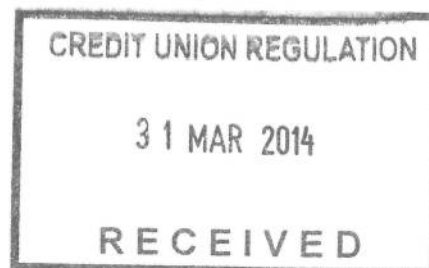
Web: www.bbaycu.com

Affiliate of the Irish League of Credit Unions

Regulated by The Central Bank of Ireland



Ballybay Credit Union Limited



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Investments The Board clearly objects to all the proposal relating to investments. Credit Unions holding 25% of Investments per counterparty will have to increase the number of counterparties they currently invest with. This will probably move funds from our Irish Bank. Taking into account all the proposed changes and the high level of investment in all Credit Unions we do not think that these will make Credit Union any more robust or members savings any more secure.

Savings Recognising the guaranteed funds of 100K in savings. What is the need to restrict Credit Unions to this amount given that there is no such restriction on other banking institutions?

Reserves Existing reserve requirements will apply but with the proposal for investment and lending being linked to reserves increase regulatory reserves across the Credit Union sector.

Provisioning We await the Central Bank proposal on provisioning framework for Credit Union.

Governance We feel that the governance will be beneficial to the credit unions and to its members.

Timing We feel that the timing and timelines for the introduction of the Tiered Regulatory Approach will place further burdens on individual credit union. Can this be introduced after CUCORA and Rebo has been completed.

We note under our consultation proposal issued by you office in October 2012 that you will be providing a Regulatory Impact Analysis as part of this consultation. We await this report and hop to submit further responses based on you over all analysis.

Yours Sincerely,

Peter McGuirk

Chairman Board of Directors.



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