



August 26, 2019

Mr. Pashko, Governor
National Commission for the State Regulation of Financial Service Markets
B. Grinchenko street, 3
Kyiv-1, Ukraine, 01001

Re: Regulations on Mandatory Standards and Requirements Limiting the Risk of Operations with Credit Union Financial Assets (“Regulations”) and Ukrainian Exemption from EU Basel III Capital Requirements Directive (CRD IV)

Dear Governor Pashko:

World Council of Credit Unions (World Council) appreciates the opportunity to provide comments on the revised Regulations on Mandatory Standards and Requirements Limiting the Risk of Operations with Credit Union Financial Assets (“Regulations”) and their relationship to the European Union (EU) Capital Requirements Directive (CRD IV). World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 89,000 credit unions in 117 countries with USD 2.1 trillion in total assets serving 260 million physical person members.¹

We support the continued work by the National Commission for the State Regulation of Financial Services Markets (Commission) on the Regulations. If finally adopted the Regulations will lead to a more resilient credit union system, help strengthen the credit union sector in Ukraine, and greatly enhance prudential supervision.

Article 2(5) of the current CRD IV exempts credit union in many EU Member States from the EU’s Basel III-based capital and liquidity rules for banks. They are exempt in part because of their size, complexity, cooperative structure, and, with the adoption of the Regulations, appropriate regulatory framework. Therefore, WOCCU strongly supports the extension of a CRD IV Article 2(5) exemption for credit unions in the current Ukraine–European Union Association Agreement as this will help promote financial inclusion in Ukraine.

In conclusion, we applaud the Commission’s efforts to improve on the current regulatory framework that will encourage a safe and sound environment for credit unions operating in Ukraine. Adoption of the Regulations and concurrent CRD IV exemption will accomplish this

¹ World Council of Credit Unions, *2017 Statistical Report* (2018), available at <http://www.woccu.org/publications/statreport>.

goal. Please do not hesitate to contact me aprice@woccu.org or phone at +1 850-766-5699 should you have any questions regarding our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew T. Price'. The signature is fluid and cursive, with a large initial 'A' and a long horizontal stroke at the end.

Andrew T. Price
Vice President of Advocacy
World Council of Credit Unions