

September 1, 2004

Securities Exchange Commission  
Attn: Jonathan G. Katz, Secretary  
Via e-mail: [rule-comments@sec.gov](mailto:rule-comments@sec.gov)  
Subject: File Number S7-26-04

Re: 12 CFR Parts 240 and 242, Regulation B

Dear Mr. Katz:

Western Corporate Federal Credit Union (WesCorp) appreciates the opportunity to comment on the SEC's Proposed Rule regarding Regulation B. WesCorp is the largest of the nation's 30 corporate credit unions, serving 1,057 credit unions in our national field of membership. Please see our comments below.

#### The Credit Union Exemptions

WesCorp supports the extension of three of the bank exemptions to credit unions. While the networking exemption is currently allowed under the guise of the no-action "Chubb" letter, WesCorp strongly supports and greatly appreciates that the SEC is capturing this exemption in the actual regulation rather than in a SEC "no action" letter. Extending sweep account authorities, as well as permitting credit unions to buy and sell securities for investment purposes for themselves are activities that will help credit unions to better serve their members directly, instead of through a third-party (i.e., broker-dealer) as well as help to keep credit unions competitive in the marketplace.

#### Scope of Credit Union Exemption

The SEC requests comment on the scope of the credit union exemption, stating: "The proposed exemption would grant credit unions these three statutory exceptions but this exemption would not automatically give them any associated exemptions we may grant to banks in the future." While WesCorp supports the three exceptions for credit unions in the Proposed Rule, WesCorp sees a need to extend the remaining of the 11 exemptions granted to banks to also include credit unions. WesCorp concurs with the SEC in that for the most part, credit unions are not engaged in many of the other remaining activities contained in those other exemptions; however, the way the Proposed Rule is written, credit unions would have to come to SEC each time they wanted to enter into one of those activities directly. This scenario in and of itself puts credit unions at a competitive disadvantage in that it discourages credit unions from embarking on one of those other activities directly because of having to "go through the SEC hurdle," if you will. To keep a level playing field in the marketplace, WesCorp urges the SEC to grant the remaining 8 of the 11 exemptions granted to banks from registering as a broker-dealer to also include

to credit unions. More specifically, the custody and safekeeping exemptions should have priority as being included in the exemptions granted for credit unions.

The SEC specifically requests comment on the applicability of extending these credit union exemptions to state-chartered, privately-insured credit unions. WesCorp has long supported the dual-chartering system of credit unions. State-chartered, privately-insured credit unions, while not directly regulated by the National Credit Union Administration, are still regulated entities. If being a regulated entity is the basis for which the SEC chose to grant the exemptions contained in the Proposed Rule, then they should be extended to include state-chartered, privately-insured credit unions, as well. Not extending the exemptions to this sub-group of credit unions puts them at a competitive disadvantage, not only with banks, but also with federally regulated credit unions if these exemptions are not expanded to include this group of non-federally regulated credit unions.

#### Corporate Credit Unions

WesCorp advocates extending all 11 the exemptions specifically to corporate credit unions. While fundamentally corporate credit unions are, in fact, credit unions, WesCorp urges the SEC explicitly state that corporate credit unions are included in the exemptions. Corporates are member-owned, not-for-profit cooperatives that are also subject to regulations and examinations by a regulator. WesCorp suggests that the regulatory framework governing corporates is sufficient to protect the interests of natural person credit union investors. WesCorp urges the SEC to extend the exemption from broker-dealer registration specifically to include corporate credit unions.

Again, WesCorp appreciates the opportunity comment on the SEC's Proposed Rule regarding Regulation B.

Sincerely,

A handwritten signature in black ink that reads "Bob Siravo". The signature is written in a cursive, slightly stylized font.

Bob Siravo  
President/CEO