

XCU CORPORATION, INC.

and its wholly owned subsidiaries
XCU CAPITAL CORPORATION, INC. • FOCUS INSURANCE AGENCY, INC.

March 23, 2007

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
2007 MAR 27 P 12:04
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OFFICE OF THE SECRETARY

Re: Proposed Regulation R; FRB Docket No. R-1274; SEC File No. S7-22-06

Dear Ms. Johnson:

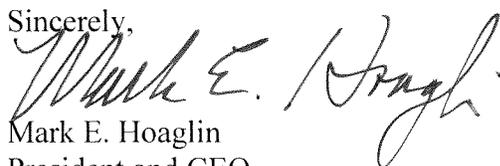
As President of a third party broker dealer that exclusively serves the credit union market place I am writing to implore you to include credit unions in your definition of "bank" for Regulation R, the implementation bill for Gramm-Leach-Bliley.

As you know, many credit unions offer identical investment programs as banks to their members and consequently should not be left out of the direction provided under the proposed Reg R. This omission will cause hardship for credit unions that offer these identical investment programs in that in the current environment credit unions must rely on the Chubb no action letter (Chubb) put forth by the SEC in 1993.

As many third party broker dealers have discovered, having to rely solely on Chubb leaves credit union programs exposed to the whimsical interpretation by the various state securities regulators. Some of these regulators take an arbitrary and capricious approach to their oversight of the networking agreements provided for in Chubb. Inclusion of credit unions in Reg R will create a level playing field for all investment programs, banks and credit unions alike.

Thank you for your consideration of these comments as they relate to the final language of Reg R. I believe credit unions fulfill an important role in our financial services industry. As long as they continue to offer investment services programs either through their own broker dealers or through third party broker dealers such as XCU Capital Corporation, consistent regulatory oversight must be achieved via a level playing field. The inclusion of credit unions in the definition of "bank" is the responsible step in that direction.

Sincerely,



Mark E. Hoaglin
President and CEO