



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: October 8, 2020

FROM: Office of Examination and Insurance

SUBJ: Proposed Rule – Derivatives

ACTION REQUESTED: Board approval to issue the attached proposed rule which would modernize the NCUA’s derivatives rule.

DATE ACTION REQUESTED: October 15, 2020.

OTHER OFFICES CONSULTED: Office of Consumer Financial Protection (OCFP).

VIEWS OF OTHER OFFICES CONSULTED: No issues noted.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER:

Policy & Analysis: Tom Fay, Capital Markets Manager, Office of Examination and Insurance, 703-518-1179;

Legal: Justin Anderson, Senior Staff Attorney, Office of General Counsel, 703-518-6540; or by mail at National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314.

SUMMARY:

The attached proposed rule would amend the NCUA’s Derivatives rule in Subpart B to part 703. This proposal is intended to modernize the NCUA’s Derivatives rule and make it more principles-based. This proposal retains key safety and soundness components, while providing more flexibility for federal credit unions (FCUs) to manage their interest rate risk (IRR) through the use of Derivatives.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule with a 60-day comment period.

ATTACHMENT: Proposed rule.