

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: November 17, 2010

FROM: Office of General Counsel /s/
Office of Corporate Credit Unions /s/

SUBJ: Proposed Rule – Corporate
Credit Unions (12 C.F.R. Part
704)

ACTION REQUESTED: Board approval to publish the attached proposed rule in the Federal Register for a 30-day comment period.

DATE ACTION REQUESTED: November 18, 2010.

OTHER OFFICES CONSULTED: Examination and Insurance, Regions, OCM, OCFO, OSCUI, OCP.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Jacqueline Lussier, Elizabeth Wirick, and Lisa Henderson, Staff Attorneys, Office of General Counsel; David Shetler, Deputy Director, Office of Corporate Credit Unions.

SUMMARY: The attached proposed amendments require corporate credit unions (corporates) to establish new internal control reporting requirements, establish an enterprise-wide risk management committee staffed with a risk management expert, conduct all board of director votes as recorded votes, and disclose certain CUSO compensation received by employees who are dual employees of corporates and corporate CUSOs. The proposed amendments also provide for the equitable sharing of Temporary Corporate Credit Union Stabilization Fund expenses among all members of a corporate and permit a corporate to charge reasonable one-time or periodic membership fees. In addition, the proposal would amend 12 C.F.R. Parts 701 and 741 to limit natural person credit unions to membership in one corporate at a time.

Staff recommends the proposed rule be issued with a 30-day comment period to coordinate, as much as possible, the effective date of this rulemaking with the effective dates of the NCUA's recent corporate rule revisions.

RECOMMENDED ACTION: That the NCUA Board issue the attached proposed rule with a 30-day comment period.

ATTACHMENT: Proposed rule.