



National Credit Union Administration  
Office of General Counsel

**TO:** NCUA Board **DATE:** September 27, 2021  
**FROM:** Office of Examination and Insurance **SUBJ:** Final Rule - CAMELS  
Office of General Counsel

**ACTION REQUESTED:** Board approval to issue the attached final rule adopting the CAMELS rating system.

**DATE ACTION REQUESTED:** October 21, 2021.

**OTHER OFFICES CONSULTED:** Eastern Region, Southern Region, Western Region, Office of National Examination and Supervision, Office of Business Innovation, Office of Credit Union Resources and Expansion

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**BUDGET IMPACT, IF ANY:** Staff estimates \$546,000 is needed to complete the necessary systems changes to implement CAMELS.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBERS:** Thomas Fay, Director of Capital Markets, Office of Examination and Insurance; Robert Bruneau, Senior Capital Markets Specialist, Office of Examination and Insurance; Marvin Shaw, Senior Staff Attorney, Office of General Counsel.

**SUMMARY.** The attached final rule adds the “S” (Sensitivity to Market Risk) component to the existing CAMEL rating system and redefines the “L” (Liquidity Risk) component, thus updating the rating system from CAMEL to CAMELS.

The final rule to add the “S” component will enhance transparency and allow the NCUA and federally insured credit unions to better distinguish between liquidity risk (“L”) and sensitivity to market risk (“S”). Also, the amendment will enhance consistency between the regulation and supervision of credit unions and other financial institutions.

The proposed effective date of the final rule is April 1, 2022. NCUA examiners will begin assigning the “S” component rating for examinations and supervision contacts starting on or after April 1, 2022.

**RECOMMENDED ACTION:**

1. The NCUA Board approve the attached final rule for publication in the *Federal Register*.
2. Authorize the Executive Director to reprogram up to \$546,000 from 2021 surplus funds to complete the changes necessary to implement CAMELS.

**ATTACHMENT:** Final rule.