BOARD ACTION MEMORANDUM

TO: The NCUA Board

FROM: Office of Examination and Insurance and Office of General Counsel

DATE: December 13, 2022

SUBJ: Financial Innovation: Loan Participations, Eligible Obligations, and Notes of Liquidating Credit Unions – Proposed Rule, Parts 701 and 714

ACTION ITEM: The NCUA Board’s approval of a proposed rule to amend the NCUA’s rules relating to loan participations and eligible obligations.


OTHER OFFICES CONSULTED: OCFP, ONES, Regional Offices.

VIEWS OF OTHER OFFICES CONSULTED: Input was incorporated into the draft as appropriate.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Laura Smith, Senior Credit Specialist, or Naghi Khaled, Director of Credit Markets, Office of Examination and Insurance and Frank Kressman, General Counsel, the Office of General Counsel.

SUMMARY: The proposed rule would amend the NCUA’s rules regarding the purchase of loan participations and the purchase, sale, and pledge of eligible obligations and other loans (including notes of liquidating credit unions). The proposed rule is intended to clarify the NCUA’s current regulations and provide additional flexibility for federally insured credit unions to make use of advanced technologies and opportunities offered by the financial technology sector. The proposal would also make conforming amendments to the NCUA’s rule regarding loans to members and lines of credit to members by adding new provisions regarding indirect lending arrangements and indirect leasing arrangements. Finally, the proposal would make other conforming changes and technical amendments in other sections of the NCUA’s regulations.

ACTION ITEM: NCUA Board approval of the attached proposed rule with a 60-day comment period.
ATTACHMENT: Proposed rule.