



National Credit Union Administration
Office of General Counsel

TO: NCUA Board
DATE: January 11, 2021
FROM: Office of National Examinations
and Supervision
SUBJ: Final Rule – Corporate
Credit Unions (Part 704)

ACTION REQUESTED: NCUA Board approval to issue the attached final rule.

DATE ACTION REQUESTED: January 14, 2021.

OTHER OFFICES CONSULTED: OGC.

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: There is no estimated budget impact.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Scott Hunt, Director, Office of National Examinations and Supervision; Rachel Ackmann, Senior Staff Attorney, Office of General Counsel.

SUMMARY: At its February 20, 2020 meeting, the NCUA Board (“Board”) proposed amending the agency’s corporate credit union regulation in part 704 of the NCUA’s regulations (“part 704”). At its October 15, 2020 meeting, the Board adopted that proposal as final (“October 2020 final rule”). The October 2020 final rule updated, clarified, and simplified several provisions of the NCUA’s corporate credit union regulation. The October 2020 final rule, however, deferred final action on one provision of the proposal that addressed the permissibility and capital treatment for corporate credit union purchases of subordinated debt instruments under the Board’s January 2020 proposed rule on subordinated debt. The Board did not adopt those provisions in the October 2020 final rule because it had not yet finalized the January 2020 proposed rule on subordinated debt. The Board has now adopted the January 2020 proposed rule on subordinated debt as final. Accordingly, this final rule adopts the deferred provisions relating to corporate credit union investments of natural person subordinated debt instruments. This final rule makes clear that corporate credit unions may purchase subordinated debt instruments issued by natural person credit unions and also specifies the capital treatment of these instruments for corporate credit unions that purchase them.

RECOMMENDED ACTION: The NCUA Board approve the attached final rule for publication in the *Federal Register*.

ATTACHMENT: Final rule.