

**TO:** NCUA Board

**DATE:** May 24, 2017

**FROM:** Office of General Counsel

**SUBJ:** Proposed rule, Voluntary Mergers, 12 C.F.R. Parts 701, 708a & 708b

**ACTION REQUESTED:** Board approval to issue the attached proposed rule regarding voluntary mergers, which amends Parts 701, 708a and 708b of NCUA's regulations.

**DATE ACTION REQUESTED:** May 25, 2017.

**OTHER OFFICES CONSULTED:** Office of the Executive Director.

**VIEWS OF OTHER OFFICES:** Concur.

**BUDGET IMPACT, IF ANY:** Minimal.

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

**RESPONSIBLE STAFF MEMBERS:** Benjamin Litchfield, Staff Attorney; and Elizabeth Wirick, Senior Staff Attorney, Office of General Counsel.

**SUMMARY:** This rule would amend the procedures and timeframes that federal credit unions (FCUs) must follow for voluntary mergers with another credit union. The proposed changes would increase the required time for notice to FCU members in advance of the vote to a minimum of 45 days. The proposed changes would also clarify the contents and format of the member notice so that members of merging FCUs have better information about the merger transaction. In particular, the proposed rule would require merging FCUs to disclose all merger-related compensation for certain employees and officials of the merging FCU.

The proposed rule would also create a process for member-to-member communications that is similar to the process permitted under Part 708a of NCUA's regulations. Finally, the proposed rule would make conforming changes to the FCU Bylaws and Part 708a.

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

**ATTACHMENT:** Proposed rule.