



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: May 6, 2021

FROM: Office of Examination and Insurance

SUBJ: Final Rule – Derivatives

ACTION REQUESTED: Board approval to issue the attached final rule which would modernize the NCUA’s derivatives rule.

DATE ACTION REQUESTED: May 20, 2020.

OTHER OFFICES CONSULTED: Office of General Counsel (OGC).

VIEWS OF OTHER OFFICES CONSULTED: No issues noted.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER:

Policy & Analysis: Tom Fay, Capital Markets Manager, Office of Examination and Insurance, 703-518-1179;

Legal: Justin Anderson, Senior Staff Attorney, Office of General Counsel, 703-518-6540; or by mail at National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314.

SUMMARY:

The attached final rule would amend the NCUA’s Derivatives rule in Subpart B to part 703. This rule is intended to modernize the NCUA’s Derivatives rule and make it more principles-based. This proposal retains key safety and soundness components, while providing more flexibility for federal credit unions to manage their interest rate risk through the use of Derivatives.

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

ATTACHMENT: Final rule.