



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: September 11, 2023

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

Amanda Parkhill

SUBJ: Financial Innovation – Final Rule, Parts 701 and 714

ACTION ITEM: The NCUA Board’s approval of a final rule to amend the NCUA’s rules relating to indirect lending, loan participations, eligible obligations, and notes of liquidating credit unions.

ANTICIPATED DATE OF ACTION: September 21, 2023.

OTHER OFFICES CONSULTED: OCFP, ONES, Regional Offices.

VIEWS OF OTHER OFFICES CONSULTED: Input was addressed in the proposed rule.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Naghi Khaled, Director of Credit Markets; Simon Hermann, Senior Credit Specialist, Office of Examination and Insurance; and Frank Kressman, General Counsel, Office of General Counsel.

SUMMARY: The final rule amends the NCUA’s regulations regarding indirect lending, the purchase of loan participations, and the purchase, sale, and pledge of eligible obligations and notes of liquidating credit unions. The goal of the final rule is to clarify the NCUA’s current regulations and provide additional flexibility, making it easier for federally insured credit unions to take advantage of advanced technologies and opportunities offered by the financial technology sector. The final rule also makes certain 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 final rule makes certain other conforming changes and technical amendments in other sections of the NCUA’s regulations.

ACTION ITEM: NCUA Board approval of the attached final rule with an effective date 30-days after publication in the Federal Register.

ATTACHMENT: Final rule.