National Credit Union Administration
1775 Duke Street
Alexandria, Va. 22314
www.ncua.gov

Office of Public &
Congressional Affairs
(703) 518-6330
pacamail@ncua.gov

NCUA Media Release

U.S. Central Bridge Corporate to Unwind Payment Services

Orderly Transition Will Continue into 2012

ALEXANDRIA, Va. (Dec. 22, 2011) – The bidding process for the payment services offered by U.S. Central Bridge Corporate Federal Credit Union (U.S. Central Bridge) did not result in the selection of any additional acquirers, other than the purchase of the services of Corporate Network eCom, LLC, (eCom) by CO-OP Financial Services, as announced Dec. 15. As such, NCUA will move forward with plans for an orderly wind-down of the other U.S. Central Bridge services in 2012.

NCUA initiated an open competitive bidding process in October 2011 to solicit acquirers for the various U.S. Central Bridge lines of business, including international wires, automated settlement, and its automated clearing house product (APEX). Unfortunately, the solicitation did not result in a satisfactory proposal. As a result, NCUA has determined that the most effective course of action is to pursue an orderly wind-down of those services from U.S. Central Bridge.

"Since members of U.S. Central Bridge made the business decision not to pursue a new charter to maintain payment services, we anticipated this outcome," said NCUA Board Chairman Debbie Matz. "The proposals we received from other bidders did not meet NCUA's responsibility to minimize service disruptions and impose the lowest possible cost."

Each corporate credit union, if it has not already done so, now needs to begin the process of transferring to a vendor that will replace U.S. Central Bridge's APEX system in order to continue uninterrupted payment services to member credit unions.

Another critical function of U.S. Central Bridge is serving as the agent group representative to facilitate credit union access to the Central Liquidity Facility (CLF). Due to U.S. Central Bridge's ownership of $1.9 billion of CLF stock, all credit union members of corporates can access the CLF for liquidity purposes. As the Federal Credit Union Act bases the CLF's borrowing authority on its subscribed capital stock and surplus (retained earnings), U.S. Central Bridge's stock subscription plays a large part in the CLF reaching its current borrowing authority of $50 billion.

As a temporary entity, U.S. Central Bridge cannot hold the CLF stock indefinitely. Because credit unions must have long-term access to emergency liquidity – and that CLF stock will need to either be purchased directly by credit unions or by other corporates as agents for their members – the NCUA Board took two actions in December. The Board approved a change to Part 704 permitting corporates to deduct CLF stock investments from their assets when calculating capital ratios. Further, the Board approved an advance notice of proposed rulemaking

(ANPR) that would require federally insured credit unions to have access to a backup federal liquidity source for use in times of financial emergency and distressed economic circumstances. The ANPR provides several options for how credit unions could meet this requirement, including membership in the CLF.

“Experience has shown that in times of financial crisis, federal sources of liquidity are often the only reliable sources,” stated Chairman Matz. “The ANPR is a critical step to maintain the safety and soundness of the credit union industry going forward.”

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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