

CORPORATE CREDIT UNION GUIDANCE LETTER

No. 2000-03

DATE: August 30, 2000

SUBJ: Accounting for Future-Dated Automated Clearing House (ACH) Transactions

TO: The Corporate Credit Union Addressed:

It has come to our attention that corporate credit unions may be accounting for future-dated ACH transactions in different ways. We define a future-dated ACH transaction as a transaction in which a corporate receives a notice of ACH transactions to be posted to its account within a short period of time (e.g., 1, 2, 3 or more days).

Some corporates record such transactions as assets and liabilities on their financial statements, while others disclose this information only as footnotes. These transactions are usually material in nature and can have a substantial impact on capital ratios. Also, the diverse practice of reporting results in information being provided to the general public that is originated from incomparable data.

It is the Office of Corporate Credit Unions' (OCCU) goal to accumulate 5310 System information on a comparable basis. The question is "How should future-dated ACH transactions be recorded by corporates?" Generally Accepted Accounting Principles (GAAP) and the NCUA Rules and Regulations do not specifically address this issue. In that context, both methods of recording future-dated ACH transactions are not inconsistent with GAAP or NCUA Rules and Regulations.

In order to provide for a consistent approach to reporting corporate financial information, we expect all corporates to record future-dated ACH transaction as assets and liabilities on their financial statements for both regulatory and 5310 reporting purposes. However, other external and internal financial statements can continue to be prepared based on the advice of your CPA. This practice will become effective as of the October 31, 2000, reporting cycle.

Our examiners will monitor compliance during their regular supervisions and examinations of your corporate. If you have any questions, please contact this office at (703) 518-6640.

Sincerely,

Robert F. Schafer
Director
Office of Corporate Credit Unions

OCCU/GWC:gc
SSIC 4660

cc: State Supervisory Authorities
NASCUS
ACCU

bcc: Reading File
Regional Directors
All OCCU Staff

Office of General Counsel
SSIC 3500
SSIC 4660
CPS Curtis

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