

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: November 5, 2012

FROM: Office of General Counsel

SUBJ: Final Rule - Fidelity Bond and Insurance Coverage (Part 713)

ACTION REQUESTED: Board approval of final rule amending Part 713.

DATE ACTION REQUESTED: December 6, 2012.

OTHER OFFICES CONSULTED: E&I and the Regions.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Frank Kressman, Associate General Counsel, Office of General Counsel.

SUMMARY: The NCUA Board (Board) is adopting as a final rule, without change, the interim final rule that the Board issued in May 2012 that amended NCUA's fidelity bond rule. The interim final rule removed references in the fidelity bond rule to NCUA's former Regulatory Flexibility Program (RegFlex), which granted a RegFlex credit union broader authority to choose the deductible amount of its fidelity bond policy. Specifically, the interim final rule amended the standard used for granting authority to a federal credit union (FCU) to choose an increased deductible amount. Before the Board issued the interim final rule, the standard was based on an FCU's assets and status as a RegFlex FCU. The standard used after the interim final rule is based on an FCU's assets, CAMEL ratings, and capital level. The new standard is also used by NCUA in other rules affected by the elimination of RegFlex.

RECOMMENDED ACTION: Recommend the Board issue the final rule.

ATTACHMENT: Final rule.