

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** January 18, 2013

**FROM:** Office of General Counsel

**SUBJ:** Final Rule – Investment and Deposit Activities. §703.14.

**ACTION REQUESTED:** Board approval to issue the attached final rule amending NCUA's investment rule by adding Treasury Inflation Protected Securities (TIPS) as a permissible investment to § 703.14.

**DATE ACTION REQUESTED:** February 21, 2013.

**OTHER OFFICES CONSULTED:** Regions, E&I, OCE.

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**BUDGET IMPACT, IF ANY:** None.

**SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:** Yes.

**RESPONSIBLE STAFF MEMBERS:** John H. Brolin, Staff Attorney, Office of General Counsel.

**SUMMARY:** The final rule amends NCUA's investment regulation to allow federal credit unions (FCUs) to purchase Treasury Inflation Protected Securities (TIPS). This final rule adds TIPS to the list of permissible investments for FCUs in Part 703. TIPS will provide FCUs with an additional investment portfolio risk management tool that can be useful in an inflationary economic environment.

**RECOMMENDED ACTION:** Recommend the Board issue the final rule.

**ATTACHMENT:** Final Rule.