BOARD ACTION MEMORANDUM

TO:       NCUA Board                      DATE:  March 17, 2010
FROM:     Office of General Counsel      SUBJ:  Proposed Rule -
                      Parts 701, 723, and 742

ACTIONS REQUESTED:  Board approval of proposed rule revising NCUA's Regulatory Flexibility Program to enhance safety and soundness for credit unions. 12 C.F.R. Part 742.

DATE ACTION REQUESTED:  March 18, 2010.

OTHER OFFICES CONSULTED:  All Regional Offices and E&I.

VIEWS OF OFFICES CONSULTED:  Concur.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW:  Yes.

BUDGET IMPACT, IF ANY:  No.

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

SUMMARY:  Staff recommends the Board issue the attached proposed rule to revise certain provisions of NCUA’s Regulatory Flexibility Program to enhance safety and soundness for credit unions. Those provisions pertain to fixed assets, member business loans (MBL), stress testing of investments, and discretionary control of investments. Some of these revisions will require conforming amendments to NCUA’s fixed assets and MBL rules.

RECOMMENDED ACTION:  Recommend the Board issue the proposed rule.

ATTACHMENT:  Proposed rule.