BOARD ACTION MEMORANDUM

TO:       NCUA Board
FROM:     Office of General Counsel
DATE:     April 29, 2011
SUBJ:     Final Rule – Part 750
           Golden Parachute and
           Indemnification Payments

ACTION REQUESTED: The NCUA Board’s approval of a final rule regarding
                   golden parachutes and indemnification payments.

DATE ACTION REQUESTED: May 19, 2011.

OTHER OFFICES CONSULTED: All Regional Directors, Office of Examination
                          and Insurance, Office of Corporate Credit Unions, Office of Small Credit Union
                          Initiatives.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Ross Kendall, Special Counsel to the
                           General Counsel, and Pamela Yu, Staff Attorney, Office of General Counsel.

SUMMARY: Staff recommends adoption of a final rule to prohibit, in certain
         circumstances, a federally insured credit union (FICU) from making golden
         parachute and indemnification payments to an institution-affiliated party (IAP).
         The rule will help safeguard the National Credit Union Share Insurance Fund
         (NCUSIF) by preventing the wrongful or improper disposition of FICU assets and
         will inhibit unwarranted rewards to IAPs who may have contributed to an FICU’s
         troubled condition. The rule was issued in proposed form in July, 2010 and
         published for comment; as discussed in the preamble to the final rule, the
         comments were considered and some changes to the final rule have been made.

RECOMMENDED ACTION: Recommend the Board approve the final rule.

ATTACHMENT: Final Rule and Preamble.