

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: October 28, 2011

FROM: Office of General Counsel

SUBJ: Technical Correction,
12 C.F.R. Part 750

ACTION REQUESTED: Board issuance of the attached final rule regarding golden parachute and indemnification payments - technical correction.

DATE ACTION REQUESTED: November 17, 2011.

OTHER OFFICES CONSULTED: In view of the technical nature of the amendment, other offices were not consulted.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

BUDGET IMPACT, IF ANY: None.

RESPONSIBLE STAFF MEMBERS: Pamela Yu, Staff Attorney, Office of General Counsel.

SUMMARY: On June 24, 2011, NCUA published an interim final rule to correct new part 750, which restricts a federally insured credit union from making certain golden parachute and indemnification payments to an institution affiliated party. The interim final rule corrected an exception to the definition of golden parachute payment in §750.1(e)(2) pertaining to plans offered under §457 of the Internal Revenue Code of 1986, as amended (IRC). The technical amendment was necessary to conform the regulatory text with the rule's intent, which was that plans permissible under §457(b) be excluded outright from the definition of golden parachute payment, in the same way the rule treats similar retirement and deferred compensation plans permissible under §401(k) of the IRC. The interim rule became effective June 27, 2011 to correspond with the effective date of the new part 750. Public comments were accepted, however, until July 24, 2011. The attached rule finalizes the interim rule without change.

RECOMMENDED ACTION: Board approval of the attached final rule.

ATTACHMENT: Final rule.