BOARD ACTION MEMORANDUM

TO:       NCUA Board  DATE:     December 14, 2011
FROM:     Office of General Counsel  SUBJ:     Advance Notice of Proposed
          Office of Examination and Insurance  Rulemaking – Access to
                                                    Emergency Liquidity

ACTION REQUESTED: Board approval to publish the attached advance notice of
proposed rulemaking (ANPR) in the Federal Register for a 60-day comment period.

DATE ACTION REQUESTED: December 15, 2011.

OTHER OFFICES CONSULTED: Regions, OCCU, OSCUI.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Larry Fazio, Director, Office of Examination and
Insurance, and Lisa Henderson, Staff Attorney.

SUMMARY: The ANPR requests public comment on whether the NCUA Board should
issue a regulation to require federally insured credit unions, as part of their liquidity
contingency funding plans, to have access to backup federal liquidity sources for use in
times of financial emergency and distressed economic circumstances. NCUA is
considering requiring this access be demonstrated by a credit union in one of four ways:
(1) becoming a member in good standing of NCUA’s Central Liquidity Facility (CLF)
directly; (2) becoming a member in good standing of CLF through a corporate credit
union; (3) obtaining and maintaining demonstrated access to the Federal Reserve
System Discount Window; or (4) maintaining a certain percentage of assets in highly
liquid Treasury Securities. If eventually promulgated, the regulation would be added to
12 C.F.R. Part 741, Requirements for Insurance, so as to apply uniformly to both federal
and state chartered credit unions. The regulation would apply to natural person credit
unions and corporate credit unions.

RECOMMENDED ACTION: The NCUA Board issue the attached ANPR.

ATTACHMENT: ANPR.