

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** April 11, 2014

**FROM:** Office of General Counsel  
Office of National Examinations  
and Supervision

**SUBJ:** Part 702 Final Rule – Capital  
Planning and Stress Testing

**ACTION REQUESTED:** Board approval to issue the attached final rule.

**DATE ACTION REQUESTED:** April 24, 2014.

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

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

**BUDGET IMPACT, IF ANY:** The actual costs will be determined by the competitive bidding process. However, staff estimates that the cost would not exceed \$5 million in the first year.<sup>1</sup> Any stress testing expenses above \$5 million will be subject to further NCUA Board approval. Actual expenses would be charged to the National Credit Union Share Insurance Fund.

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

**RESPONSIBLE STAFF MEMBERS:** Scott Hunt, Director, and Jeremy Taylor, Senior Capital Markets Specialist, Office of National Examinations and Supervision; Dale Klein, Senior Capital Markets Specialist, Office of Examination and Insurance; and Lisa Henderson, Staff Attorney, Office of General Counsel.

**SUMMARY:** The final rule requires federally insured credit unions with assets of \$10 billion or more to develop and maintain capital plans. The rule also provides for annual stress tests of those credit unions.

**RECOMMENDED ACTION:** The NCUA Board issue the attached final rule.

**ATTACHMENT:** Final rule.

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<sup>1</sup> Call reports filed as of this date indicate four credit unions currently exceed \$10 billion in assets, and a fifth credit union is projected to exceed \$10 billion in assets before the cutoff date for the stress test cycle to begin in 2014. Therefore, this \$5 million cost estimate is based on NCUA engaging a third party to establish stress testing programs at five covered credit unions in 2014. Annual third-party costs are expected to be reduced in subsequent years.