BOARD ACTION MEMORANDUM

TO: NCUA Board
FROM: Office of General Counsel
       Office of Examination and Insurance

DATE: June 5, 2019
SUBJ: Proposed Rule: Delay Effective Date of Risk-Based Capital Rules (Part 702)

ACTION REQUESTED: NCUA Board approval to issue the attached proposal.

DATE ACTION REQUESTED: June 20, 2019

OTHER OFFICES CONSULTED: N/A

VIEWS OF OTHER OFFICES CONSULTED: N/A

BUDGET IMPACT, IF ANY: There is no estimated incremental budget impact based on this proposal. The budgetary impact caused by the Risk-Based Capital Rule changes were previously captured in the 2015 Final Risk-Based Capital Rule (2015 Final Rule) and 2018 Supplemental Risk-Based Capital Rule (2018 Supplemental Rule).

The 2015 Final Rule and 2018 Supplemental Rule estimated incremental non-recurring costs to update the Call Report, Automated Integrated Regulatory Examination System (AIRES), risk reports, Financial Performance Report (FPR), and workload and exam management tools. The agency has conducted much of the development work to implement the risk-based capital rule. Remaining implementation activities will occur through 2022 under this proposal, the cost of which are already accounted for with the NCUA’s modernization initiatives.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Larry Fazio, Director Office of Examination and Insurance; Julie Cayse, Director of Risk Management, Office of Examination and Insurance; and John H. Brolin, Senior Staff Attorney, Office of General Counsel.

SUMMARY: Staff recommends the NCUA Board (Board) seek comment on the attached proposed rule that would amend the NCUA’s previously revised regulations regarding prompt corrective action (PCA). The proposal would delay the effective date of the NCUA’s 2015 Final Rule and 2018 Supplemental Final Rule, moving the effective date of both rules to January 1, 2022. During the extended delay period, the NCUA’s current PCA requirements would remain in effect.

RECOMMENDED ACTION: NCUA Board issue the proposed supplemental rule for a 30-day comment period.

ATTACHMENT: Proposed Rule.