



## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** September 27, 2019.

**FROM:** Office of Examination and Insurance; Office of General Counsel

**SUBJ:** Final Rule – Public Unit and Nonmember Shares

**ACTION REQUESTED:** Board approval to issue the attached final rule, which amends the NCUA's public unit and nonmember shares regulations in § 701.32 and § 741.204, to allow federally insured credit unions (FICUs) to receive a greater amount of public unit and nonmember shares.

**DATE ACTION REQUESTED:** October 24, 2019.

**BUDGET IMPACT, IF ANY:** None.

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

**RESPONSIBLE STAFF MEMBER:** Ariel Pereira, Staff Attorney.

**SUMMARY:** The final rule follows publication of a May 30, 2019, proposed rule and takes into consideration the public comments received on the proposed rule. The NCUA received 17 public comments on the proposal. Comments were received from: (1) individual FICUs; (2) national, state, and regional organizations representing FICUs; and (3) national banking trade organizations.

In general, the current regulations limit the total amount of public unit and nonmember shares to 20 percent of the FICU's total shares, or \$3 million, whichever is greater. The final rule will allow a FICU to receive public unit and nonmember shares up to 50 percent of the FICU's paid-in and unimpaired capital and surplus less any public unit and nonmember shares.

The NCUA specifically sought comment on the proposed elimination of the alternative limit of \$3 million. In response to the many comments supporting retention of the limit, the final rule provides that a FICU may have public unit and nonmember shares in an amount up to the new 50 percent aggregate limit, or \$3 million, whichever is greater.

**RECOMMENDED ACTION:** Recommend the Board issue the final rule, which will become effective 90 calendar days following publication in the Federal Register.

**ATTACHMENT:** Final rule.