



**NCUA**  
National Credit Union Administration

Office of Examination and Insurance  
Office of General Counsel

# Final Rule

## §701.32

Payment on shares by public units  
and nonmembers

October 24, 2019

# Public Unit and Nonmember Shares

Item	May 23 2019 Proposed Rule	October 24 2019 Final Rule	Changes to Final Rule
Limit	50% (PIUCS-PUNM)	Higher of 50% (PIUCS-PUNM) <b>or \$3 million</b>	Addition of \$3 million alternative
Exemption	No Exemption	No Exemption	No change
CU Plan	70% of PIUCS	70% of PIUCS	No change

PIUCS = Paid-in and unimpaired capital and surplus

PUNM= Public Unit and Nonmember Shares

## Item Definitions:

**Limit** = Aggregate amount of Public Unit and Nonmember shares as a percentage of the net amount of Paid-in and unimpaired capital and surplus less Public Unit and Nonmember Shares.

**Exemption** = The final rule will not provide any exemption to the limit of Public Unit and Nonmember shares a credit union may accept.

**Credit Union Plan** = A FICU would be required to develop a plan regarding the intended use of any borrowings, public unit, or nonmember shares that, taken together, exceed 70 percent of the FICU's paid-in and unimpaired capital and surplus.

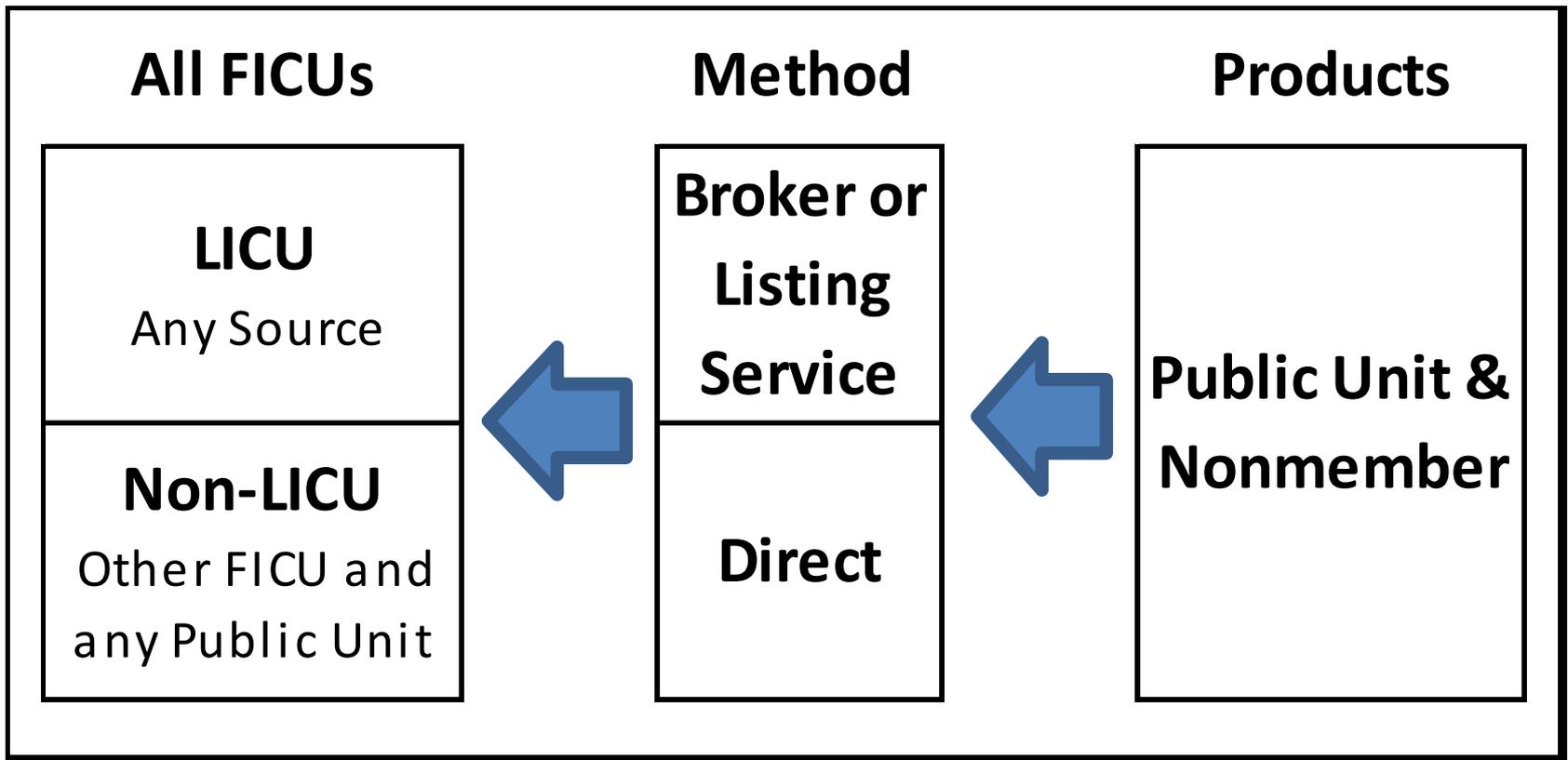
# What counts towards the 50% Limit?

Source	Member	Nonmember
Public Unit	✓	✓
Other Credit Unions		✓
Any Source (LICUs Only)		✓

**Public Unit** - The term *public unit* means the United States, any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Panama Canal Zone, any territory or possession of the United States, any county, municipality, or political subdivision thereof, or any Indian tribe as defined in section 3(c) of the Indian Financing Act of 1974.

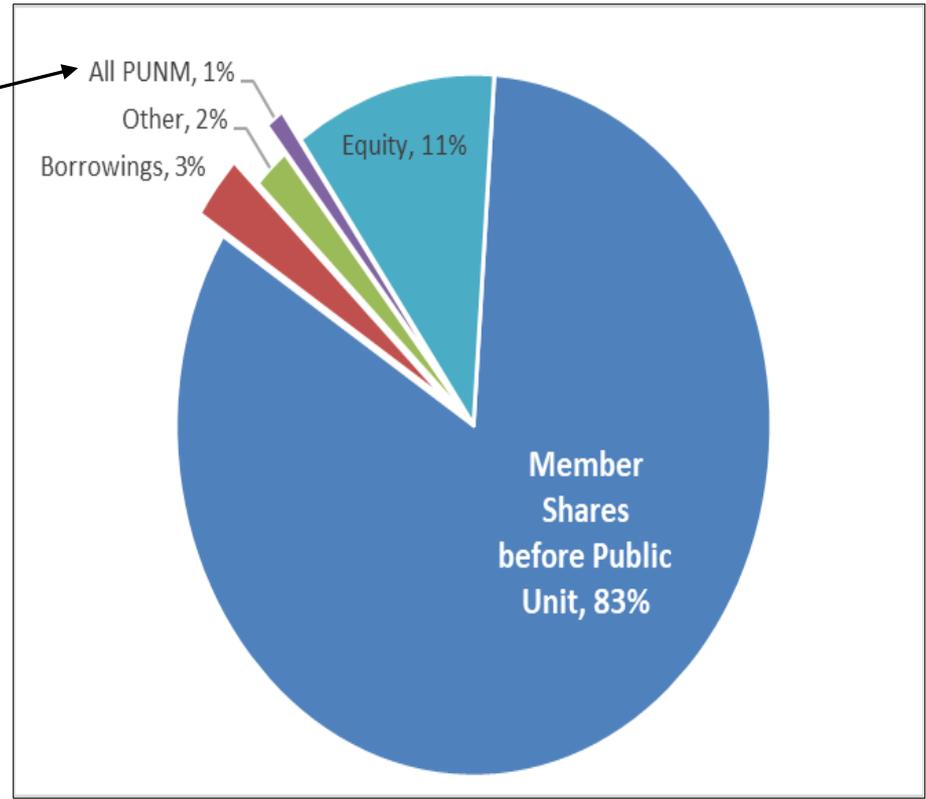
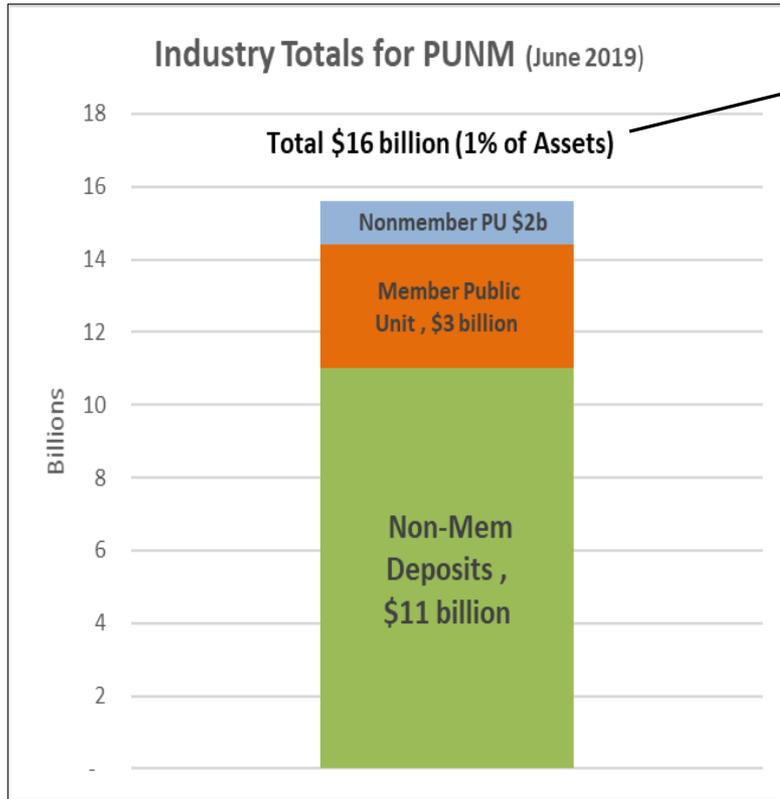
**LICUs** – See §701.34(a)

# Credit Union sources of PUNM



Depending on the LICU status and any other State laws, Public Unit and Nonmember Shares can be sourced from Members or Nonmembers and either Direct, through a Listing Service or Broker.

# Credit Union use of Public Unit and Nonmember Deposits

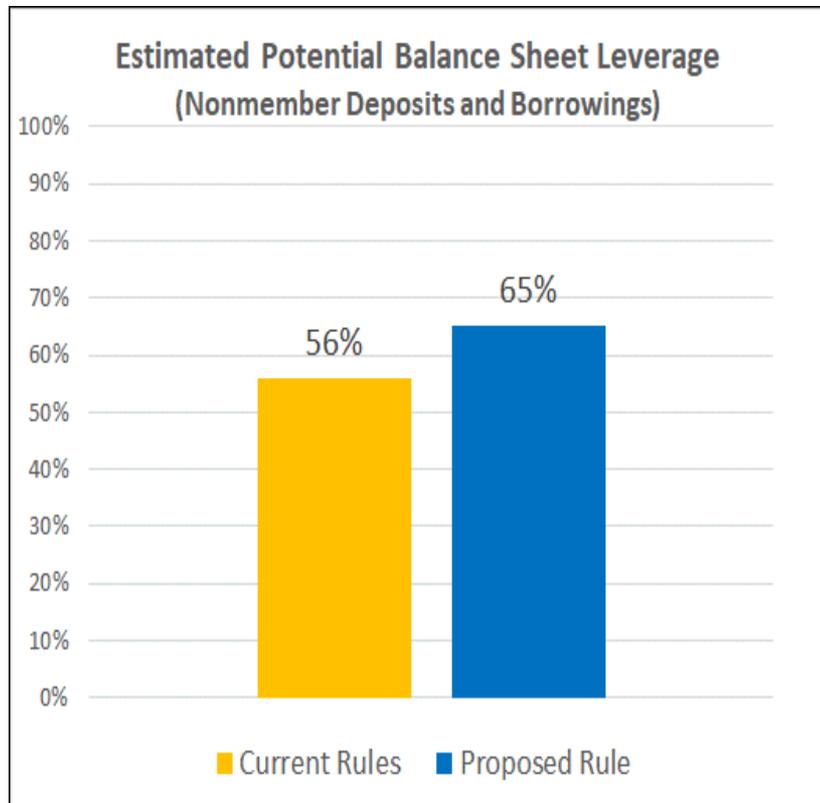


Public Unit and Nonmember Shares fund 1% of Total assets at an industry level.

Industry funding as a percentage of total assets (June 2019 data)

# Industry Leverage Estimate

## Clarification to the May 2019 Board meeting chart on Balance Sheet Leverage



Generally, net worth ratio needed to fully utilize both the Public Unit and nonmember shares authority (§701.32) and the Borrowings authority (§741.2) is approximately **16%\***.

\* Assuming the liabilities and equity consist entirely Paid-in and unimpaired capital and surplus

# Effective Date

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**Final Rule Will Take Effect 90  
Days following Publication in  
the *Federal Register***