



TO: NCUA Board

DATE: January 11, 2021

FROM: Office of General Counsel
Office of Examination and Insurance

SUBJ: Proposed Rule: Risk-Based
Net Worth – COVID-19 Regulatory Relief
(Part 702)

ACTION REQUESTED: NCUA Board approval to issue the attached proposed rule for a 30-day comment period.

DATE ACTION REQUESTED: January 14, 2021.

OTHER OFFICES CONSULTED: N/A

VIEWS OF OTHER OFFICES CONSULTED: N/A

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Kathryn Metzker, Risk Management Division, Office of Examination and Insurance; Thomas Zells, Staff Attorney, Office of General Counsel; and Rachel Ackmann, Senior Staff Attorney, Office of General Counsel.

SUMMARY: This proposed rule would raise the asset threshold for defining a credit union as “complex” for purposes of being subject to any risk-based net worth requirement in part 702 of the NCUA’s regulations. The proposed rule would amend the NCUA’s regulations to provide that any risk-based net worth requirement will be applicable to only a federally insured natural-person credit union (credit union) with quarter-end assets that exceed \$500 million and a risk-based net worth requirement that exceeds six percent. This change would remain in place until the risk-based capital (RBC) rule goes into effect. The COVID-19 pandemic has created a vital need for financial institutions, including credit unions, to provide access to responsible credit and other member services to support consumers. Implementing this regulatory change in advance of January 1, 2022, the effective date of the NCUA’s 2015 final RBC rule, would provide necessary relief to a significant number of credit unions and their members without substantially increasing the risk to credit unions or the National Credit Union Share Insurance Fund.

RECOMMENDED ACTION: The NCUA Board approve the attached proposed rule for publication in the *Federal Register* with a 30-day comment period.

ATTACHMENT: Proposed rule.