



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: September 14, 2021

FROM: Office of General Counsel

SUBJ: Subordinated Debt – Proposed Rule

ACTION REQUESTED: The NCUA Board’s approval of a proposed rule to amend the recently finalized Subordinated Debt rule.

DATE ACTION REQUESTED: September 23, 2021.

OTHER OFFICES CONSULTED: Office of Examination and Insurance and Office of Credit Union Resources and Expansion.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBER: Justin M. Anderson, Senior Staff Attorney, Office of General Counsel and Tom Fay, Manager, Capital Markets, Office of Examination and Insurance.

SUMMARY: The propose rule would amend the Subordinated Debt rule, which the Board finalized in December 2020 with an effective date of January 1, 2022. This proposal would amend the definition of “Grandfathered Secondary Capital” to include any secondary capital issued to the United States Government or one of its subdivisions (U.S. Government), under an application approved before January 1, 2022, irrespective of the date of issuance. The proposed change would benefit eligible low-income credit unions that are either participating in the U.S. Department of the Treasury’s Emergency Capital Investment Program or other programs administered by the U.S. Government that can be used to fund secondary capital, if they do not receive the funds for such programs by December 31, 2021. This proposal would also provide that the expiration of regulatory capital treatment for these issuances is the later of 20 years from the date of issuance or January 1, 2042.

RECOMMENDED ACTION: The NCUA Board approve the attached proposed rule with a 30-day comment period.

ATTACHMENT: Proposed rule.