

# COMPLIANCE & REGULATORY UPDATE

Dear Credit Union CEOs and Compliance Professionals,

Continuing on its [Deregulation Project](#) and our [prior communications](#), the NCUA released new proposals outlined below. As previously mentioned, the NCUA will release **new proposals every two weeks** throughout 2026, systematically reviewing regulations to ensure they focus on credit union safety, soundness, and resilience.

\* Denotes proposals that apply to both federally chartered and state chartered federally insured credit unions.

## Round 10 Proposals

### \*[Bank Conversions and Mergers, Merger of Insured Credit Unions into Banks](#) (12 CFR 708a)

The NCUA is proposing to amend 12 CFR part 708a, subpart C, which governs the merger of insured credit unions into banks and provides a procedural framework for transactions that fundamentally alter a credit union's charter or structure. The rule establishes procedural and substantive requirements to protect the interests of credit union members during such mergers.

The proposal eliminates several provisions that are "overly prescriptive and impose undue burdens on a credit union's board of directors during merger deliberations" and "will result in mergers that are less costly for the members and just as informative."

#### **Change 1: Remove the definition of "clear and conspicuous" from 12 CFR 708a.301.**

- This definition mandates specific formatting, such as bold type and a minimum 12-point font size.

- Removing this definition will allow credit unions the flexibility to design disclosures that are effective and clear for their members.

**Change 2: Revise the newspaper publishing requirement in 12 CFR 708a.303(b)(1).**

- This requirement may no longer be most effective for communication in the digital age; the proposal would require the notice to appear on the credit union's homepage.
- This proposal would eliminate an outdated and possibly costly requirement. It would also make pre-board-vote notices more accessible to members who can find that information directly on the homepage of the credit union's website.

**Change 3: Revise the due diligence reporting requirements in 12 CFR 708a.304(d).**

- This change would remove the "overly intrusive" requirement for the board to describe how the board located the merger partner and negotiated the merger agreement in its submission to the NCUA.
- This proposed change streamlines the reporting requirements, focusing on the substantive outcome of the board's decision-making process.

**Change 4: Remove highly prescriptive formatting requirements in 12 CFR 708a.305(e)(2).**

- This provision dictates that certain text must be placed in a box on the front of a single, otherwise blank piece of paper and placed at a specific point in the notice package.
- Eliminating these specific formatting rules will reduce administrative burden and the requirement does not necessarily result in better member comprehension.

**Change 5: Remove plain language determining factors in 12 CFR 708a.305(f).**

- The examples of specific factors to consider in determining whether a communication to members is in plain language are redundant with the requirement that communications be simple and easy to understand.
- This proposal would simplify compliance and credit unions would have more flexibility in their merger communications.

**Change 6: Remove "Voting guidelines" from 12 CFR 708a.312.**

- The guidelines are non-binding suggestions to help a credit union obtain a fair and legal vote.
- This proposal would remove guidance from regulation and streamline the regulatory text so that credit unions aren't confused about what is required.

### **Your Requested Input**

**We want to hear from you.** Do any of these proposals significantly impact your operations, positively or negatively? Do you have concerns about these deregulation efforts or suggestions that should be included in potential comment letters?

Please send your detailed feedback to Jeremy Newman, Vice President of Legislative and Regulatory Affairs at [jeremy.newman@nycua.org](mailto:jeremy.newman@nycua.org) by **June 15** for round ten.

Thank you for your continued engagement.