

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 12 Proposals

***Fidelity Bond and Insurance Coverage** **(12 CFR 704 and 12 CFR 713)**

Removes or modifies certain requirements related to fidelity bond purchases and renewals, approved bond forms, and guidance on bond coverage levels.

- Change 1: Simplify Fidelity Bond Purchase and Renewal Requirements (12 CFR 713.2(b) and 704.18(b)(2))
    - Allows a FICU's board to delegate the review, approval, and signing of fidelity bond purchases and renewal applications to an authorized board member or a member of the supervisory or audit committee.
    - Removes the requirement that a different board member sign successive bond purchase or renewal agreements. The Board believes these requirements are overly prescriptive, and that annual board review of fidelity bond coverage provides sufficient oversight. There are also parallel changes for corporate credit unions.
- Change 2: Remove the 10-Year Reapproval Requirement for Approved Bond Forms (12 CFR 713.4(d) and 12 CFR 704.18(c)(3))
    - Removes the requirement that NCUA-approved fidelity bond forms automatically expire after 10 years and be resubmitted for approval. NCUA

would retain authority to review bond forms and ensure they remain current.
- Change 3: Remove Advisory Fidelity Bond Coverage Provisions (12 CFR 713.5(b) and (c) and 12 CFR 704.18(d)(2))

Incidental Powers (Powers of Federal Credit Unions) (12 CFR 721)

Clarifies that federal credit unions (FCU) may apply directly to the NCUA for approval of an activity that is not already recognized as an authorized incidental power without first obtaining an advisory opinion.

- Change 1: Revise the Description of Part 721 (12 CFR 721.1)
  - Removes references to obtaining legal opinions from the NCUA Office of General Counsel, describes how interested parties may request approval of new activities or categories, and clarifies that approved activities apply to all FCUs and that Part 721 does not apply to corporate credit unions.
- Change 2: Clarify That Advisory Opinions are Optional (12 CFR 721.4(a))
  - Removes language stating that an FCU should seek an advisory opinion from the NCUA Office of General Counsel before applying to engage in an activity that is not already authorized under 12 CFR 721.

***Central Liquidity Facility (12 CFR 725)**

Incorporates changes adopted during the COVID-19 pandemic, and provides additional flexibility for capital stock subscription adjustments and make technical updates to improve clarity and consistency.

- Change 1: Adopt Permanent CLF Changes and Remove Expired COVID-19 Provisions (12 CFR 725.2, 725.3, 725.4, 725.17, 725.18, and 725.19)
  - Adopts changes implemented through interim final rules issued in 2020 and 2021 while removing temporary provisions that have expired. These changes eliminate obsolete CARES Act-related provisions, remove expired borrowing authorities, restore applicable permanent requirements, and update the definition of “liquidity needs” to reflect the version currently in effect.
- Change 2: Streamline CLF Membership, Application, and Reporting Requirements (12 CFR 725.3 and 725.4)

    - Eliminates or modifies certain membership application, documentation, reporting, audit, and approval requirements because the information is already available through supervisory and examination processes.
    - Removes outdated approval criteria for agent members while retaining the ability to obtain information needed to evaluate non-federally insured institutions.
- Change 3: Revise Capital Stock Subscription Payment Requirements (12 CFR 725.5(b)(2))
    - Replaces the current March 31 deadline for capital stock subscription adjustments with a requirement that payments be made within 90 calendar days after a member receives an invoice from the CLF.
- Change 4: Simplify Borrowing and Collateral Requirements (12 CFR 725.17, 725.18, and 725.19)
    - Simplifies the rules for obtaining loans from the CLF by consolidating application requirements, removing expired COVID-era provisions, and updating collateral requirements and terminology.
    - Removes references to temporary borrowing authorities that are no longer available.
- Change 5: Technical and Conforming Amendments (Various Sections of 12 CFR 725)
    - Replaces references to the "NCUA Board" with "Facility" where appropriate, removes obsolete definitions, updates terminology, clarifies responsibilities within the CLF framework, and makes other edits intended to improve readability and consistency.

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** by **November 30** for round twelve.

Thank you for your continued engagement.