

# COMPLIANCE & REGULATORY UPDATE

Dear Credit Union CEOs and Compliance Professionals,

Continuing on its **Deregulation Project** and our prior communications (**Round 1 & 2**, **Round 3**), the NCUA released four new proposals outlined below. As previously mentioned, the NCUA will release approximately **four 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 4 Proposals

### **\*1) Public Unit and Nonmember Shares (12 CFR 701.32(b)(2))**

- Removes the requirement for a written plan on the intended use of public unit and nonmember shares
- Allows credit union boards to manage their funding sources and reliance on these funds with greater flexibility

### **\*2) Notice of Termination of Excess Insurance Coverage (12 CFR 741.5)**

- Removes the specific 30-day notice requirement associated with the termination of excess share insurance coverage
- Boards would still be required to notify members, but without an overly prescriptive time frame

### **\*3) Maximum Borrowing Authority (12 CFR 741.2)**

- Eliminates the requirement that: 1. establishes a borrowing limit for federally insured state-chartered credit unions; and 2. duplicates a statutory borrowing limit for FCUs
- State law would govern maximum borrowing authority while NCUA would still examine for safety and soundness

**\*4) Disclosure of Share Insurance (12 CFR 741.10)**

- Removes a duplicative notification requirement for federally insured state-chartered credit unions that accept nonmember shares or deposits that are not protected by the Share Insurance Fund
- Simplifies compliance burden while leaving in place notification requirements for those who may have accounts not covered by the Share Insurance Fund

**Round 5 Proposals**

**\*1) Conversion of Insured Credit Unions to Mutual Saving Banks (12 CFR 708a)**

- Eliminates some procedural, disclosure, and communications requirements for converting insured credit unions to mutual saving banks
- Simplifies compliance burden for conversion disclosures and allow credit unions the flexibility to design disclosures that are effective and clear for their members

**\*2) Mergers of Insured Credit Unions Into Other Credit Unions; Voluntary Termination or Conversion of Insured Status (12 CFR 708b)**

- Retains the core disclosure and notification requirements when a credit union's members vote on a decision to merge or terminate federal share insurance coverage and convert to private insurance, but eliminates prescriptive requirements of disclosures
- Provides credit unions with greater flexibility in designing effective communications, while still ensuring that members receive clear and prominent notice of a proposed termination of federal insurance

**3) Organization and Operation of Federal Credit Unions (Low Income Designation & Community Charters) (Interpretive Ruling and Policy Statement 06-1)**

- Removes IRPS 06-1, as a redundant standard as the current Field of Membership requirements are stated in the Chartering and Field of Membership Manual (Appendix B of 12 CFR 701)
- Limits the number of sources that federal credit unions must check to ensure compliance with chartering and field of membership requirements

### **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 feedback to Jeremy Newman, Vice President of Legislative and Regulatory Affairs at [jeremy.newman@nycua.org](mailto:jeremy.newman@nycua.org) by **March 23 for Round 4 and by April 6 for Round 5.**

Thank you for your continued engagement.



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