

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: April 11, 2014

FROM: Office of General Counsel
Office of National Examinations
and Supervision

SUBJ: Part 702 Final Rule – Capital
Planning and Stress Testing

ACTION REQUESTED: Board approval to issue the attached final rule.

DATE ACTION REQUESTED: April 24, 2014.

OTHER OFFICES CONSULTED: E&I, OCE.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: The actual costs will be determined by the competitive bidding process. However, staff estimates that the cost would not exceed \$5 million in the first year.¹ Any stress testing expenses above \$5 million will be subject to further NCUA Board approval. Actual expenses would be charged to the National Credit Union Share Insurance Fund.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Scott Hunt, Director, and Jeremy Taylor, Senior Capital Markets Specialist, Office of National Examinations and Supervision; Dale Klein, Senior Capital Markets Specialist, Office of Examination and Insurance; and Lisa Henderson, Staff Attorney, Office of General Counsel.

SUMMARY: The final rule requires federally insured credit unions with assets of \$10 billion or more to develop and maintain capital plans. The rule also provides for annual stress tests of those credit unions.

RECOMMENDED ACTION: The NCUA Board issue the attached final rule.

ATTACHMENT: Final rule.

¹ Call reports filed as of this date indicate four credit unions currently exceed \$10 billion in assets, and a fifth credit union is projected to exceed \$10 billion in assets before the cutoff date for the stress test cycle to begin in 2014. Therefore, this \$5 million cost estimate is based on NCUA engaging a third party to establish stress testing programs at five covered credit unions in 2014. Annual third-party costs are expected to be reduced in subsequent years.