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Erin Morris,
Administrator, Agricultural Marketing Service.
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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 704

RIN 3133-AF73

Corporate Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) is proposing to amend its regulations for corporate credit unions by removing the requirement that a corporate credit union's asset and liability management committee (ALCO) must have at least one member who is also a member of the corporate credit union's board of directors. The proposed rule would also remove filing requirements related to a corporate credit union's annual report and any management letter or other report issued by its independent public accountant. The intended effect is to reduce unnecessary regulatory burden and provide corporate credit unions with greater flexibility.

DATES: Comments must be received by February 9, 2026.

ADDRESSES: Comments may be submitted in one of the following ways. (Please send comments by one method only):

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. The docket number for this proposed rule is NCUA-2025-1302. Follow the "Submit a comment" instructions. If you are reading this document on federalregister.gov, you may use the green "SUBMIT A PUBLIC COMMENT" button beneath this rulemaking's title to submit a comment to the regulations.gov docket. A plain language summary of the proposed rule is also available on the docket website.

- **Mail:** Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- **Hand Delivery/Courier:** Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

Public inspection: Please follow the search instructions on <https://www.regulations.gov> to view the public comments. Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. All comments are public records; they are publicly displayed exactly as received, and will not be deleted, modified, or redacted. Comments may be submitted anonymously. If you are unable to access public comments on the internet, you may contact the NCUA for alternative access by calling (703) 518-6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: Rachel Ackmann, Senior Attorney, Office of General Counsel, at (703) 518-6540 or at 1775 Duke Street, Alexandria, VA 22314

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

In 2010, the Board comprehensively revised the regulations governing corporate credit unions to provide longer-term structural enhancements to the corporate system in response to the financial crisis of 2007–2009.¹ The provisions of the 2010 rule were intended to stabilize the corporate system and improved corporate credit unions' ability to function and provide services to natural person credit unions without undue risk. Since 2010, and as part of the Board's continuous reevaluation of its regulation of corporate credit unions, the Board has amended part 704 on several occasions.²

In 2017, the Board amended corporate credit union capital standards to change the calculation of capital after a consolidation and to set a retained earnings ratio target.³ In October 2020, the Board issued a final rule to amend several provisions relating to corporate credit union investments in credit union service organizations (CUSOs) and other provisions relating to corporate credit union governance.⁴ Finally, in 2021, the Board amended part 704 to clarify that corporate credit unions may purchase subordinated debt instruments issued by consumer credit unions.⁵

B. Legal Authority

The Board is issuing this proposed rule pursuant to its authority under the

Federal Credit Union Act (FCU Act).⁶ Under the FCU Act, the NCUA is the chartering and supervisory authority for federal credit unions (FCUs) and the federal supervisory authority for federally insured credit unions (FICUs). The FCU Act grants the NCUA a broad mandate to issue regulations governing both FCUs and FICUs. Section 120 of the FCU Act is a general grant of regulatory authority and authorizes the Board to prescribe regulations for the administration of the FCU Act.⁷ Section 209 of the FCU Act is a plenary grant of regulatory authority to the NCUA to issue regulations necessary or appropriate to carry out its role as share insurer for all FICUs.⁸ The FCU Act also includes an express grant of authority for the Board to subject federally chartered central, or corporate, credit unions to such rules, regulations, and orders as the Board deems appropriate.⁹ Part 704 of the NCUA's regulations implements the requirements of the FCU Act regarding corporate credit unions.¹⁰

II. Proposed Rule

A. ALCO Committee Representation

Before the financial crisis of 2007–2009, the Board comprehensively revised part 704 (1997 final rule).¹¹ The 1997 final rule required that corporate credit unions operate according to a written asset and liability management policy. Additionally, the 1997 final rule required that each corporate credit union's ALCO have at least one member who is also a member of the board of directors. The board member requirement has not been amended since 1997.

The Board now proposes to rescind the requirement for each corporate credit union's ALCO to have at least one member who is also a member of the board of directors. After careful review, the Board believes that this prescriptive approach is unnecessary. The Board's primary policy rationale for this proposed elimination is that this requirement is overly prescriptive and inflexible, and corporate credit union boards should have discretion to determine their ALCO membership.

B. Filing Requirements for a Corporate Credit Union's Annual Report

The 1997 final rule also required that a corporate credit union's supervisory committee get an annual opinion audit

¹ 75 FR 64786 (Oct. 20, 2010).

² See e.g., 80 FR 25932 (May 6, 2015) and 80 FR 57283 (Sept. 23, 2015).

³ 82 FR 55497 (Nov. 22, 2017).

⁴ 85 FR 17288 (Mar. 27, 2020).

⁵ 86 FR 10729 (Feb. 23, 2021).

⁶ 12 U.S.C. 1751 *et seq.*

⁷ 12 U.S.C. 1766(a).

⁸ 12 U.S.C. 1789.

⁹ 12 U.S.C. 1766(a).

¹⁰ 12 CFR part 704.

¹¹ 62 FR 12938 (Mar. 19, 1997).

of the corporate credit union's financial statements. The supervisory committee was required to submit the audit report to the board of directors. In addition, the supervisory committee had to submit a copy of the audit report and copies of all communications provided to the corporate credit union by the external auditor to the NCUA within 30 calendar days after receipt by the board of directors.¹²

In 2010, the Board amended corporate credit union audit requirements by adding additional auditing, reporting, and supervisory committee requirements.¹³ For consistent application of the requirement, the Board required that a corporate credit union file a copy of its annual report with the NCUA within 180 days following the end of the calendar year.¹⁴ The Board also provided that the NCUA would make a corporate credit union's annual report available for public inspection and that, consistent with good corporate governance, a corporate credit union was required to give the NCUA a copy of any management letter or report issued by its independent public accountant.¹⁵ Finally, the Board required corporate credit unions to notify the NCUA when filing the annual report late.¹⁶

The Board now proposes to remove several of its filing requirements related to a corporate credit union's annual report. The proposed rule would rescind the requirement to file a copy of an annual report and any management letter or other report issued by its independent public accountant with the NCUA within 180 days after the end of the calendar year. The proposed rule would also rescind the requirement for the NCUA to make the annual report available for public inspection. Along with the proposed removal of these filing requirements, the Board would rescind requirements related to untimely filings.

The Board is proposing to eliminate these filing requirements because the section imposes an unnecessary and undue compliance burden on corporate credit unions that is disproportionate to its limited public benefit. The NCUA has access to corporate credit union records and audit reports through its

examination authority.¹⁷ The proposed amendments only remove the requirements for the corporate credit union to file the documents with the NCUA and does not limit the NCUA's access to the information. NCUA examiners will continue to review these materials through the examination process. The intended effect of the proposed amendment is to reduce unnecessary regulatory burden without affecting corporate credit union safety and soundness.

The Board notes that other aspects of the NCUA's filing requirements will remain unchanged. Corporate credit unions will continue to be required to notify the NCUA within 15 days of losing an independent public accounting through dismissal or resignation. The proposed rule would remove the requirement to report the engagement of an independent public accountant. The Board is more concerned with prompt notification for the dismissal or resignation of an accountant than about notification of the initial engagement. The NCUA would have access to the engagement letter if necessary and does not need prompt notification. Additionally, a corporate credit union must submit a preliminary annual report to the corporate credit union's membership at its next calendar year's annual meeting.

The Board solicits comments on all aspects of the proposed rule.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023 (5 U.S.C. 553(b)(4)) (Act) requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website under section 206(d) of the E-Government Act of 2002 (44 U.S.C. 3501 note) (commonly known as *regulations.gov*).

The Board is proposing to amend its regulations for corporate credit unions by removing the requirement that a corporate credit union's ALCO must have at least one member who is also a member of the corporate credit union's board of directors. The proposed rule would also remove filing requirements related to a corporate credit union's annual report and any management letter or other report issued by its independent public accountant. The intended effect is to reduce unnecessary

regulatory burden and provide corporate credit unions with greater flexibility.

The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Orders 12866, 13563, and 14192

Pursuant to Executive Order 12866 ("Regulatory Planning and Review"), as amended by Executive Order 14215, a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.¹⁸ Executive Order 13563 ("Improving Regulation and Regulatory Review") supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.¹⁹ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OMB has determined that this proposed rule is not a "significant regulatory action" as defined in section 3(f)(1) of Executive Order 12866. Further, this proposed rule will reduce the burden of filing certain reports with the NCUA and increase flexibility for corporate credit union boards to determine ALCO members and is consistent with Executive Order 13563.

Executive Order 14192 ("Unleashing Prosperity Through Deregulation") requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations.²⁰ This proposed rule is expected to be a deregulatory action for purposes of Executive Order 14192.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act²¹ generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. If the agency makes such a certification, it must publish the certification at the time of publication of either the proposed rule or the final rule, along with a statement providing the factual basis for such certification.²² For purposes of this analysis, the NCUA

¹² 62 FR 12929 (Mar. 19, 1997). See 12 CFR 704.15(a).

¹³ 75 FR 73000 (Nov. 29, 2010).

¹⁴ 12 CFR 704.15(c)(1). The report must contain the audited comparative financial statements, the independent public accountant's report on those statements, a management report, and, if applicable, the independent public accountant's attestation report on management's assessment of internal control over financial reporting.

¹⁵ 12 CFR 704.15(c)(2) and (c)(3).

¹⁶ 12 CFR 704.15(c)(5).

¹⁷ 12 U.S.C. 1784.

¹⁸ 58 FR 51735 (Oct. 4, 1993).

¹⁹ 76 FR 3821 (Jan. 21, 2011).

²⁰ 90 FR 9065 (Feb. 6, 2025).

²¹ 5 U.S.C. 601 *et seq.*

²² 5 U.S.C. 605(b).

considers small credit unions to be those having under \$100 million in assets.²³ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions. There are no corporate credit unions under \$100 million in assets. Accordingly, the NCUA certifies the proposed rule would not have a significant economic impact on a substantial number of small credit unions.

D. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA) generally provides that an agency may not conduct or sponsor, and notwithstanding any other provision of law, a person is not required to respond to, a collection of information, unless it displays a currently valid Office of Management and Budget control number. The PRA applies to rulemakings in which an agency creates a new or amends existing information collection requirements. For purposes of the PRA, an information-collection requirement may take the form of a reporting, recordkeeping, or a third-party disclosure requirement. The NCUA has determined that the changes addressed in this notice do not create a new information collection or revise an existing information collection as defined by the PRA.

E. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain regulatory agencies to consider the impact of their actions on state and local interests. The NCUA, an agency as defined in 44 U.S.C. 3502(5), complies with the executive order to adhere to fundamental federalism principles. This proposed rule would apply to all FICUs, including state-chartered credit unions. The NCUA expects that any effect on states or on the distribution of power and responsibilities among the various levels of government will be minor. The proposed changes would remove existing federal filing requirements for state-chartered corporate credit unions and do not negatively affect the division of responsibilities between the NCUA and state regulatory authorities with oversight of federally insured, state-chartered corporate credit unions. The NCUA welcomes comments on ways to eliminate, or at least minimize, any potential impact in this area.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this proposed rule would not affect family well-being within the meaning of

section 654 of the Treasury and General Government Appropriations Act, 1999.²⁴ The proposed rescission is exclusively concerned with corporate credit union governance and filing requirements. The proposed rule is intended to reduce regulatory burden while maintaining a strong corporate system to support consumer credit unions in their provision of financial services to members. The potential positive effect on family well-being, including financial well-being is, at most, indirect.

List of Subjects 12 CFR Part 704

Credit unions, Reporting and recordkeeping requirements, Surety bonds.

By the National Credit Union Administration Board, this 8th day of December 2025.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board proposes to amend 12 CFR part 704 as follows:

PART 704—CORPORATE CREDIT UNIONS

■ 1. The authority citation continues to read as follows:

Authority: 12 U.S.C. 1766(a), 1781, 1789.

■ 2. Revise section 704.8(b) to read as follows:

§ 704.8 Asset and liability management.

* * * * *

(b) *Asset and liability management committee (ALCO).* The ALCO must review asset and liability management reports on at least a monthly basis. These reports must address compliance with Federal Credit Union Act, NCUA Rules and Regulations (12 CFR chapter VII), and all related risk management policies.

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■ 3. Revise § 704.15(c) to read as follows:

§ 704.15 Audit and reporting requirements.

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(c) *Filing and notice requirements—* (1) *Notice of dismissal or resignation of accountants.* Each corporate credit union that loses an independent public accountant through dismissal or resignation, must notify the NCUA within 15 days after the dismissal, or resignation. The corporate credit union must include with the notice a reasonably detailed statement of the reasons for any dismissal or resignation. The corporate credit union must also

provide a copy of the notice to the independent public accountant at the same time the notice is filed with the NCUA.

(2) *Report to Members.* A corporate credit union must submit a preliminary Annual Report to the membership at the next calendar year's annual meeting.

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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 715

RIN 3133-AF74

Supervisory Committee Audits and Verifications

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board is proposing to amend its regulations governing supervisory committee audits to eliminate unnecessary, redundant, and overly prescriptive provisions. This action is necessary to reduce regulatory burden, increase operational flexibility for credit unions, and streamline the rules by removing requirements that are outdated or duplicative of other authorities. The intended effect of this proposal is to simplify compliance for credit unions without compromising the integrity of the audit process.

DATES: Comments must be received by February 9, 2026.

ADDRESSES: Comments may be submitted in one of the following ways. (Please send comments by one method only):

- *Federal eRulemaking Portal:* <https://www.regulations.gov>. The docket number for this proposed rule is NCUA-2025-1303. Follow the “Submit a comment” instructions. If you are reading this document on *federalregister.gov*, you may use the green “SUBMIT A PUBLIC COMMENT” button beneath this rulemaking’s title to submit a comment to the *regulations.gov* docket. A plain language summary of the proposed rule is also available on the docket website.

- *Mail:* Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

- *Hand Delivery/Courier:* Same as mailing address.

Mailed and hand-delivered comments must be received by the close of the comment period.

²³ 80 FR 57512 (Sept. 24, 2015).

²⁴ Public Law 105-277, 112 Stat. 2681 (1998).