



## **Regulatory Comment: Public Unit and Nonmember Shares**

### **THE ISSUE:**

The NCUA Board (Board) is seeking comment on a proposed amendment to 12 CFR § 701.32 to remove the requirement that a federally insured credit union (FICU) must submit a written plan to NCUA examiners, for preapproval, to document the intended use of any borrowings, public unit, or nonmember shares if, collectively, those funds exceed 70 percent of the FICU's paid-in and unimpaired capital. Under the proposed amendment such FICUs must still maintain a written plan made available to NCUA examiners, but preapproval would no longer be required.

### **IMPACT TO CREDIT UNIONS:**

The removal of the requirement for a written plan for preapproval removes administrative burdens for FICUs, while promoting FICUs' flexibility in managing their funding sources based on their own internal risk management policies rather than a one-size-fits-all due diligence requirement. Greater flexibility will allow FICUs to act according to their unique complexity, size, and risk tolerance. Notably, FICUs would still be required to maintain a written plan made available to NCUA examiners, but without the preapproval requirement, while meeting all other applicable requirements under § 701.32.

### **KEY POINTS:**

- FICUs exceeding the 70 percent limit would no longer be required to submit a written plan to the NCUA for preapproval but would still be required to maintain a written plan available to NCUA examiners.
- FICUs would remain subject to the regulatory requirements and limits governing public unit and nonmember shares in 12 CFR § 701.32.
- The proposed amendment would remove unnecessarily prescriptive and burdensome

requirements, while promoting a flexible approach tailored to the unique complexity, size, and risk tolerance of the FICU.

### **ACTION NEEDED: Deadlines and contacts**

Please use the comment link below to respond to America's Credit Unions' survey. This will help shape the discussion and better address your needs in our comment letters.

- Comments due to America's Credit Unions: March 13, 2026 – [Submit here](#).
- Comments due to the NCUA: March 30, 2026
- Questions? Contact [Jeremy Greenberg](#), Regulatory Advocacy Counsel, Innovation & Technology, America's Credit Unions
- Agency contact: Keisha Brooks, Attorney-Advisor, Office of the General Counsel, (703) 518-6540.

### **QUESTIONS TO CONSIDER:**

1. Do you support the proposed elimination of § 701.32(b)(2)? Why or why not?
2. Would eliminating § 701.32(b)(2)'s mandate for a preapproved written plan create safety and soundness concerns or lead to imprudent risk-taking by FICUs?

### **BACKGROUND:**

The Federal Credit Union (FCU) Act, in particular 12 U.S.C. § 1757(6), authorizes FCUs to receive payment on shares from nonmembers. Section 107(6) of the FCU Act provides that an FCU may receive payment on shares from its members (including public units that are members) and from other credit unions. This section also permits an FCU to receive payments on shares from nonmembers under certain circumstances, including payment on shares from nonmember public units and their political subdivisions. Moreover, a low-income designated credit union may receive payment on shares from any source regardless of membership.

**Analysis:**

The Board argues that FICUs should have increased flexibility to manage funding and that concentration and liquidity risks are better managed through the supervisory process and the FICUs' own internal risk management policies, rather than the current one-size-fits-all due diligence requirement. The Board recognizes that a FICU's ability to safely manage its share composition depends on a variety of factors, including liquidity management practices, asset structure, complexity, size, and overall risk profile. Therefore, the Board argues that FICUs can manage their reliance on these funds as part of their internal comprehensive asset-liability and liquidity management programs.

The Board also argues that this proposal will reduce the administrative burden on FICUs, while enabling them to manage their own operations and level of due diligence in a manner tailored to their own specific attributes. This is especially true for smaller and low-income designated credit unions.

Moreover, while the FCU Act recognizes that the Board may prescribe limitations governing nonmember and public unit shares accepted by FCUs, the statute does not require the Board to mandate a written plan for using these funds.