



## **Regulatory Comment: Summary and Feedback Request**

### **NCUA: Proposed Rule on Mergers of Credit Unions and Termination or Conversion of Insured Status**

#### **THE ISSUE:**

As part of its [Deregulation Project](#), the NCUA Board issued a [proposed rule](#) to amend Part 708b, which governs mergers of insured credit unions and the voluntary termination or conversion of federal share insurance. The proposal would: (1) remove the requirement in section 708b.106 that the NCUA post member comments submitted in connection with a proposed merger on a website accessible to credit union members, and (2) amend section 708b.206 to eliminate prescriptive formatting requirements for mandatory disclosure statements related to insurance conversion or termination, while retaining the requirement that such statements be “conspicuous” and appear on the first page of communications.

The agency’s stated objective is to streamline member communication requirements, reduce unnecessary regulatory burden, and provide credit unions with greater flexibility in designing effective communications, while maintaining core member protections and voting rights.

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

The proposal would not change member notice or voting requirements for mergers or insurance conversions. Credit unions would still be required to provide advance notice, include required disclosures, and obtain member approval where applicable.

The rule would eliminate the requirement that the NCUA post member-submitted comments related to merger proposals. It would also remove prescriptive formatting mandates for insurance termination or conversion disclosures, while retaining the required warning language and the requirement that it be conspicuous and appear on the first page. The operational impact is expected to be modest but may provide incremental flexibility in member communications.

## **KEY POINTS:**

- The proposal removes the requirement in section 708b.106 for the NCUA to post member comments related to merger proposals, while retaining all merger notice, disclosure, and voting requirements.
- It would also eliminate specific formatting mandates in section 708b.206 for insurance conversion or termination disclosures, but maintains the required disclosure language and conspicuous placement standards.
- According to the NCUA, it is intended to streamline procedures and provide flexibility while preserving member protections.

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

Please use the comment link below to respond to America's Credit Unions survey regarding the Mergers of Credit Unions and Termination or Conversion of Insured Status proposal. This will help shape the discussion and better address your needs in our comment letter.

- Comments due to America's Credit Unions: March 26, 2026 — [Submit here](#)
- Comments due to NCUA by April 13, 2026
- Questions? Contact [Luke Martone](#), Regulatory Advocacy Senior Counsel
- Agency contact: Ariel Woodard-Stephens (NCUA Staff Attorney) 703-518-6540

## **ANALYSIS:**

### **Background**

Part 708b governs mergers of insured credit unions and the voluntary termination or conversion of federal share insurance. The regulations in this Part are divided into two subparts: Subpart A establishes the procedures for mergers of insured credit unions, and Subpart B includes the notice and disclosure requirements that apply when a federally insured credit union (FICU) seeks to terminate federal share insurance or convert to nonfederal insurance.

The purpose of these regulations is to ensure credit union members receive timely, accurate, and meaningful information before voting on a proposed merger or a change in insured status. The regulations are designed to provide adequate notice and sufficient disclosures so that members can make informed decisions regarding their ownership interests and the protection of their insured funds.

### **Proposed Rule**

#### *§ 708b.106 - Member Notice and Comment Procedures in Mergers*

Section 708b.106 requires a merging credit union to provide written notice of a proposed merger vote at least 45 calendar days before the member meeting. The regulation also specifies the contents of the member communication package and is intended to ensure members receive adequate advance notice and disclosure prior to voting.

Paragraphs (d) and (e) currently establish a mechanism for member-to-member communications in connection with a merger. Specifically, these provisions allow members to submit comments to the NCUA regarding a proposed merger and require the NCUA to post those comments on a website accessible to members. The proposed rule would remove these provisions.

According to the NCUA, the core objective of ensuring reasonable member notice is achieved through paragraphs (a) through (c), which govern notice timing and required disclosures. The NCUA notes that the comment-posting mechanism has been infrequently used. In 2024, only 34 of 143 mergers received a comment. As such, the NCUA believes that the posting requirement may no longer be necessary and proposes to eliminate paragraphs (d) and (e). Because the requirement to post comments would be removed, the criteria governing which comments may be posted would also be eliminated.

Importantly, the proposal does not alter the requirement to provide advance notice of the merger vote or the substantive disclosure obligations contained in the member communication package.

*§ 708b.206 - Disclosure Requirements for Insurance Termination or Conversion*

Sections 708b.206(b) and (c) require that communications concerning the conversion from federal insurance to private insurance, or the termination of federal share insurance, include a conspicuous disclosure statement. This statement informs members that their accounts are currently insured by the NCUA, a federal agency, and that such insurance is backed by the full faith and credit of the United States government. It further explains that if the credit union converts to private insurance or terminates federal insurance and subsequently fails, the federal government does not guarantee repayment of member funds.

Under the current rule, this disclosure must appear on the first page of the communication and must meet specific formatting requirements. It must be printed in capital letters, bolded, offset by a border, and in a font size at least one size larger than other text.

The NCUA proposes to eliminate these prescriptive formatting requirements. Section 206 of the FCU Act requires credit unions to provide members with prompt and reasonable notice of a vote on insurance termination. The NCUA believes the detailed typographical requirements exceed what is necessary to satisfy that statutory standard. The proposal would retain the requirement that the disclosure be conspicuous and appear on the first page of the

communication, but would remove the mandatory capital letters, bolding, border, and font-size specifications.

The NCUA's rationale is that the purpose of the provision is to ensure that members clearly understand the loss of the federal insurance guarantee, rather than to mandate adherence to a specific formatting checklist. By requiring that the disclosure simply be clear and noticeable, rather than formatted in a specific way, the NCUA believes the proposal would maintain member protections while reducing unnecessary compliance and design burdens on credit unions.

### **QUESTIONS TO CONSIDER:**

- 1) Given that only a small number of mergers have generated member comments in recent years, do you agree with NCUA's view that eliminating the comment-posting requirement would meaningfully reduce burden or streamline the merger process? Is the current requirement operationally problematic in practice?
- 2) Does eliminating the requirement for the NCUA to post member-submitted comments related to merger proposals reduce transparency in the merger process or limit members' ability to communicate concerns with one another?
- 3) Would removing the public comment-posting process undermine member confidence in the fairness or openness of the merger process, even if advance notice and voting requirements remain unchanged?
- 4) Does removing the specific formatting requirements in section 708b.206 affect how clear and noticeable the disclosure about the loss of federal share insurance is, and does the proposal strike the right balance between flexibility and ensuring members understand the consequences of terminating or converting that insurance?
- 5) Any other comments regarding these regulations.