

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 shall 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.¹⁵ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.¹⁶ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

The proposed rule would remove a requirement for a separate reserve account. FISCUs would no longer need to account for the reserve or hold capital related to certain nonconforming investments. As described previously, the Board believes that the current requirement has a limited impact. Thus, it does not believe its removal would have a significant effect. Accordingly, the Board 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 not withstanding 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 change in the proposed rule does 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 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), voluntarily complies with the executive order to adhere to fundamental federalism principles. This proposed rule would

apply to all FISCUs and would remove a separate requirement imposed only on FISCUs. There would be no effect on states or on the distribution of power and responsibilities among the various levels of government. To the extent that the proposed rule would affect FISCUs uniquely, it would tend to remove a requirement that applies solely to FISCUs and would eliminate a burden that may apply based on their status and activity as state-chartered 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, 1999.¹⁷ The proposed rule relates to special reserves held by FISCUs for certain investments, and any effect on family well-being is expected to be indirect.

List of Subjects

12 CFR Part 702

Banks, Banking, Credit unions, Reporting and recordkeeping requirements

12 CFR Part 703

Credit unions, Investments, Reporting and recordkeeping requirements

12 CFR Part 741

Bank deposit insurance, Credit, Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board, this 19th day of October, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board proposes to amend 12 CFR parts 702, 703, and 741 as follows:

PART 702—CAPITAL ADEQUACY

■ 1. The authority citation for part 702 continues to read as follows:

Authority: 12 U.S.C. 1757(9), 1766(a), 1784(a), 1786(e), 1790d.

§ 702.104 [Amended]

■ 2. Amend § 702.104 by:

- a. Removing paragraph (b)(1)(ii); and
- b. Redesignating paragraphs (b)(1)(iii) to (viii) as paragraphs (b)(1)(ii) to (vii).

PART 703—INVESTMENT AND DEPOSIT ACTIVITIES

■ 3. The authority citation for part 703 continues to read as follows:

Authority: 12 U.S.C. 1757(7), 1757(8), 1757(14) and 1757(15).

■ 4. Revise § 703.1(b)(6) to read as follows:

§ 703.1 Purpose and scope.

(b) * * *

(6) Investment activity by State-chartered credit unions, except as provided in § 741.219 of this chapter; or
* * * * *

PART 741—REQUIREMENTS FOR INSURANCE

■ 5. The authority citation for part 741 continues to read as follows:

Authority: 12 U.S.C. 1757, 1766(a), 1781–1790, 1790d; 3331 *et seq.*; 31 U.S.C. 3717.

§ 741.3 [Amended]

■ 6. Amend § 741.3 by:

- a. Removing paragraph (a); and
- b. Redesignating paragraphs (b) through (g) as paragraphs (a) through (f).

[FR Doc. 2026–21509 Filed 10–20–26; 8:45 am]

BILLING CODE 7535–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 741

RIN 3133–AG26

Conversion to State-Chartered Credit Union

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) solicits public comment on a proposal to remove a regulatory provision regarding the process for maintaining federal share insurance following the conversion of a federal credit union (FCU) to a state charter. The provision is unnecessarily duplicative of a similar provision contained in NCUA's Chartering and Field of Membership Manual (Manual), and is outdated, having been superseded by amendments to the Manual.

DATES: Comments must be received by December 21, 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–

¹⁵ 5 U.S.C. 605(b).

¹⁶ 80 FR 57512 (Sept. 24, 2015).

¹⁷ Public Law 105–277, 112 Stat. 2681 (1998).

2026–1887. 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 NCUA for alternative access by calling (703) 518–6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: Ariel Pereira, Senior Attorney, Office of General Counsel, at (703) 518–6540, or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

On October 23, 1986, NCUA published a final rule amending its regulations in 12 CFR part 741, setting forth the requirements for obtaining and maintaining federal share insurance by credit unions.¹ Among other amendments, the October 23, 1986, final rule established regulations governing the maintenance of share insurance by an FCU converting to a state charter. This regulation, currently located in § 741.7, provides that an FCU “that petitions to convert to a state-chartered federally insured credit union is required to apply to the NCUA Regional Director for continued insurance of its accounts.”²

On December 2, 2008, NCUA published a final rule to codify the Manual as Appendix B to the regulations in 12 CFR part 701 (captioned—“Organization and Operation of Federal Credit Unions”).³ Chapter 4 of the Manual governs charter conversions generally, and section III of that chapter specifically addresses the conversion of an FCU to a state charter. As originally enacted, chapter 4, section III of the Manual tracked the wording of § 741.7 by providing that regional director approval was required for the continuation of federal share insurance subsequent to such conversion. Specifically, former chapter 4, section III.B. of the Manual provided that if “the [FCU] intends to continue federal share insurance after the conversion to a state credit union, it must submit an Application for Insurance of Accounts (NCUA 9600) to the regional director at the time it requests approval of the conversion proposal.”⁴

NCUA has twice amended chapter 4, section III.B. of the Manual since its regulatory codification in 2008. These amendments have been prompted by NCUA organizational changes in how the agency carries out its functions and responsibilities. On December 7, 2016, NCUA published a final rule that, among other changes, transferred responsibility for approving continued share insurance following an FCU conversion to the NCUA Office of Consumer Financial Protection and Access.⁵ Another final rule was published on December 20, 2017, to reflect further NCUA reorganization.⁶ This final rule transferred approval authority to NCUA’s Office of Credit Union Resources and Expansion (CURE).

NCUA inadvertently failed to make conforming changes to § 741.7 as part of the 2016 and 2017 final rules. As a result, § 741.7 has been effectively superseded by these amendments to the Manual. The regulation is outdated, referring to a process for the approval of continued share insurance following an FCU’s conversion that is no longer applicable. To address these concerns, NCUA proposes to remove § 741.7.

B. Legal Authority

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

redesignated several times, most recently through a 1995 final rule, where it was designated as 12 CFR 741.7. 60 FR 58502 (Nov. 28, 1995).

³ 73 FR 73392 (Dec. 2, 2008).

⁴ *Id.*

⁵ 81 FR 88412 (Dec. 7, 2016). The office was subsequently renamed the Office of Consumer Financial Protection.

⁶ 82 FR 60290 (Dec. 20, 2017).

FCU Act.⁷ Under the FCU Act, NCUA is the chartering and supervisory authority for FCUs and the federal supervisory authority for federally insured credit unions (FICUs). The FCU Act grants 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.⁸ Section 209 of the FCU Act is a plenary grant of regulatory authority to NCUA to issue regulations necessary or appropriate to carry out its role as share insurer for all FICUs.⁹

II. Proposed Rule

The proposed removal of § 741.7 would address several concerns. As discussed, the provision is outdated, having been superseded by the changes made to the Manual. An FCU wishing to retain federal share insurance after converting to a state charter is no longer required to seek approval from the regional director, as provided in § 741.7, but must instead submit its request to CURE. The removal of § 741.7 would help ensure that NCUA’s regulations are up-to-date and eliminate potential confusion regarding the approval process for continued share insurance following an FCU’s conversion.

In addition, the fact that the Manual and § 741.7 address the same issue is reflective of the fact that, prior to 2008, the Manual was not codified in the Code of Federal Regulations. However, upon the regulatory codification of the Manual, the two provisions became unnecessarily duplicative. As exemplified by § 741.7, such duplication runs the risk of an inadvertent inconsistency being introduced when one of the provisions is amended and a conforming change is not made to the other. The removal of § 741.7 would eliminate this redundancy and the possibility of additional inconsistencies being created in the regulations.

NCUA emphasizes the technical, non-substantive nature of the proposed regulatory change. The proposed rule would not amend the existing process for an FCU seeking to maintain share insurance following its conversion to a state charter. Such process will continue to be governed by chapter 4 of the Manual.

⁷ 12 U.S.C. 1751 *et seq.*

⁸ 12 U.S.C. 1766(a).

⁹ 12 U.S.C. 1789.

¹ 51 FR 37549 (Oct. 23, 1986).

² The regulatory provision was originally designated as § 741.8 but was subsequently

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*).

In summary, the Board solicits public comment on a proposal to remove a regulatory provision regarding the process for maintaining federal share insurance following the conversion of an FCU to a state charter. The provision is unnecessarily duplicative of a similar provision contained in the Manual, and is outdated, having been superseded by amendments to the Manual.

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”), a determination must be made whether a regulatory action is significant and therefore subject to review by the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order.¹⁰ Executive Order 13563 (“Improving Regulation and Regulatory Review”) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.¹¹ This proposed rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this proposed rule is not a “significant regulatory action” as defined by section 3(f) of Executive Order 12866.

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.¹² This proposed rule is not an Executive Order 14192 regulatory action because this rule is not

significant under Executive Order 12866. This proposed rule is expected to be an Executive Order 14912 deregulatory action.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act¹³ 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 shall 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.¹⁴ For purposes of this analysis, NCUA considers small credit unions to be those having under \$100 million in assets.¹⁵ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

The proposed rule is exclusively concerned with the removal of the obsolete § 741.7, which has been superseded by amendments made to the Manual. The proposal would not make any substantive changes to existing regulatory requirements. To the extent the proposed rule has any economic effect, it would be to relieve credit unions of the costs borne in attempting to reconcile apparently contradictory regulatory provisions. Any such costs are likely minimal. Accordingly, 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 not withholding 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. NCUA has determined that the changes in the proposed rule 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 agencies to consider the impact of their actions on state and local interests.¹⁶ NCUA, an agency as defined in 44 U.S.C. 3502(5), complies with the executive order to adhere to fundamental federalism principles. While the scope of the proposal involves FCUs converting to a state charter, the proposed rule would not alter existing requirements governing such conversions. As noted, the proposed rule is exclusively concerned with the removal of an obsolete regulatory provision. Therefore, to the extent the proposed would have any impact on credit unions, it would be to provide greater clarity regarding the applicable requirements governing conversion to a state charter. The proposed rule would not have a substantial direct effect on the states, the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. 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

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, 1999.¹⁷ As noted, the proposed rule removes an outdated regulatory provision that has been superseded by subsequent amendments to other codified provisions. The potential positive effect on family well-being, including financial well-being is, at most, indirect.

List of Subjects in 12 CFR Part 741

Bank deposit insurance, Credit, Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board, this 19th day of October, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the Board proposes to amend 12 CFR part 741, as follows:

¹⁰ 58 FR 51735 (Oct. 4, 1993).

¹¹ 76 FR 3821 (Jan. 21, 2011).

¹² 90 FR 9065 (Feb. 6, 2025).

¹³ 5 U.S.C. 601 *et seq.*

¹⁴ 5 U.S.C. 605(b).

¹⁵ 80 FR 57512 (Sept. 24, 2015).

¹⁶ 64 FR 43255 (Aug. 10, 1999).

¹⁷ Public Law 105–277, 112 Stat. 2681 (1998).

PART 741—REQUIREMENTS FOR INSURANCE

■ 1. The authority citation for part 741 continues to read as follows:

Authority: 12 U.S.C. 1757, 1766(a), 1781–1790, 1790d, 3331 *et seq.*; 31 U.S.C. 3717.

§ 741.7 [Removed and reserved]

■ 2. Remove and reserve § 741.7.

[FR Doc. 2026–21508 Filed 10–20–26; 8:45 am]

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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 745

RIN 3133–AG24

Notification to Members/Shareholders

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) solicits public comment on a proposal to streamline the methods a federally insured credit union (FICU) may use to provide its members with notice of share insurance coverage. The current regulation is overly prescriptive, mandating that a FICU make available hard copies of certain prescribed materials. While a FICU would still be required to provide notice to members, the proposed rule would defer to the FICU on the method used for such notification. Among other methods, a FICU may elect to provide members with a link to updated online resources that will be maintained on the NCUA website. The Board believes the proposed rule will provide greater flexibility, reduce compliance costs for both NCUA and FICUs, and ensure that members are provided with up-to-date information regarding share insurance coverage.

DATES: Comments must be received by December 21, 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–2026–1888. Follow the “Submit a comment” instructions. If you are reading this document on [federalregister.gov](https://www.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](https://www.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:

Ariel Pereira or Thomas Zells, Senior Attorneys, Office of General Counsel, at (703) 518–6540, or by mail at National Credit Union Administration, at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

A. Background

NCUA insures funds maintained in accounts of members or those otherwise eligible to maintain insured accounts (member accounts) at FICUs, protects the members who own FICUs, and charters and regulates federal credit unions (FCUs).¹ NCUA administers the National Credit Union Share Insurance Fund (Share Insurance Fund). Backed by the full faith and credit of the United States, the Share Insurance Fund provides Federal share insurance to millions of account holders in FICUs.

Under the FCU Act, NCUA is responsible for paying share insurance to any member, or to any person with funds lawfully held in a member account, in the event of a FICU’s failure, up to the standard maximum share insurance amount, which is currently set at \$250,000.² The FCU Act states the determination of the net amount of share insurance paid “shall be in

accordance with such regulations as the Board may prescribe.”³ The Board’s share insurance regulations are codified in 12 CFR part 745. Section 745.13 currently requires each FICU to “provide notice to its members concerning NCUA insurance coverage of member accounts” and lists several ways a FICU may comply with this requirement. This section also requires FICUs to make copies of the relevant materials available to their members on request.

B. Legal Authority

The Board is issuing this proposed rule pursuant to its authority under the FCU Act. As noted, the FCU Act grants NCUA specific authority to draft share insurance regulations.⁴ Further, under the FCU Act, NCUA is the chartering and supervisory authority for FCUs and the federal supervisory authority for FICUs.⁵ The FCU Act grants NCUA a broad mandate to issue regulations governing both FCUs and all FICUs. Section 120 of the FCU Act is a general grant of regulatory authority and authorizes the Board to prescribe rules and regulations for the administration of the FCU Act.⁶ Section 207 of the FCU Act is a specific grant of authority over share insurance coverage, conservatorships, and liquidations.⁷ Section 209 of the FCU Act is a plenary grant of regulatory authority to issue rules and regulations necessary or appropriate to carry out its role as share insurer for all FICUs.⁸ Accordingly, the FCU Act grants the Board broad rulemaking authority to ensure that the credit union industry and the Share Insurance Fund remain safe and sound.

II. Proposed Rule

The Board’s share insurance regulation at § 745.13 requires that each FICU “provide notice to its members concerning NCUA insurance coverage of member accounts.” Moreover, the regulation specifies the methods a FICU may use to comply with the notification requirement. Specifically, § 745.13 provides that a FICU may comply with the notification requirement by placing “either a copy of part 745 of these rules, the appendix [to part 745], or one or more copies of the NCUA brochure ‘Your Insured Funds’ in each branch office and main office of the credit

¹ The Board’s share insurance regulation at § 745.1 defines the term “member” to include both those persons enumerated in the credit union’s field of membership who have become members and those nonmembers permitted under the FCU Act to maintain accounts in a FICU. For simplicity, this preamble’s use of the word “member” also includes authorized nonmembers.

² 12 U.S.C. 1787(k)(1)(A).

³ 12 U.S.C. 1787(k)(1)(C).

⁴ *Id.*

⁵ 12 U.S.C. 1752–1775.

⁶ 12 U.S.C. 1766(a).

⁷ 12 U.S.C. 1787.

⁸ 12 U.S.C. 1789.