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

§ 704.15 Audit and reporting requirements.

* * * * *

(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.

* * * * *

[FR Doc. 2026–23996 Filed 11–24–26; 8:45 am]

BILLING CODE 7535–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 711

RIN 3133–AF89

Thresholds Increase for the Major Assets Prohibition of the Depository Institution Management Interlocks Act Rule

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The NCUA Board (Board) is issuing a final rule increasing two thresholds in its regulation implementing management official interlocks for purposes of the Depository Institution Management Interlocks Act (DIMIA). DIMIA authorizes NCUA to adjust the major assets prohibition thresholds through regulation to respond to inflation or market changes. This final rule increases both major assets prohibition thresholds to $10 billion to account for changes in the United States banking market since 1996. Additionally, the final rule removes a presumption related to depository institutions controlled or managed by persons who are members of a minority group or women.

DATES: This final rule is effective on December 28, 2026.

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

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

Under the authorities established in DIMIA,[1] the Board is finalizing its May 7, 2026 proposed rule [2] to increase the major assets prohibition thresholds for management interlocks. This increase in the thresholds reflects changes in the United States banking market since Congress established the current thresholds in 1996. Under current part 711, an exemption is required for a management official [3] of a depository organization [4] (or any affiliate of such organization) with assets exceeding $2.5 billion to serve as a management official of an unaffiliated depository organization (or any affiliate of such organization) with assets exceeding $1.5 billion. The final rule increases both thresholds to $10 billion. Section 711.4(c) of NCUA's regulations exempts a management official of a credit union from the prohibition when the individual serves as a management official of another credit union. Thus, the Interlocks Act prohibitions contained in part 711 apply to only a management official of a credit union when that individual also serves as a management official of another type of depository organization (usually a bank or a thrift).[5]

By increasing the major assets prohibition thresholds, the final rule reduces the number of depository organizations subject to the major assets prohibition. This reduces regulatory burden by raising the threshold at which depository organizations must ask NCUA for exemptions from the major assets prohibition. NCUA anticipates that raising the asset thresholds will assist credit unions with less than $10 billion in total assets in finding qualified directors by eliminating the need to file requests for exemptions. Additionally, NCUA addresses the risk of Equal Protection issues arising under § 711.6 by removing the rebuttable presumption that an interlock will not result in a monopoly or substantially lessen competition if the depository institution seeking to add a management official is controlled or managed by persons who are members of a minority group or women.

DIMIA—implemented in NCUA's regulations at 12 CFR part 711—fosters competition by prohibiting a management official from serving simultaneously at multiple, unaffiliated depository organizations when such multiple roles may have an anticompetitive effect.[6] DIMIA achieves this purpose through three statutory prohibitions, which are implemented in § 711.3 of NCUA's regulations. In their current form, the three prohibitions are as follows.

The first prohibition, the community prohibition,[7] precludes a management official of a depository organization from serving concurrently as a management official of an unaffiliated depository organization if the depository organizations in question (or any depository institution affiliate thereof) have offices in the same community.[8] The second prohibition, the relevant metropolitan statistical area (RMSA) prohibition,[9] precludes a management official of a depository organization from serving concurrently as a management official of an unaffiliated depository organization if the depository organizations in question (or any depository institution affiliate thereof) have offices in the same RMSA [10] and each depository organization has total assets of $50 million or more. The third prohibition, the major assets prohibition,[11] precludes a management official of a depository organization with total assets exceeding $2.5 billion (or any affiliate of such an organization) from serving concurrently as a management official of an unaffiliated depository organization with total assets exceeding $1.5 billion (or any affiliate of such an organization), regardless of the location of the two depository organizations.

While the first two prohibitions capture the risk of anticompetitive effects from management interlocks between depository organizations that operate within overlapping geographical areas, the major assets prohibition addresses management interlocks between depository organizations that are large enough that a management interlock may present anticompetitive concerns even though the involved

[1] 12 U.S.C. 3201 *et seq.*

[2] 91 FR 24748 (May 7, 2026).

[3] *See* 12 CFR 711.2(k).

[4] *See* 12 CFR 711.2(h); § 711.2(f); *and* § 711.2(e).

[5] § 711.1(c).

[6] § 711.1(b).

[7] § 711.3(a).

[8] NCUA's regulation defines ''community'' to mean a city, town, or village, and contiguous and adjacent cities, towns, or villages. § 711.2(c).

[9] § 711.3(b).

[10] NCUA's regulation defines ''RMSA'' to mean an [metropolitan statistical area (MSA)], a primary MSA, or a consolidated MSA that is not comprised of designated primary MSAs to the extent that these terms are defined and applied by the Office of Management and Budget. § 711.2(n).

[11] § 711.3(c).

organizations may not have offices in the same community or RMSA.

The $1.5 billion and $2.5 billion thresholds in the major assets prohibition were enacted through amendments to DIMIA in the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA).[12] During hearings on EGRPRA, it was noted that the increase of the asset thresholds to $1.5 billion and $2.5 billion was made because the previous asset threshold numbers did not ''realistically reflect the size of large institutions in today's market.'' [13] DIMIA, as amended, also provides that the agencies may adjust the thresholds as necessary ''to allow for inflation or market changes.'' [14] EGRPRA's major assets prohibition thresholds do not reflect the growth and consolidation among U.S. depository organizations that has occurred since 1996 and do not reflect the size of today's institutions.

Based on regulatory reporting, total assets at depository organizations have grown by more than 341 percent in the 29 years between the fourth quarter of 1996 and the fourth quarter of 2024. Moreover, in an October 2019 final rule, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (FDIC), collectively referred to as the Other Banking Agencies, reduced regulatory burden by adjusting the major assets thresholds to $10 billion in their respective DIMIA regulations.[15]

In addition, DIMIA allows agencies to prescribe regulations that permit otherwise prohibited interlocks under certain circumstances.[16] Pursuant to § 711.6, NCUA may exempt a prohibited interlock in response to an application by a depository organization if NCUA finds that the interlock would not result in a monopoly or substantial lessening of competition and would not present safety and soundness concerns. In reviewing applications for an exemption under § 711.6, NCUA applies a rebuttable presumption that an interlock will not result in a monopoly or substantial lessening of competition if the depository organization seeking to add a management official, among other things, is controlled or managed by persons who are members of a minority or group of women—referred to below as the ''rebuttable presumption.'' The final rule eliminates this presumption.

Legal Authority

The Board has the legal authority to issue this final rule pursuant to its plenary rulemaking authority under the Federal Credit Union Act and its specific rulemaking authority under the various provisions the Board administers.[17] In addition, DIMIA allows agencies to prescribe regulations that permit otherwise prohibited interlocks under certain circumstances.[18]

II. Final Rule

A. Overview

This final rule follows publication of the proposed rule and takes into consideration the comments received on the proposal.[19] By the close of the public comment period on July 6, 2026, the Board received nine public comments. Comments were submitted by credit unions, state credit union leagues, national trade associations, and a national association of state credit union supervisors. After careful consideration of the issues raised by the commenters, the Board has decided to finalize the proposal without change.

B. Discussion of Public Comments

This section of the preamble discusses the significant issues raised by the commenters, and the Board's responses to the comments.

All nine commenters supported increasing both major assets prohibition thresholds to $10 billion. The commenters generally thought that allowing greater flexibility in management interlocks, where appropriate and consistent with statutory intent, would strengthen governance without diminishing the credit union movement.

Three commenters expressly supported the proposed removal of the rebuttable presumption. One commenter opposed the proposed removal.

Additional details regarding the specific comments received are included in the section-by-section analyses below.

C. § 711.3(c) Major Assets

The proposed rule sought comment on amending current § 711.3(c) of NCUA's regulations to increase the major assets prohibition thresholds from $1.5 billion and $2.5 billion to $10 billion each. Under the proposal, the major assets prohibition would still prohibit management interlocks between unaffiliated depository organizations, each with total assets exceeding $10 billion (or any affiliates of such organizations).

The proposed increase to the major assets prohibition thresholds, and the application of the major assets prohibition to larger depository organizations rather than depository organizations with $10 billion or less in total assets, is consistent with the purpose of the major assets prohibition of DIMIA.[20] Adjusting the major assets prohibition to reflect a $10 billion asset threshold still prohibits interlocks between larger depository organizations, which could present a risk of anticompetitive conduct at the level of the U.S. banking market, while exempting smaller depository organizations, which generally operate in regional markets and do not present the same competitive risks.[21]

In addition, the proposed rule is consistent with the current thresholds that Congress, NCUA, and the Other Banking Agencies have used to distinguish between small institutions and larger institutions. For example, sections 201 and 203 of the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 provide burden relief for institutions with less than $10 billion in total consolidated assets.[22] Further, the Dodd-Frank Wall Street Reform and Consumer Protection Act uses a $10 billion threshold to distinguish between large banks subject to supervision by the Consumer Financial Protection Bureau and small banks subject to prudential

[12] *See* Economic Growth and Regulatory Paperwork Reduction Act of 1996, Public Law 104–208, Title II, 110 Stat. 3009–9, § 2210(a).

[13] *The Economic Growth and Regulatory Paperwork Reduction Act—S. 650: Hearings Before the Subcomm. on Fin. Insts. & Regulatory Relief of the S. Comm. on Banking, Hous., & Urban Affairs,* 104 Cong. 90 (1995) (statement of Eugene A. Ludwig, Comptroller of the Currency). Initially, the thresholds were set at $500,000,000 and $1,000,000,000. *See* Financial Institutions Regulatory and Interest Rate Control Act of 1978, Public Law 95–630, Title II, Depository Institutions Management Interlocks Act, 92 Stat. 3641, 3672 (Nov. 10, 1978).

[14] 12 U.S.C. 3203.

[15] 84 FR 54465 (Oct. 10, 2019).

[16] 12 U.S.C. 3207.

[17] 12 U.S.C. 1766, 1789.

[18] 12 U.S.C. 3207.

[19] 91 FR 24748 (May 7, 2026).

[20] Legislative history indicates that Congress intended for the major assets prohibition to apply to ''larger'' organizations. *See* H.R. Rep. No. 95–1383, at 5 (1978); S. Rep. No. 95–323, at 13 (1977).

[21] While depository organizations with $10 billion or less in total assets will not be covered by the major assets prohibition against management interlocks, those depository organizations are still subject to the community and RMSA prohibitions.

[22] Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, Public Law 115–174, 201, 203, 132 Stat. 1296, 1306, 1309 (2018) (enacting a ''Community Bank Leverage Ratio'' capital simplification framework that is generally available to depository institutions and depository institution holding companies with $10 billion or less in total consolidated assets and exempting generally from the prohibitions of section 13 of the Bank Holding Company Act of 1956, also known as the ''Volcker Rule,'' certain entities with $10 billion or less in total consolidated assets).

regulator supervision.[23] A $10 billion threshold is also consistent with the asset threshold for ''covered credit unions,'' which are subject to capital planning and stress testing requirements.[24]

The $10 billion asset size threshold is also consistent with the threshold the Board of Governors of the Federal Reserve System uses to distinguish between community banking organizations and larger banking organizations for supervisory and regulatory purposes.[25] The FDIC uses the same threshold to distinguish between ''small'' and ''large'' institutions in its deposit insurance assessment regulations.[26] Finally, $10 billion is the asset threshold the OCC uses to distinguish community banks from midsize and large banks for supervisory purposes.[27] Finally, setting NCUA's two thresholds at the same level simplifies NCUA's DIMIA regulations and enables depository organizations to more easily determine whether they are subject to the major assets prohibition.

If finalized, the proposed rule increases the number of depository organizations that are exempt from the major assets prohibition and therefore reduces the number of institutions that need to ask NCUA for an exemption.

As of December 31, 2024, 309 credit unions had total assets of more than $1.5 billion and were subject to the major assets prohibition. In addition, 190 credit unions with total assets of more than the $2.5 billion threshold were subject to restrictions on management interlocks with unaffiliated depository organizations with total assets exceeding the $1.5 billion threshold. Raising the $1.5 billion asset threshold to $10 billion would exempt 289 credit unions from the major-assets prohibition as of December 31, 2024, leaving only 20 credit unions with reported total assets greater than $10 billion that would remain subject to the major-assets prohibition.

Commenters all supported the proposed changes to current § 711.3(c), agreeing that the proposed changes would reduce regulatory burdens. Commenters also agreed that the United States banking market has grown and consolidated substantially since the major assets prohibition thresholds were originally set. Commenters agreed that setting both NCUA thresholds at the same $10 billion level, consistent with the other agencies, would simplify the regulation and make it easier for depository organizations to determine whether the major assets prohibition applies to them. Commenters agreed that the $10 billion figure is also consistent with numerous statutory and regulatory thresholds that distinguish smaller institutions from larger ones. One commenter noted that any expansion of management interlock flexibility should continue to be accompanied by appropriate safeguards, oversight, and conflict-of-interest controls to protect confidential information, preserve fair competition, and maintain public confidence in institutional governance.

The Board agrees with the commenters' statements regarding the proposed changes. The Board also agrees that NCUA should, and will, continue to maintain appropriate safeguards, oversight, and conflict-of-interest controls to protect confidential information, preserve fair competition, and preserve public confidence in institutional governance. Accordingly, the Board is adopting the proposed amendments to § 711.3 without change. The final rule amends current § 711.3(c) of NCUA's regulations to increase the major assets prohibition thresholds from $1.5 billion and $2.5 billion to $10 billion each.

D. § 711.6(b) Presumptions

The proposed rule sought comment on amending current § 711.6(b)(2) of NCUA's regulations to remove the presumption for institutions controlled or managed by persons who are members of a minority group or women and seeking to add a management official. The proposed change was based on NCUA's concern this presumption is overly broad and raises Equal Protection issues under the U.S. Constitution.

In 1979, NCUA, Board of Governors of the Federal Reserve, OCC, FDIC, and the Federal Home Loan Banks jointly adopted regulations setting forth exceptions to the prohibitions contained in DIMIA.[28] The exceptions were for organizations located in low-income areas, minority and women's organizations, newly chartered organizations, organizations facing conditions endangering safety or soundness, and organizations sponsoring credit unions. The exceptions were subsequently revised in 1996[29] and again in 1999[30] due to amendments to the DIMIA. Current § 711.6(b), which was adopted in 1999,[31] creates a rebuttable presumption that an interlock will not result in a monopoly or substantial lessening of competition if the depository organization seeking to add a management official ''is controlled or managed by persons who are members of a minority group or women; . . .''

Five of the nine commenters did not address the proposed changes to the presumption for institutions controlled or managed by persons who are members of a minority group or women and seeking to add a management official but generally supported the proposal. Three commenters expressly stated that they supported the proposed removal of the rebuttable presumption. One of those commenters stated that removing the rebuttable presumption will help mitigate potential Equal Protection concerns and avoid policy duplication where already controlled by other laws, reducing the number of sources required for review, streamlining compliance, and clarifying controlling law. The other two commenters agreed with the proposed change but urged NCUA to continue considering exemption requests and ensure the exemption process in a practical and legally sound manner that recognizes the governance and recruitment challenges faced by community-based, newly chartered, low-income, underserved, and mission-focused institutions.

One commenter opposed the proposed removal of the rebuttable presumption, stating that the proposal did not demonstrate that eliminating this presumption would achieve its goals of improved supervision or regulatory and compliance relief. The commenter stated further that retaining the existing presumption would preserve regulatory certainty while imposing little administrative burden.

The Board appreciates all the comments received and believes that the presumption is overly broad and raises Equal Protection issues under the U.S. Constitution. Amend. XIV, § 1. The Equal Protection Clause of the

[23] Public Law 111–203, 1025 & 1026, 124 Stat. 1376, 1990–95 (2010).

[24] *See* 12 CFR part 702, subpart C—Capital Planning and Stress Testing.

[25] Bd. of Governors of the Fed. Reserve Sys., Commercial Bank Examination Manual (rev. Jan. 2018), *https://www.federalreserve.gov/publications/files/cbem.pdf.*

[26] *See* 12 CFR 327.8(e) and (f). For the purposes of the FDIC's assessment regulations, a ''small institution'' generally is an insured depository institution with less than $10 billion in total assets. Generally, a ''large institution'' is an insured depository institution with $10 billion or more in total assets or that is treated as a large institution for assessment purposes under section 327.16(f).

[27] Comptroller's Handbook, ''OCC Community Bank Supervision'' (June 2018), *https://www.occ.gov/publications/publications-by-type/comptrollers-handbook/community-bank-supervision/pub-ch-community-bank-supervision.pdf.*

[28] 44 FR 42152, 42155 (Jul. 19, 1979).

[29] 61 FR 50698 (Sep. 27, 1996).

[30] 64 FR 51673 (Sep. 24, 1999).

[31] *Id.*

Fourteenth Amendment provides, ''No State shall . . . deny to any person within its jurisdiction the equal protection of the laws.'' Generally, the same equal protection obligations apply to the Federal Government through the Fifth Amendment. When federal agency action targets benefits to groups based, in whole or in part, on race or sex, it can trigger equal protection scrutiny. While the federal government can consider race or sex in narrow circumstances, the Constitution's equal protection guarantees require that the government have sufficient justification for doing so. *See, e.g., Students for Fair Admin., Inc.* v. *President and Fellows of Harvard College,* 600 U.S. 181 (2023) (holding that Because Harvard's and University of North Carolina's admissions programs lacked sufficiently focused and measurable objectives warranting the use of race, unavoidably employ race in a negative manner, involve racial stereotyping, and lack meaningful end points, those admissions programs cannot be reconciled with the guarantees of the Equal Protection Clause.).

The women- and minority-based presumptions provided in current § 711.6(b)(2) are broad presumptions that apply to any depository institution controlled or managed by persons who are members of a minority group or women, without regard to the dangers the DIMIA is intended to address. NCUA has no reason to believe that a woman or minority management official simultaneously serving at multiple, unaffiliated depository organizations presents less of a risk of anticompetitive effects than a man or a non-minority management official serving in same role. Moreover, consistent with the Supreme Court's holding in *Students for Fair Admin.,* the Board believes the women- and minority-based presumption in current § 711.6(b)(2) of NCUA's regulations lacks sufficiently focused and measurable objectives, unavoidably employs race and gender in a negative manner, involves stereotyping, and lacks meaningful end points. The Board also notes that the narrow scope of the interlock prohibition as applied to FICUs, along with the increase in the major assets thresholds, should make the impact of this change very limited. Accordingly, the final rule removes § 711.6(b)(2) and renumbers paragraphs (b)(3) and (b)(4).

II. Regulatory Procedure

A. Executive Orders 12866, 13563, 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.[32] 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.[33] This final rule was drafted and reviewed in accordance with Executive Order 12866 and Executive Order 13563. OIRA has determined that this final 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.[34] This final rule is not an Executive Order 14192 regulatory action because this rule is not significant under Executive Order 12866. This final rule is considered an Executive Order 14192 deregulatory action.

B. The Regulatory Flexibility Act

The Regulatory Flexibility Act[35] 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.[36] For purposes of this analysis, NCUA considers small credit unions to be those having under $100 million in assets.[37] The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions.

The final rule increases both major assets prohibition thresholds under part 711 to $10 billion to account for changes in the United States banking market since 1996. Additionally, the final rule removes a presumption related to depository institutions controlled or managed by persons who are members of a minority group or women. Neither of these changes impose new requirements on small credit unions.

Accordingly, NCUA certifies the final rule does not have a significant economic impact on a substantial number of small credit unions.

C. The 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. NCUA has reviewed this rule and determined that it does not create any new or revise any existing collections of information. Accordingly, no PRA submissions to OMB will be made with respect to this rule.

D. Executive Order 13132 on Federalism

Executive Order 13132 encourages certain agencies to consider the impact of their actions on state and local interests.[38] The final rule does not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. The rule does not create or alter existing rights or requirements that apply to federally insured, state-chartered credit unions or affect the ability of state regulatory agencies to examine, supervise, or regulate such credit unions. NCUA has therefore determined that this rule does not constitute a policy that has federalism implications for purposes of the executive order.

E. Assessment of Federal Regulations and Policies on Families

NCUA has determined that this rule does not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act.[39] The final rule provides regulatory relief for some

[32] 58 FR 51735 (Oct. 4, 1993).

[33] 76 FR 3821 (Jan.21, 2011).

[34] 90 FR 9065 (Feb. 6, 2025).

[35] 5 U.S.C. 601 *et seq.*

[36] 5 U.S.C. 605(b).

[37] 80 FR 57512 (Sept. 24, 2015).

[38] ''Federalism,'' E.O. 13,132 (Aug. 10, 1999).

[39] Public Law 105–277, sec. 654, 112 Stat. 2681, 2681–528 (1998).

credit unions that might otherwise have applied for an exemption. Any effect on family well-being will be indirect and likely insubstantial.

F. Congressional Review Act

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act (CRA), generally provides for congressional review of agency rules.[40] NCUA must submit a report to Congress and the Comptroller General when it issues a final rule, as defined by the CRA.[41] An agency rule, in addition to being subject to congressional oversight, may also be subject to a delayed effective date if the rule is a ''major rule.'' OIRA has determined that that this rule is not a ''major rule'' within the meaning of the relevant sections of the CRA. NCUA also will file appropriate reports with Congress and the Comptroller General so this rule may be reviewed.

List of Subjects in Part 711

Antitrust, Credit unions, Holding companies.

By the National Credit Union Administration Board, this 23rd day of November, 2026.

Melane Conyers-Ausbrooks,

Secretary of the Board.

For the reasons discussed above, the Board amends 12 CFR part 711 as follows:

PART 711—MANAGEMENT OFFICIAL INTERLOCKS

■ 1. Revise the authority section to read as follows:

Authority: 12 U.S.C. 1786 and 3201 − 3208.

■ 2. Section 711.3 is amended by revising the first sentence of paragraph (c) to read as follows:

§ 711.3 Prohibitions

* * * * *

(c) *Major assets.* A management official of a depository organization with total assets exceeding $10 billion (or any affiliate of such an organization) may not serve at the same time as a management official of an unaffiliated depository organization with total assets exceeding $10 billion (or any affiliate of such an organization), regardless of the location of the two depository organizations. * * *

§ 711.6 [Amended]

■ 3. Amend § 711.6 by:

■ a. Removing paragraph (b)(2); and

■ b. Renumbering paragraphs (b)(3) and (4) as paragraphs (b)(2) and (3).

[FR Doc. 2026–23994 Filed 11–24–26; 8:45 am]

BILLING CODE 7535–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 715

RIN 3133–AF74

Supervisory Committee Audits And Verifications

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The NCUA Board (Board) is amending its regulations governing supervisory committee audits to eliminate unnecessary, redundant, and overly prescriptive provisions. The final rule is necessary to reduce regulatory burden, increase operational flexibility for federally insured credit unions (FICUs), and streamline the rules by removing requirements that are outdated or duplicative of other authorities. The intended effect of the final rule is to simplify compliance for FICUs without compromising the integrity of the audit process.

DATES: This final rule is effective on December 28, 2026.

FOR FURTHER INFORMATION CONTACT: Ian Marenna, Associate General Counsel, Office of General Counsel at (703) 518–6450 or at 1775 Duke Street, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

On December 11, 2025, the Board published a notice of proposed rulemaking in the **Federal Register** proposing to amend its regulations at 12 CFR part 715, which govern the supervisory committee audit and verification responsibilities for FICUs.[1] The proposal sought to partially or wholly eliminate several sections of this part to reduce regulatory burden, eliminate unnecessary and redundant provisions, and increase flexibility for FICUs. These changes are consistent with the Board's ongoing efforts to modernize its regulations and ensure they remain effective and efficient without imposing undue burdens. They are intended to provide FICUs with greater flexibility in meeting their audit compliance obligations while maintaining the integrity of the audit and verification process.

The primary purpose of this regulation is to ensure that FICUs meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets from error, conflicts of interest, self-dealing, and fraud.

The following is a description of the purpose and function of those sections as they currently exist. The changes the Board proposed, the comments received on the proposal, and the final rule are discussed in section II below.

Section 715.2 defines key terms used throughout the part. It establishes the meaning of technical terms such as *financial statements, financial statement audit,* GAAP, and GAAS. It also defines terms specific to the rule's framework, such as *compensated person,* which refers to an accounting or auditing professional compensated for performing more than one supervisory committee audit per year, and working papers, which are the records supporting the auditor's findings. This section distinguishes a formal *financial statement audit* from the broader su*pervisory committee audit* responsibility, which can be fulfilled through several alternative engagements.

Section 715.8 sets forth the requirements for the verification of member accounts. This requirement is derived from 12 U.S.C. 1761d and obligates the supervisory committee to verify members' passbooks and accounts against the credit union's records at least once every two years. The regulation permits several methods for this verification, including a 100 percent controlled verification of all member share and loan accounts, a statistical sampling method, or a nonstatistical sampling method consistent with GAAS when performed by a state-licensed independent person.

Section 715.9 governs the engagement of an outside, compensated person to assist the supervisory committee. To ensure auditor independence, the section prohibits such a person from being related by blood or marriage to any management employee or official of the credit union. It also mandates that the engagement be formalized through a written engagement letter contracted directly with the supervisory committee. This letter must specify the terms, conditions, objectives, and compensation for the engagement; identify the basis of accounting to be used; and set a target date for the delivery of the written audit report. The engagement letter must also certify that regulators will be provided

[40] 5 U.S.C. 801–808.

[41] 5 U.S.C. 804(3).

[1] 90 FR 57393 (Dec. 11, 2025).