

National Credit Union Administration  
SUPPORTING STATEMENT

**Foreign Branching; 12 CFR Part 741.11**  
**OMB Control Number: 3133-0167**

**A. JUSTIFICATION**

**1. Circumstances Necessitating the Collection of Information**

Pursuant to Part 741, Section 741.11 of the NCUA Rules and Regulations, an insured credit union that wishes to establish a branch office outside the United States (other than branches located on United States military installations or embassies) must apply for and receive approval from the NCUA regional director before establishing that branch. The application must include (1) a business plan, (2) written approval by the state supervisory agency if the applicant is a state-chartered credit union, and (3) documentation evidencing written permission from the host country to establish the branch that explicitly recognizes NCUA's authority to examine and take any enforcement actions, including conservatorship and liquidation actions.

The business plan must contain at a minimum the following:

- Analysis of market conditions in the area the branch is to be established;
- The credit union's plan for addressing foreign currency risk;
- Operating facilities;
- Safeguarding of assets, insurance coverage, and records preservation;
- Written policies;
- The field of membership to be served;
- Pro forma financial statements for the first and second year of operations;
- Internal controls;
- Accounting procedures used to analyze branch performance; and
- Foreign income taxation.

This information is necessary to evaluate the safety and soundness of the decision to open the branch and to protect the interests of the National Credit Union Share Insurance Fund.

**2. Purpose and Use of the Information Collection**

The information will be used by the NCUA to assist staff in determining the safety and soundness of the credit union's decision to establish a branch overseas and prevent potential losses to the credit union and the National Credit Union Share Insurance Fund ("NCUSIF").

**3. Consideration of Information Technology**

The necessary reports and analyses can be provided to the NCUA electronically. This also applies to the documentation of state and foreign approvals, though the extent to which information technology can be used in obtaining those approvals is beyond the control of the NCUA.

**4. Duplication**

There is no duplication. The application is only necessary if the credit union wants to establish an overseas branch under Part 741, Section 741.11. The specifics of the information will be unique to each branch a credit union seeks to establish.

**5. Reducing Burden on Small Entities**

The categories of information required to obtain approval of a foreign branch is the same for all credit unions irrespective of size. However, it is less likely that a credit union that meets the definition of a small entity would seek to open branches outside the United States.

**6. Consequences of Less Frequent Collection**

The credit union is required to submit an application and business plan for approval to establish a foreign branch. This information is required only once. Without this information it is impossible for the NCUA to evaluate any potential impact the establishment of a branch outside of the United States will have on the credit union or the NCUSIF.

**7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

None. The collection is done within the guidelines.

**8. Consultation Outside the Agency**

Notice of the proposed information collection and request for comment was published with a 60-day comment period in the Federal Register on September 23, 2016, at 81 FR 65674. NCUA did not receive any comments regarding the collection.

**9. Payment or Gift**

Respondents receive no payments or gifts related to provision of this information.

**10. Confidentiality**

No assurance of confidentiality is provided to respondents.

**11. Questions of a Sensitive Nature**

The information collected is not of a personally sensitive nature. There is no collection or retention of personally identifiable information (PII).

**12. Burden of Information Collection**

No Federally Insured Credit Unions have sought to open any branches covered by this requirement over the last three years. However, NCUA seeks to maintain an active control number in the event that a credit union seeks to exercise this option.

The burden of the collection of information is as follows:

	No. of Respondents	Annual Burden Hrs
Developing a business plan and submitting an application to the NCUA Region	1	16
Burden associated with documenting state approval	1	8
Burden associated with documenting approval by host jurisdiction and recognition of NCUA authority	1	8
TOTAL	1	32

The total cost to respondents (using the average hourly rate for credit union employees of \$35) is \$1,120.

**13. Capital Start-up and On-going Operations and Maintenance Costs**

There are no capital start-up or on-going operations and maintenance costs.

**14. Costs to the Federal Government**

We estimate the cost to the Federal Government to be roughly \$1,900, based on an estimate of 24 hours to review a single application.

**15. Reasons for Change in Estimate of Burden**

Burden estimates have been adjusted to better reflect the number of credit unions that have established branches outside of United States territory. No Federally Insured Credit Unions have sought to open any branches covered by this requirement over the last three years. Therefore, the number of respondents have been reduced to one to maintain this control number. Total burden requested is 32 hours.

**16. Information Collection Planned for Statistical Purposes**

There is no plan to use this information for statistical purposes or to support publication of results.

**17. Display of OMB Expiration Date**

There are no traditional collection instruments associated with this collection of information (e.g. forms). The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to Certification**

There are no exceptions to the certification statement.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.