

**§ 741.223**

and selling negotiable checks, including travelers checks, money orders, and other similar money transfer instruments (including international and domestic electronic fund transfers and remittance transfers, as defined in section 919 of the Electronic Fund Transfer Act, 15 U.S.C. 1693o-1), to persons eligible for membership in any credit union having a loan, investment or contract with the entity. A CUSO also includes any entity in which a CUSO has an ownership interest of any amount, if that entity is engaged primarily in providing products or services to credit unions or credit union members.

(b) This section shall have no preemptive effect with respect to the laws or rules of any state providing for access to CUSO books and records or CUSO examination by credit union regulatory authorities.

[78 FR 72550, Dec. 3, 2013]

**§ 741.223 Registration of residential mortgage loan originators.**

Any credit union which is insured pursuant to title II of the Act must adhere to the requirements stated in part 1007 of this title (Regulation G).

[75 FR 44704, July 28, 2010, as amended at 78 FR 32545, May 31, 2013]

**§ 741.224 Golden parachute and indemnification payments.**

Any credit union insured pursuant to title II of the Act must adhere to the requirements stated in part 750 of this chapter.

[76 FR 30517, May 26, 2011]

**§ 741.225 Loan participations.**

Any credit union that is insured pursuant to Title II of the Act must adhere to the requirements stated in § 701.22 of this chapter, except that federally insured, state-chartered credit unions are exempt from the requirement in § 701.22(b)(4).

[78 FR 37958, June 25, 2013]

**APPENDIX A TO PART 741—GUIDANCE FOR AN INTEREST RATE RISK POLICY AND AN EFFECTIVE PROGRAM**

**TABLE OF CONTENTS**

**I. Introduction**

**12 CFR Ch. VII (1–1–19 Edition)**

- A. Complexity
- B. IRR Exposure
- II. IRR Policy
- III. IRR Oversight and Management
  - A. Board of Directors Oversight
  - B. Management Responsibilities
- IV. IRR Measurement and Monitoring
  - A. Risk Measurement Systems
  - B. Risk Measurement Methods
  - C. Components of IRR Measurement Methods
- V. Internal Controls
- VI. Decision-Making Informed by IRR Measurement Systems
- VII. Guidelines for Adequacy of IRR Policy and Effectiveness of Program
- VIII. Additional Guidance for Large Credit Unions With Complex or High Risk Balance Sheets
- IX. Definitions

**I. INTRODUCTION**

This appendix provides guidance to FICUs in developing an interest rate risk (IRR) policy and program that addresses aspects of asset liability management in a single framework. An effective IRR management program identifies, measures, monitors, and controls IRR and is central to safe and sound credit union operations. Given the differences among credit unions, each credit union should use the guidance in this appendix to formulate a policy that embodies its own practices, metrics and benchmarks appropriate to its operations.

These practices should be established in light of the nature of the credit union's operations and business, as well as its complexity, risk exposure, and size. As these elements increase, NCUA believes the IRR practices should be implemented with increasing degrees of rigor and diligence to maintain safe and sound operations in the area of IRR management. In particular, rigor and diligence are required to manage complexity and risk exposure. Complexity relates to the intricacy of financial instrument structure, and to the composition of assets and liabilities on the balance sheet. In the case of financial instruments, the structure can have numerous characteristics that act simultaneously to affect the behavior of the instrument. In the case of the balance sheet, which contains multiple instruments, assets and liabilities can act in ways that are compounding or can be offsetting because their impact on the IRR level may act in the same or opposite directions. High degrees of risk exposure require a credit union to be diligently aware of the potential earnings and net worth exposures under various interest rate and business environments because the margin for error is low.