

National Credit Union Administration  
**SUPPORTING STATEMENT**

Corporate Credit Unions, 12 CFR Part 704  
OMB No. 3133-0129

**A. JUSTIFICATION**

**1. Circumstances that make the collection of information necessary.**

The National Credit Union Administration (NCUA) has established and regulates corporate credit unions (corporates) pursuant to its authority under Sections 120, 201, and 209 of the Federal Credit Union Act, 12 U.S.C. 1766(a), 1781, and 1789. The regulations implementing this statutory authority appear in 12 CFR part 704 (Part 704). Corporates provide correspondent financial services to natural person credit unions. There are 11 corporates, all of which are federally insured by the National Credit Union Share Insurance Fund (NCUSIF). There are 26 corporate credit union service organizations (Corporate CUSOs).<sup>1</sup> The collections of information are necessary to ensure that corporates operate in a safe and sound manner by limiting risk to their natural person credit union members and the NCUSIF.

**2. Purpose and use of the information collection.**

The information is used by corporate credit union management and staff in making critical operational decisions on an ongoing basis. Sound business practices dictate that this type of data should be routinely obtained and analyzed by financial institutions with the asset composition exhibited in most corporates. Shifts in market or business conditions, even those that are subtle in nature, can have a profound impact on the condition of corporates. Current and comprehensive information allows corporates the ability to make informed decisions and take corrective action before a negative market or business trends can cause a significant impact on the financial or operational condition of the corporate.

NCUA uses the information during the annual examination and ongoing supervision process. It is essential for NCUA, in carrying out its mission to ensure the safety and soundness of the credit union system and prevent losses to the NCUSIF, to have access to contemporary and comprehensive financial and operational information on corporates.

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<sup>1</sup> A Corporate CUSO is defined as an entity that: (1) is at least partly owned by a corporate; (2) primarily serves credit unions; (3) restricts its services to those related to the normal course of business of credit unions and designated as permissible activities; and (4) is structured as a corporation, limited liability company, or limited partnership under state law. 12 CFR 704.11.

**3. Use of information technology.**

Corporates may use any available information technology to satisfy the information collection requirements. NCUA encourages the use of electronic information as it simplifies the data collection process and improves the accuracy and timeliness of the data.

**4. Duplication of information.**

The information collection is unique to corporates, it is not duplicated from another information collection source.

**5. Efforts to reduce burden on small entities.**

These information collection requirements affect corporates and Corporate CUSOs. The asset size of corporates ranges from approximately \$140 million to \$4 billion. We have no information on, and are unable to estimate, the asset sizes of Corporate CUSOs.

The burden on small entities is minimal because much of the required information is already maintained by corporates that have an investment or lending relationship with a Corporate CUSO.

**6. Consequences of not conducting the collection.**

Corporates must file a Corporate Credit Union Call Report with NCUA monthly.<sup>2</sup> The consequences to the Federal program if the ICRs in Part 704 were conducted less frequently would severely impair the effectiveness of the program. Without the ability to timely review and analyze the type of information that is required by Part 704, corporate credit union management and NCUA would not be guaranteed the availability of timely, comprehensive information. The reduced frequency of such information could jeopardize the ability of corporate credit union management to make appropriate decisions and could hamper NCUA's ability to implement timely corrective measures.

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

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2). Quarterly reporting of a corporate credit union's financial and statistical information referenced in this part is cleared under OMB control number 3133-0067.

**8. Efforts to consult with persons outside the agency.**

A 60-day notice was published in the *Federal Register* on June 30, 2022, at 87 FR 39131, soliciting comments on this collection of information and no comment were received.

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<sup>2</sup> See 12 C.F.R. §741.6(a). OMB Control No. 3133-0067.

**9. Payment or gifts to respondents.**

No payments or gifts will be provided to respondents.

**10. Assurance of confidentiality.**

There is no assurance of confidentiality other than those provided by law.

**11. Questions of a sensitive nature.**

There are no questions of a sensitive nature and no personally identifiable information (PII) is collected.

**12. Burden of information collection.**

Line Item	12 CFR	Activity	Type of Burden	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	TOTAL BURDEN	Previously Approved	Difference
<b>704.1 Scope.</b>										
1	701.1(a)	Non-federally insured corp CU must agree, by written contract, to both adhere to the requirements of this part and submit to examinations, as determined by NCUA, as a condition of receiving shares or deposits from FICU.	Reporting	0	0	0	0	0	0	0
2	701.1(b)	Requests by state-chartered corp CU for waivers to this part and for expansions of authority under Apx. B of this part must be approved by the state regulator before being submitted to NCUA.	Reporting	0	0	0	0	0	0	0
<b>704.3 Corporate CU Capital.</b>										
3	704.3 (a) (3)	A Corp CU must calculate and report to NCUA the ration of its retained earnings to its moving daily average net assets. If this ratio is less than 0.45 %, the Corp CU must submit a retained earnings accumulation plan to NCUA for approval.	Reporting	0	0	0	24	0	24	-24
4	704.3 (b) (5)	A Corp CU redeem NCAs only with the prior approval of NCUA and for state-chartered Corp CUs, the applicable state regulator.	Reporting	11	1	11	0.5	5.5	5.5	0
5	704.3 (c) (3)	Callability. A Corp CU may call PCC instruments only with the prior approval of the NCUA and, for state-chartered Corp CU, the applicable state regulator.	Reporting	1	1	1	1	1	1	0
6	704.3(d) (4)(iii)	<i>Individual minimum capital requirements. Procedures.</i> The Corp CU must provide any information, in writing, for consideration by NCUA in their determination.	Reporting	0	0	0	1	0	1	-1
7	704.3(d) (4)(vi)	A Corp CU may request, in writing, an informal hearing of actions involving the minimum capital requirement.	Reporting	0	1	0	1	0	1	-1
8	704.3(e) (5)	Before taking any action under this para e [reservation of authority], NCUA will provide the Corp CU with written notice of the intended action and the reasons for such action. The Corporate CU will have 7 days to provide the NCUA with a written response.	Reporting	0	1	0	1	0	1	-1
<b>704.4 Prompt Corrective Action.</b>										
9	704.4(b) (3)	Any group of CUs applying for a new Corp CU charter will submit, as part of the charter application, a detailed draft plan for soliciting contributed capital and building retained earnings.	Reporting	0	0	0	1	0	1	-1

Line Item	12 CFR	Activity	Type of Burden	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	TOTAL BURDEN	Previously Approved	Difference
10	704.4 (c) (2)	A Corp CU must provide the NCUA with written notice that an adjustment to the Corp CU's capital category may have occurred.	Reporting	0	0	0	8	0	8	-8
11	704.4 (e) (1)(i)	A Corp CU must file a written capital restoration plan with NCUA 45 days after receives notice that it is under-capitalized, significantly undercapitalized, or critically undercapitalized.	Reporting	0	0	0	40	0	40	-40
12	704.4 (e) (1)(ii)	Additional capital restoration plans. A Corp CU that is notified that it must submit a new or revised capital restoration plan must file the plan in writing with the NCUA within 45 days of receiving such notice, unless the NCUA notifies the corporate credit union in writing that the plan is to be filed within a different period.	Reporting	0	0	0	40	0	40	-40
13	704.4 (e) (5)	Disapproval of capital plan. If the NCUA does not approve a capital restoration plan, the Corporate CU must submit a revised CRP, when directed.	Reporting	0	0	0	40	0	40	-40
14	704.4 (e) (7)	Amendment of capital plan. A Corp CU that has filed an approved capital restoration plan may amend the plan to reflect a change in circumstance.	Reporting	0	0	0	40	0	40	-40
15	704.4 (k) (3) (iii)(A)	The Corp CU is prohibited from doing any of the following without the prior written approval of the NCUA: (1) Pay any bonus or profit-sharing to any senior executive officer. (2) Provide compensation to any senior executive officer at a rate exceeding that officer's average rate of compensation.	Reporting	0	0	0	1	0	1	-1
16	704.4 (k) (6)(ii)	Restrictive activities of critically undercapitalized Corp CU - prohibits activities without prior written approval from NCUA described in para (A) thru (F)	Reporting	0	0	0	1	0	1	-1
<b>704.8</b>		<b>Asset and liability management.</b>								
17	704.8 (j) (1)(ii)	ALM Testing. Limit breaches. If the Corp CU cannot adjust its balance sheet within 10 calendar days after detection by the corporate, the corporate must notify NCUA in writing.	Reporting	1	1	1	4	4	4	0
18	704.8 (j) (2)(i)	If any breach described in para (j)(1) of this selection persists for 30 or more calendar days, the Corp CU must immediately submit a detailed written action plan to the NCUA.	Reporting	1	1	1	16	16	16	0
19	704.10(a)	Investment Action Plan. Any Corp CU in possession of an investment that fails to meet a requirement of this part must report the failed investment to its board of directors, supervisory committee, and NCUA, and provide to NCUA a written action plan.	Reporting	1	1	1	12	12	48	-36
<b>704.11</b>		<b>Credit Union Service Organizations.</b>								
20	704.11 (d) (3)(i)(C)	Permissible activities. Other categories of activities as approved in writing by the NCUA and published on the NCUA's website.	Reporting	2	1	2	1	2	0	2
21	704.11 (d) (5)	Written agreement between the Corp CU and Corp CUSO. Prior to making an investment in or loan to a corporate CUSO, a Corp CU must obtain a written agreement that the corporate CUSO.	Record-keeping	11	1	11	0.25	2.75	0	2.75
22	704.11 (d)(3)(i)	Corp CUSO Approval. Permissible activities. A Corp CUSO must agree to limit its activities to: (i) Brokerage services, (ii) Investment advisory services, and (iii) Other categories of activities as approved in writing by NCUA.	Reporting	1	1	1	8	8	8	0

Line	12 CFR	Activity	Type of Burden	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	TOTAL BURDEN	Previously Approved	Difference
23	704.11 (d) (5)	Disclosure of Dual Employee Compensation. Prior to making an investment in or loan to a Corp CUSO, a Corp CU must obtain a written agreement that the CUSO will inform the corporate, at least quarterly, of all the compensation paid by the CUSO to its employees who are also employees of the corporate CU. [The FCU must retain a record from the CUSO stating that they will inform FCUs on a quarterly basis.]	Record-keeping	5	1	5	0.25	1.25	1.25	0
	<b>704.12</b>	<b>Permissible services.</b>								
24	704.12(a) (1)	Permissible services. Correspondent services agreement. A Corp CU may only provide financial services to nonmembers through a correspondent services agreement.	Record-keeping	1	1	1	0.25	0.25	0	0.25
25	704.12 (b) (1)	Procedure for adding services that are not preapproved. To provide a service to its members that is not preapproved by NCUA: (1) A federal Corp CU must request approval from NCUA.	Reporting	1	1	1	2	2	2	0
	<b>704.13</b>	<b>Board Responsibilities.</b>								
26	704.13 (c) (8)	Record Director Votes. The meeting minutes list the names of directors and their votes, as well as the names of any directors who did not vote, except that if the minutes include a complete list of directors attending the meeting, the vote tally need only list the names of directors who voted against the item or who abstained.	Record-keeping	11	12	132	0.5	66	66	0
	<b>704.15</b>	<b>Audit and reporting requirements.</b>								
27	704.15 (a) (2)	Management Reports. Each Corp CU must prepare an annual management report.	Record-keeping	11	1	11	0.25	2.75	88	-85.25
28	704.15 (b) (3)	Independent public accountant. Notice by accountant of termination of services. An independent public accountant performing an audit under this part who ceases to be the accountant for a Corp CU must notify NCUA in writing.	Reporting	1	1	1	0.1667	0.17	0.17	0
29	704.15 (b) (7)(ii)	Peer reviews and inspection reports. The independent public accountant must file a copy of the most recent peer review report and the public portion of the most recent Public Company Accounting Oversight Board (PCAOB) inspection report with NCUA if the report has not already been filed.	Reporting	1	1	1	0.1667	0.17	0.17	0
30	704.15 (b) (7)(iii)	Within 15 days of the PCAOB making public a previously nonpublic portion of an inspection report, the independent public accountant must file a copy of the previously nonpublic portion of the inspection report with NCUA.	Reporting	1	1	1	0.1667	0.17	0.17	0
31	704.15 (c) (1)	Filing and notice requirements-Annual Report. Each Corporate CU union must, no later than 180 days after the end of the calendar year, file an Annual Report with NCUA.	Reporting	11	1	11	0.25	2.75	2.75	0
32	704.15 (c) (4)	<i>Notice of engagement or change of accountants.</i> Each Corp CU that engages an independent public accountant, or that loses an independent public accountant through dismissal or resignation, must notify NCUA.	Reporting	1	1	1	1	1	1	0
33	704.15 (c) (5)	Notification of late filing. A Corporate CU that is unable to timely file any part of its Annual Report or any other report or notice required by this paragraph (c) must submit a written notice of late filing to NCUA.	Reporting	1	1	1	4	4	4	0

Line	12 CFR	Activity	Type of Burden	# Respondents	# Responses Per Respondent	# Annual Responses	Hours Per Response	TOTAL BURDEN	Previously Approved	Difference
34	704.15(e)	The internal auditor's reports, findings, and recommendations will be in writing and presented to the supervisory committee no less than quarterly, and will be provided upon request to the IPA and NCUA.	Record-keeping	11	1	11	0.25	2.75	0	2.75
<b>704.18</b>		<b>Fidelity bond coverage.</b>								
35	704.18	Fidelity bond coverage. After review, the credit union's board must pass a resolution approving the purchase or renewal of fidelity bond coverage and delegate one member of the board, who is not an employee of the credit union, to sign the purchase or renewal agreement and all attachments;	Record-keeping	5	1	5	0.25	1.25	0	1.25
36	704.18 (c) (3)	(3) The NCUA Board must approve all bond forms before a corporate credit union may use them. Corporate credit unions may not use any bond form that has been amended since the time the NCUA Board approved the form or any rider, endorsement, renewal, or other document that limits coverage of approved bond forms without receiving approval from the NCUA Board.	Reporting	5	1	5	1	5	0	5
37	704.18 (c) (5)	(5) Notwithstanding the foregoing, all bonds must include a provision, in a form approved by the NCUA Board, requiring written notification by surety to NCUA	Reporting	1	1	1	1	1	0	1
<b>704.19</b>		<b>Disclosure of Executive Compensation.</b>								
38	704.19(a)	A Corp CU must annually prepare and maintain a disclosure of the dollar amount of compensation paid to its most highly compensated employees, including compensation from any corporate CUSO in which the corporate has invested or made a loan.	Record-keeping	11	1	11	0.25	2.75	88	-85.25
39	704.19 (d) (1)	<i>Special rule for mergers.</i> With respect to any merger involving a Corp CU that would result in a material increase in compensation for any senior executive officer or director of the merging corporate, the corporate must Describe the compensation arrangement in the merger plan documents submitted to NCUA for approval of the merger.	Reporting	1	1	1	40	40	40	0
40	704.19 (d) (2)	<i>Special rule for mergers.</i> In the case of any federally chartered Corp CU, describe the compensation arrangement in the materials provided to the membership of the merging CU before the member vote on approving the merger.	Third-party disclosure	1	1	1	1	1	1	0
<b>704.22</b>		<b>Membership Fees.</b>								
41	704.22	<i>Membership fees.</i> The corporate credit union must give its members at least six months advance notice of any initial or new fee.	Third-party disclosure	11	1	11	4	44	0	44
<b>TOTALS</b>				11		241		<b>229.51</b>	495.01	-265.5
									229.51	

**Usual and Customary Business Practices.** Part 704’s requirements for a corporate to: (a) develop and document written policies, plans, and procedures for all aspects of the corporate’s operations; and (b) review and update them as necessary are usual and customary regular business practices. Therefore, there is no burden associated with the requirements in the following sections:

704.3(a)(2)	Record-keeping	704.7(a)	Recordkeeping	704.11(d)(2)	Record-keeping
704.3(b)(2)	Third-party disclosure	704.8(a)	Recordkeeping	704.13(a)	Record-keeping
703.3(c)(1)	Third-party disclosure	704.5 (e)(4)	Record-keeping	704.15(a)(1)	Reporting
703.3(c)(2)	Reporting	704.6(f)(1)	Record-keeping	704.15(b)(5)	Record-keeping
703.3(c)(5)	Third-party disclosure	704.6(g)(2)	Record-keeping	704.15(c)(3)	Reporting
703.3(c)(6)	Third-party disclosure	704.8(a)	Record-keeping	704.15(c)(6)	Third-party disclosure
704.5(a)	Recordkeeping	704.8(a)	Record-keeping	704.16	Record-keeping
704.6(a)	Recordkeeping	704.9(a)	Record-keeping	704.21(a) & (b)	Record-keeping

**13. Capital start-up or on-going operation and maintenance costs.**

There are no capital or start-up costs.

**14. Annualized costs to Federal government.**

The majority of the costs to the federal government are routine costs related to the safety and soundness supervision of corporate credit unions.

**15. Changes in burden.**

There has been an adjustment in the burden to correct some types of burden in the table and the inclusion of information collection requirements that had been omitted on the previous submission. NCUA has made adjustment to some of the information collection requirements to reflect a “0” entry because no activity has occurred during the previous reporting cycle and none are expected in the near future. These adjustments reduced the total burden requested by 265 hours, for a total of 230 burden hours requested.

**16. Information collection planned for statistical purposes.**

NCUA will not publish the results.

**17. Request non-display the expiration date of the OMB control number.**

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government’s electronic PRA docket site at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to the Certification for Paperwork Reduction Act Submission.**

No exceptions have been requested. This collection complies with the requirements in 5 CFR 1320.9.

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

This collection does not involve statistical methods.