



12 CFR Part 708b

RIN 3133-AG03

MERGERS OF INSURED CREDIT UNIONS INTO OTHER CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF INSURED STATUS

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: The NCUA Board (Board) proposes to amend its regulations governing the voluntary termination of federal share insurance to streamline member communication requirements. This action is necessary to reduce regulatory burden by eliminating overly prescriptive formatting rules for the mandatory disclosure statement that credit unions must provide to members. The intended effect is to simplify compliance and provide credit unions with greater flexibility in designing effective communications, while still ensuring that members receive clear and prominent notice of a proposed termination of federal insurance.

DATES: Comments must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

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–2026–0267. 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 Woodard-Stephens, Staff Attorney, Office of General Counsel, National Credit Union Administration, at (703) 518-6540 or at 1775 Duke Street, Alexandria, Virginia, 22314.

SUPPLEMENTARY INFORMATION:

I. Introduction

A. Background

Under its authority in the Federal Credit Union Act (FCU Act), 12 U.S.C. 1766, the Board issues regulations governing mergers and changes in insured status. NCUA regulations part 708b governs mergers of insured credit unions and the voluntary termination or conversion of insured status, and is comprised of subparts A and B. Subpart A prescribes the process for merging one or more credit unions, while subpart B prescribes the procedures and detailed notice requirements for a federally insured credit union (FICU) to voluntarily terminate its federal share insurance or convert to nonfederal insurance.

The primary purpose of these subparts was to ensure credit union members are fully and accurately informed ahead of proposed mergers and before voting on whether to convert from federal insurance to nonfederal insurance. The regulations are intended to provide members with adequate notice and time to respond to proposed mergers and the necessary protections and disclosures to make an informed decision about their insured funds. The Board is proposing targeted amendments to its regulations at §§ 708b.106(d)-(e), 708b.206(b)(2), and 708b.206(c)(2), which govern member-to-member (MTM) communications and share insurance communications to streamline requirements while maintaining essential member protections.

B. Legal Authority

The FCU Act grants the Board a broad mandate to issue regulations governing both insured federal and state-chartered credit unions. Section 120 of the FCU Act is a general grant of regulatory authority, and it authorizes the Board to prescribe rules and regulations for the administration of the FCU Act. Section 209 of the FCU Act is a

plenary grant of regulatory authority to the NCUA to issue the regulations necessary or appropriate to carry out its role as share insurer for all insured credit unions.

II. Proposed Rule

A. § 708b.106

Section 708b.106 requires notice of the vote on a proposed merger at least 45 calendar days before the member meeting takes place, and describes what the member communication package must include. Paragraph (d) established a mechanism for MTM communications. These requirements are meant to ensure reasonable MTM communication in advance of a proposed merger. The Board believes the goal of ensuring reasonable member notice of mergers is achieved through the provisions of paragraphs (a) through (c) and seeks to remove requirements in paragraphs (d) and (e). These two provisions define a mechanism for members to submit comments to the NCUA about the merger, and for the NCUA to post member comments received in response to the member notification on a website accessible to credit union members. In 2024, only 34 of the 143 mergers received a comment.¹ Given its infrequent public use, the Board proposes to discontinue the requirement as described in § 708b.106(d) and (e).

As the Board proposes to remove its requirement to post member comments, criteria for the posting of said comments in paragraph (e) are no longer necessary and would also be removed. The Board requests public comments on these proposed changes.

B. § 708b.206

On December 28, 2010, the Board issued a final rule that, among other things, amended certain procedures applicable to share insurance conversions to better protect the integrity of the member voting process.² The NCUA regulations at § 708b.206 set forth specific provisions governing member communications about any impending vote.

¹ See <https://ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers>.

² 75 FR 81378

The Board revised the specific disclosure language required by section 708b.206(b) to ensure members received a more explicit warning about the loss of the federal guarantee. To ensure members receive clear and accurate information, sections 708b.206(b) and (c) mandate that every communication concerning an insurance conversion or termination, respectively, must contain a conspicuous statement.

This required statement informs members that their accounts are currently insured by the NCUA, a federal agency, and that this insurance is backed by the full faith and credit of the United States government. The statement further clarifies that, if the credit union converts to private insurance or terminates its federal insurance and then fails, the federal government does not guarantee the member will get its money back. The regulations require this disclosure to be prominent, mandating that it appear on the first page of the communication and be printed in capital letters, bolded, offset by a border, and in a font size at least one size larger than other text.

This proposal focuses on eliminating overly prescriptive formatting mandates that may impose unnecessary burdens on credit unions. Section 206 of the FCU Act³ requires credit unions to provide members with “prompt and reasonable notice” of a vote on insurance termination. The Board has preliminarily determined that the prescriptive provisions within this part are unnecessarily burdensome. By removing these prescriptive elements, the regulation will be better aligned with the statutory focus on the substantive goal of effective notice. The requirement for a “conspicuous” statement is a sufficient guideline for credit unions to follow, ensuring critical information reaches members without imposing excessive and statutorily unsupported formatting rules. The Board invites public comment on this proposed change. Specifically, the Board seeks feedback on whether the remaining requirement for the disclosure to be “conspicuous” and earlier clarification that the conspicuous statement must appear on the first page of the

³ 12 U.S.C. 1786

communication where conversion is discussed are sufficient to ensure members receive prominent and effective notice regarding the termination of federal insurance.

Commenters are also invited to suggest alternative approaches that could achieve this objective without being overly prescriptive.

The Board also proposes to amend § 708b.206(c)(2) by removing the specific formatting requirements for the mandatory disclosure statement in communications about the termination of federal share insurance. Currently, this provision requires the disclosure to be in capital letters, bolded, offset by a border, and at least one font size larger than other text. While the Board remains committed to ensuring members receive clear and prominent notice about the significant consequences of terminating federal insurance, it has preliminarily determined that these rigid formatting rules are unnecessarily prescriptive.

The Board believes that the core goal of this provision is ensuring the disclosure is genuinely conspicuous and effectively communicates the loss of the federal guarantee, rather than adherence to a specific typographical checklist. The Board believes removing these prescriptive requirements and earlier clarification that the statement must appear on the on the first page of the communication where conversion is discussed does not undermine member protection but will lift undue operational burdens, including on communication design. The Board invites public comment on this proposed change. Specifically, the Board seeks feedback on whether the remaining requirement for the disclosure to be “conspicuous” is sufficient to ensure members receive prominent and effective notice when federal insurance will be terminated. Commenters are also invited to suggest alternative approaches that could achieve this objective without being overly prescriptive.

III. Regulatory Procedures

A. Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023⁴ 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 2002⁵ (commonly known as regulations.gov).

In summary, this rule proposes to amend regulations governing the voluntary termination of federal share insurance to streamline member communication requirements. The intended effect is to simplify compliance and provide credit unions with greater flexibility in designing effective communications, while still ensuring that members receive clear and prominent notice of a proposed termination of federal insurance.

The proposal and the required summary can be found at <https://www.regulations.gov>.

B. Executive Order 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 Management and Budget (OMB) in accordance with the requirements of the Executive Order.⁶ Executive Order 13563 (“Improving Regulation and Regulatory Review”) supplements and reaffirms the principles, structures, and definitions governing contemporary regulatory review established in Executive Order 12866.⁷

⁴ 5 U.S.C. 553(b)(4)

⁵ 44 U.S.C. 3501 note

⁶ 58 FR 51735 (Oct. 4, 1993)

⁷ 76 FR 3821 (Jan.21, 2011).

OMB has determined that this proposed rule is not a “significant regulatory action” as defined in section 3(f)(1) of Executive Order 12866.

Analysis by the NCUA indicates these proposed changes collectively do not qualify as a “significant regulatory action” under Executive Order 12866. This rule proposes to amend two regulations that govern communication about pending credit-union mergers, specifically (i) a directive requiring the NCUA to post merger-related comments received from members of participating FICUs and (ii) a mandate prescribing the content/style of every FICU communication with members about the loss of federal insurance. Both amendments are designed to relax these dictates to trim merger costs.

A majority of voting members must approve a voluntary credit-union merger. Before that vote, any member (or collection of members) of a merging FICU may send comments to the NCUA. Section 708b.106(d) in Subpart A requires the agency to post these comments on a website accessible to all members.⁸ However, since adoption of this rule in October 2018, comment volume has been low. In 2024, for example, the NCUA received member feedback on only 24 percent of mergers.⁹ The paucity of comments strongly suggests affected parties have put little value on agency efforts to circulate their views. Accordingly, the proposed rule eliminates all mention of such posting in § 708.106.

The Board expects this proposed rule, if adopted, would marginally reduce the transactions costs of mergers for both the agency and participating FICUs. That said, in recent years, the annual number of unassisted mergers involving at least one FICU has been relatively low. In 2024, there were 138; from 2020 through 2024 that number

⁸ Section 708b.106(e) gives the NCUA discretion to refrain from publishing certain types of comments such as those that misrepresent/omit key facts, involve personal claims/grievances, address matters unrelated to the merger, etc.

⁹ As part of regulatory reform efforts begun in 2017 (and consistent with the spirit of Executive Order 14219), the NCUA is working to identify redundant, confusing, outdated, low value, or unnecessarily onerous regulations. This review flagged both Sections 708b.106 and 206 for amendment.

ranged from 138 to 162.¹⁰ Moreover, mergers between privately insured credit unions and FICUs are rare—particularly ones that threaten some members with loss of federal coverage. Indeed, fewer than 130 U.S. credit unions currently operate with private insurance. For this reason, the NCUA expects the proposed rule to produce only modest cost savings (at best). Finally, the aggregate impact on the credit-union sector, market for depository-institution services, and macro-economy should prove modest as well.

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.¹¹ This proposed rule, if finalized as proposed, is not expected to be a deregulatory action for purposes of Executive Order 14192.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) 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.¹² 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.¹³ For purposes of this analysis, the NCUA considers small credit unions to be those having under \$100 million in assets.¹⁴ The Board fully considered the potential economic impacts of the regulatory amendments on small credit unions. Small credit unions should enjoy a small benefit in mergers because of their limited resources for communicating with members. Ultimately, analysis by the NCUA indicates the proposed

¹⁰ For perspective, the number of FICUs at year-end 2024 was 4,455.

¹¹ 90 FR 9065 (Feb. 6, 2025)

¹² 5 U.S.C. 601 *et seq.*

¹³ 5 U.S.C. 605(b).

¹⁴ 80 FR 57512 (Sept. 24, 2015).

amendments to modernize the conversion process should not adversely or disproportionately affect small credit unions.

D. The Paperwork Reduction Act of 1995

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.¹⁵ The PRA applies to rulemakings in which an agency creates a new or revises 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 changes addressed in this notice 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. The NCUA, an agency as defined in 44 U.S.C. 3502(5), complies with the executive order to adhere to fundamental federalism principles. The proposed 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 proposed rule would remove targeted prescriptive requirements that apply to converting federally insured credit unions, including federally insured, state-chartered credit unions. But the proposal would not change the fundamental requirements of member notice or impose new requirements on state-chartered credit unions or state regulatory agencies. The NCUA has therefore determined that this proposed rule will not constitute a policy that has federalism implications for purposes of the executive order.

¹⁵ 44 U.S.C. 3501-3520; 5 CFR part 1320.

F. Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this rule will not affect family well-being within the meaning of § 654 of the Treasury and General Government Appropriations Act.¹⁶ The proposed rule would apply to notices provided to consumers but is not intended to change fundamental member rights. Therefore, any effect on family well-being, including financial well-being, is expected to be indirect, at most.

List of Subjects in 12 CFR Part 708b

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

By the National Credit Union Administration Board, this 9th day of February, 2026.

Melane Conyers-Ausbrooks,
Secretary of the Board.

For the reasons stated in the preamble, the NCUA Board proposes to amend 12 CFR Part 708b to read as follows:

**PART 708B – MERGERS OF INSURED CREDIT UNIONS INTO OTHER
CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF
INSURED STATUS**

The authority citation for part 708b continues to read as follows:

Authority: 12 U.S.C. 1752(7), 1766, 1785, 1786, 1789.

§ 708b.106 [Amended]

¹⁶ Pub. L. 105–277, 112 Stat. 2681 (1998).

1. Revise § 708b.106 by:

a. Removing the last sentence of paragraph (d);

b. Removing paragraph (e); and

c. Redesignating paragraphs (f) through (g) as paragraphs (e) through (f) respectively.

2. Revise and republish § 708b.206 to read as follows:

§ 708b.206 Share insurance communications to members.

* * * * *

(b) Every share insurance communication must contain the following conspicuous statement on the first page of the communication where conversion is discussed: “IF YOU ARE A MEMBER OF THIS CREDIT UNION, YOUR ACCOUNTS ARE CURRENTLY INSURED BY THE NATIONAL CREDIT UNION ADMINISTRATION, A FEDERAL AGENCY. THIS FEDERAL INSURANCE IS BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES GOVERNMENT. IF THE CREDIT UNION CONVERTS TO PRIVATE INSURANCE WITH [insert name of private share insurer] AND THE CREDIT UNION FAILS, THE FEDERAL GOVERNMENT DOES NOT GUARANTEE THAT YOU WILL GET YOUR MONEY BACK.” If the communication is on an Internet Web site posting, the credit union must make reasonable efforts to make it visible without scrolling.

(c) Every share insurance communication about share insurance termination must contain the following conspicuous statement on the first page of the communication where termination is discussed: “IF YOU ARE A MEMBER OF THIS CREDIT UNION, YOUR ACCOUNTS ARE CURRENTLY INSURED BY THE NATIONAL CREDIT UNION ADMINISTRATION, A FEDERAL AGENCY. THIS FEDERAL INSURANCE IS BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES GOVERNMENT. IF THE CREDIT UNION TERMINATES ITS FEDERAL

INSURANCE AND THE CREDIT UNION FAILS, THE FEDERAL GOVERNMENT DOES NOT GUARANTEE THAT YOU WILL GET YOUR MONEY BACK.” If the communication is on an internet website posting, the credit union must make reasonable efforts to make it visible without scrolling.

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[FR Doc. 2026-02764 Filed: 2/10/2026 8:45 am; Publication Date: 2/11/2026]