

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: August 2012 **LETTER NO.:** 12-CU-10

TO: Federally Insured Credit Unions

SUBJ: Changes to Central Liquidity Facility Access and
Emergency Liquidity Proposed Rule

ENCL: [Your Credit Union's Contingent Liquidity and the Central
Liquidity Facility - Frequently Asked Questions](#)

Dear Board of Directors and Chief Executive Officer:

This letter concerns two matters that may likely affect your credit union's contingent liquidity plans. The first issue is the coming closing of U.S. Central Bridge Corporate Federal Credit Union (U.S. Central Bridge) by October 31, 2012. This closure will affect the access of more than 6,000 credit unions to the Central Liquidity Facility (CLF), a special NCUA-operated lending facility for the credit union industry. The second issue is a targeted proposed rule recently approved by the NCUA Board to require credit unions to plan for emergency liquidity. **NCUA will explore both of these matters during a free webinar on Tuesday, August 14 at 2:00 Eastern.**

The CLF and its role as an emergency liquidity provider for most credit unions will soon change. Currently, most credit unions have access to emergency liquidity by belonging to a corporate credit union that is a member of U.S. Central Bridge. U.S. Central Bridge holds CLF stock on behalf of member corporate credit unions and their members. However, when U.S. Central Bridge closes and redeems that stock upon closure, those credit unions will no longer have the CLF as a source of backup liquidity, unless they choose to join the CLF directly.

NCUA developed the enclosed Frequently Asked Questions to answer your questions about the changes that will occur to the CLF as a result of U.S. Central Bridge's closure, the way in which the CLF operates, and the need for credit unions to have access to emergency liquidity. You should carefully review this enclosure to determine what action, if any, your credit union should take in response to the coming closure of U.S. Central Bridge.

Additionally, on July 24, 2012, the NCUA Board issued a proposed rule on “Maintaining Access to Emergency Liquidity”. The proposed rule’s requirements are targeted to credit unions based on their asset size and would require credit unions to explicitly plan for meeting emergency liquidity needs.

The public comment period on this proposed rule runs until September 28, 2012. NCUA welcomes your credit union’s input on this proposed rule. You can view a copy of the proposed rule under the regulations tab on www.ncua.gov or directly at <http://go.usa.gov/GnL>.

To further explore these matters and answer the questions of credit unions, NCUA will host a free webinar—“CLF and Your Credit Union’s Contingent Liquidity”—on Tuesday, August 14, beginning at 2:00 p.m. Eastern. You can register at <http://event.on24.com/r.htm?e=500641&s=1&k=1645693918022800D0084228273B707A>. This link will also be used to log into the webinar after participants have registered.

Please direct questions to your regional or state supervisory office.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure