Please submit completed forms or any questions to the following email address: RA-BNCUSUBMISSIONS@pa.gov

Pennsylvania
Department of Banking and Securities

MARKET SQUARE PLAZA | 17 N SECOND STREET, 13TH FL | HARRISBURG, PA 17101
Ph 717.787.2253 Fx 717.787.8773 W www.pa.gov/dobs

Credit Union Parity Notice

I. Type of Notice (Check One):
☐ Direct conduct of an activity §501(e)(1)
☐ Create, amend or expand field of membership §501(e)(2)
☐ Conduct of an activity by holding an interest in a Credit Union Service Organization (CUSO) §501(e)(3)

II. Name of Institution:
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III. Main Address of Principal Place of Business in Pennsylvania of the Credit Union:
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IV. Proposed Activity or field of membership request:
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V. A. Authorizing Statute(s) or Regulation(s) Citation from the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration (NCUA):
☐ 12 USC §
☐ 12 CFR §
☐ Other Relevant statute(s) and Regulation(s) (if Applicable):
☐ NCUA Interpretive Letter(s) (if applicable) (List and Attach All):

VI. Provide analysis regarding the risks and potential risks to the institution that have been identified regarding the proposed activity:
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VII. List conditions, limitations and/or restrictions imposed on a proposed activity or a field of membership request by the NCUA, including, but not limited to, conditions, limitations and/or restrictions established by the NCUA Chartering and Field of Membership Manual, or other relevant manual, statute and/or regulation:
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VIII. In the case where an institution is engaging in a new activity, provide names, titles, contact information, experience, and relevant backgrounds of personnel that will be responsible for the proposed activity:
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You are notified that if the Department has insufficient information to determine whether the Department should object to your request for parity authority under Section 501(e) of the Credit Union Code, the Department may either: (1) request that you agree in writing to an extension of time beyond the statutory 30 day notice period for the Department to consider this matter, within which time you will be required to provide the requested additional information; or (2) the application will be rejected and any future applications may be rejected until the additional information regarding such notice is provided to the Department and the Department has no objection to the notice.

ADDENDUM TO CREDIT UNION PARITY NOTICE (CREDIT UNION SERVICE ORGANIZATION (CUSO) ONLY)

CUSO CORPORATION - The following information is required as part of the notice to the Department for the establishment of a CUSO corporation:

1. Signed resolution of the Board of Directors approving the CUSO.
2. A list of the initial directors and officers

Subsequent to the establishment of the CUSO corporation, the following documentation must be forwarded to the Department when available:

1. Bylaws of the CUSO.
2. Articles of Incorporation for the CUSO.
3. Certificate of Incorporation issued by the Department of State or other evidence of filing with the Department of State.
4. The initial balance sheet of the CUSO.
5. A statement setting forth the amount of the Credit Union's investment in the CUSO.
6. Copies of the requisite approvals issued by the NCUA (if applicable).

CUSO LIMITED LIABILITY COMPANY - The following information is required as part of the notice to the Department for the establishment of a CUSO limited liability company:

1. Copy of the Resolution of the Credit Union's Board of Directors authorizing formation of the CUSO.
2. Identification of the initial directors and officers of the CUSO.
3. Copy of the proposed Operating Agreement.

Subsequent to the establishment of the CUSO limited liability company, the following documentation must be forwarded to the Department when available:

1. Certificate of organization for the CUSO
2. Evidence of the filing of the Certificate of Organization with the Department of State for the CUSO.
3. The executed Operating Agreement.
4. The initial balance sheet of the CUSO.
5. A statement setting forth the amount of the Credit Union's investment in the CUSO.
6. Copies of the requisite approval issued by the NCUA (if applicable)

CREDIT UNION CUSO - OTHER STRUCTURES - Contact the Department to determine documentation requirements and acceptability of other business structures for CUSOs.

OTHER STATUTORY AUTHORITY FOR A CUSO - A credit union may also establish a CUSO under Section 501(b)(7)(v) of the Credit Union Code. The Credit Union Parity Notice form would not be used for a request for establishing a CUSO under this alternative statutory authority.

ADDENDUM TO CREDIT UNION PARITY NOTICE (EMPLOYEE BENEFIT AND COMPENSATION PROGRAMS FUNDED BY OTHERWISE IMPERMISSIBLE INVESTMENTS ONLY)

As a general matter, the Bureau of Credit Union and Trust Supervision ("Bureau") of the Pennsylvania Department of Banking and Securities recognizes that Pennsylvania state-chartered credit unions may submit notices pursuant to Section 501(e)(1) of the Credit Union Code, 17 Pa.C.S. § 501(e)(1) ("Notice"), in order to provide employee benefit and compensation programs funded by otherwise impermissible investments ("EB Programs"), in parity with the ability of Federal credit unions under 12 CFR § 701.19, provided that any EB Program is offered (1) on the same terms and conditions as permitted for Federal credit unions by the National Credit Union Administration ("NCUA") and (2) that the proposed EB Program does not jeopardize the safety and soundness of the particular credit union.

The Bureau will generally review a credit union's proposed EB Program consistent with the 10-step analysis referenced in the NCUA's Examiners Guide/Credit Union Operations/Employee Benefits/Pre-Purchase Analysis of Investments, available here: NCUA Examiners Guide

In order to provide the Bureau with information necessary to make a determination regarding a credit union's proposed EB Program's effects upon the safety and soundness of the credit union, a credit union should submit the following information as part of a Notice:

1. Full and detailed description of the EB Program, including its economic costs and benefits.
2. Indication of whether the Board of Directors ("Board") sought any opinion from an independent expert relating to the initial and long-term impact that the proposed EB Program will have on the safety and soundness of the credit union.
3. Description of the of qualifications of the Board members to provide initial and ongoing oversight and monitoring of the EB Program.
4. Copies of Board meeting minutes and materials demonstrating the Board's pre-purchase analysis/due diligence performed regarding, and consideration of the appropriateness of, the proposed EB Program, which should include:
   a. Detailed analysis of potential risk to future earnings, net worth adequacy, liquidity position and changes in interest rates;
   b. Cost benefit analysis over the life of the investment;
   c. Potential tax and reporting implications in accordance with applicable law;
   d. Evaluation of the implied commitment to offer similar benefits to future employees;
   e. Analysis demonstrating that the EB Program is comparable to similar EB Programs implemented at other like-sized credit unions in the credit union's market area; and
   f. Comparison of other alternative EB Programs and documentation as to why this particular EB Program and vendor have been chosen.

5. Copies of all (proposed) agreements, policies and procedures and changes to the credit union's risk management program to be implemented by the credit union regarding the proposed EB Program.
6. Evidence of approval of the EB Program by voice vote of each member of the Board.