

National Credit Union Administration
SUPPORTING STATEMENT

Foreign Branching; 12 CFR Part 741.11
OMB No. 3133-0167

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Pursuant to Part 741, Section 741.11 of the NCUA Rules and Regulations, a federally insured credit union that wishes to establish a branch office outside the United States (other than branches located on United States military installations or embassies) must apply for and receive approval from the NCUA regional director before establishing that branch. The application must include (1) a business plan, (2) written approval by the state supervisory agency if the applicant is a state-chartered credit union, and (3) documentation evidencing written permission from the host country to establish the branch that explicitly recognizes NCUA's authority to examine and take any enforcement actions, including conservatorship and liquidation actions.

The business plan must contain at a minimum the following:

- Analysis of market conditions in the area the branch is to be established;
- The credit union's plan for addressing foreign currency risk;
- Operating facilities;
- Safeguarding of assets, insurance coverage, and records preservation;
- Written policies;
- The field of membership to be served;
- Pro forma financial statements for the first and second year of operations;
- Internal controls;
- Accounting procedures used to analyze branch performance; and
- Foreign income taxation.

This information is necessary to evaluate the safety and soundness of the decision to open the branch and to protect the interests of the National Credit Union Share Insurance Fund.

2. Purpose and use of the information collected.

The information will be used by the NCUA to assist staff in determining the safety and soundness of the credit union's decision to establish a branch overseas and prevent potential losses to the credit union and the National Credit Union Share Insurance Fund ("NCUSIF").

3. Use of information technology.

The necessary reports and analyses can be provided to the NCUA electronically. This also applies to the documentation of state and foreign approvals, though the extent to which information technology can be used in obtaining those approvals is beyond the control of the NCUA.

4. Duplication of information.

There is no duplication. The application is only necessary if the credit union wants to establish an overseas branch under Part 741, section 741.11. The specifics of the information will be unique to each branch a credit union seeks to establish.

5. Efforts to reduce burden on small entities.

The categories of information required to obtain approval of a foreign branch is the same for all credit unions irrespective of size. However, it is less likely that a credit union that meets the definition of a small entity would seek to open branches outside the United States.

6. Consequences of not conducting the collection.

The credit union is required to submit an application and business plan for approval to establish a foreign branch. This information is required only once. Without this information it is impossible for the NCUA to evaluate any potential impact the establishment of a branch outside of the United States will have on the credit union or the NCUSIF.

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).

8. Efforts to consult with persons outside the agency.

A 60-day notice was published in the Federal Register on June 7, 2023, at 88 FR 37290, and no public comments were received. A 30-day notice was published on August 9, 2023, at 88 FR 53931.

9. Payment or gifts to respondents.

Respondents receive no payments or gifts related to provision of this information.

10. Assurance of confidentiality.

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

11. Questions of a sensitive nature.

No questions of a sensitive nature are asked. Personally Identifiable Information (PII) is not collected.

12. Burden of information collection.

No Federally Insured Credit Unions have sought to open any branches covered by this requirement over the last three years. However, NCUA seeks to maintain an active control number in the event that a credit union seeks to exercise this option.

The burden of the collection of information is as follows:

		No. of Respondents	No. responses per respondent	No. Annual Responses	Hours per Response	Total Annual Burden
741.11(a)	A credit union insured under Title II of the Act must apply for and received approval from NCUA. An application must include:	1	1	1	16	16
741.11(b)	1 Business Plan					
	2 Written approval by the state supervisory agency if the applicant is a state-chartered credit union.	1	1	1	8	8
	3 Documentation evidencing written permission from the host country to establish the branch that explicitly recognizes NCUA's authority to examine and take any enforcement actions.	1	1	1	8	8
741.11(d)	A State regulator that revokes approval of the branch office must notify NCUA of the action once it issues the notice of revocation.	1	1	1	1	1
	Appeal the revocation to the NCUA Board in accordance with subpart B to 746	<i>Cleared under OMB No. 3133-0198, Appeals</i>				
TOTAL		1		4		33

Based on the labor rate of \$42.80 per hour, the total cost to respondents is \$1,412.40.

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

There are no capital start-up or on-going operations and maintenance costs.

14. Annualized costs to the Federal government.

We estimate the cost to the Federal Government to be roughly \$1,900, based on an estimate of 24 hours to review a single application.

15. Changes in burden.

There is no change to the burden estimate.

16. Information collection planned for statistical purposes.

There is no plan to use this information for statistical purposes or to support publication of results.

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

There are no traditional collection instruments associated with this collection of information (e.g. forms). The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov.

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

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.