

CHAPTER 13-03-27
LIQUIDITY AND CONTINGENCY FUNDING PLANS

Section
13-03-27-01 Policy Requirements

13-03-27-01. Policy requirements.

1. Any credit union that has assets of less than fifty million dollars shall maintain a basic written policy that provides a credit union board-approved framework for managing liquidity and a list of contingent liquidity sources that can be employed under adverse circumstances.
2. Any credit union that has assets of fifty million dollars or more shall establish and document a contingency funding plan that meets the requirements of subsection 4.
3. In addition to the requirement specified in subsection 2 to establish and maintain a contingency funding plan, any credit union that has assets of two hundred fifty million dollars or more shall establish and document access to at least one contingent federal liquidity source for use in times of financial emergency and distressed economic circumstances. These credit unions shall conduct advance planning and periodic testing to ensure contingent funding sources are readily available when needed. A credit union subject to this subsection may demonstrate access to a contingent federal liquidity source by:
 - a. Maintaining regular membership in the central liquidity facility, as described in 12 CFR part 725;
 - b. Maintaining membership in the central liquidity facility through an agent, as described in 12 CFR part 725; or
 - c. Establishing borrowing access at the federal reserve discount window by filing the necessary lending agreements and corporate resolutions to obtain credit from a federal reserve bank pursuant to 12 CFR part 201.
4. A credit union shall have a written contingency funding plan commensurate with its complexity, risk profile, and scope of operations that sets out strategies for addressing liquidity shortfalls in emergency situations. The contingency funding plan may be a separate policy or may be incorporated into an existing policy such as an asset/liability policy, a funds management policy, or a business continuity policy. The contingency funding plan must address, at a minimum, the following:
 - a. The sufficiency of the institution's liquidity sources to meet normal operating requirements as well as contingent events;
 - b. The identification of contingent liquidity sources;
 - c. Policies to manage a range of stress environments, identification of some possible stress events, and identification of likely liquidity responses to such events;
 - d. Lines of responsibility within the institution to respond to liquidity events;
 - e. Management processes that include clear implementation and escalation procedures for liquidity events; and
 - f. The frequency the institution will test and update the plan.
5. A credit union is subject to the requirements of subsections 2 or 3 when two consecutive national credit union administration call reports show its assets to be at least fifty million

dollars or two hundred fifty million dollars, respectively. A credit union has one hundred twenty days from the effective date of that second call report to meet the greater requirements.

History: Effective January 1, 2019.

General Authority: NDCC 6-01-04

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