

**CREDIT UNION DIVISION[189]**

**Notice of Intended Action**

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of Iowa Code section 533.107(6), the Credit Union Division hereby gives Notice of Intended Action to adopt new Chapter 16, “Mergers,” Iowa Administrative Code.

The rules in this new chapter pertain specifically to spin-offs under the statutory merger guidelines in Iowa Code section 533.401. During the 2013 legislative session, a change which would permit a spin-off was made to Iowa Code section 533.401, but administrative rules are needed for full implementation of that change.

The Division will fully consider any written suggestions or comments on these proposed rules by any interested person on or before January 27, 2015. Written material should be directed to the Iowa Credit Union Division, 200 East Grand Avenue, Suite 370, Des Moines, Iowa 50309-1827; fax (515)725-0519.

There will be a public hearing on January 27, 2015, at 1 p.m. in the conference room in the Division’s offices at 200 East Grand Avenue, Suite 370, Des Moines, Iowa, at which time persons may present their views orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the proposed rules. Any person who intends to attend the public hearing and has special requirements, such as those relating to hearing or mobility impairments, should contact the Division and advise of specific needs.

The rules in Chapter 16 do not contain conditions for waiver but would be subject to the process outlined in Chapter 23, “Uniform Waiver and Variance Rules.”

After analysis and review of this rule making, the Division has determined that there will be no impact on jobs and no fiscal impact to the state.

These rules are intended to implement Iowa Code section 533.401.

The following amendment is proposed.

Adopt the following new 189—Chapter 16:

CHAPTER 16  
MERGERS

**189—16.1(533) Spin-offs.** A spin-off occurs during a merger process when, by agreement of the parties to the merger, a portion of the field of membership, assets, liabilities, shares, and capital of one credit union is transferred to another credit union. A spin-off of a well-defined segment or branch of a credit union’s membership to another credit union is an option undertaken to benefit the members of both credit unions. This process may occur with the physical transfer of one or more branches from one credit union to another credit union, but less than a complete merger of the two credit unions occurs. A spin-off is unique in that usually one credit union has a field of membership expansion and the other loses a portion of its field of membership, although there may be exceptions where the two credit unions maintain an overlapping field of membership, depending upon the geography of the proposed spin-off. Any spin-off approval is at the discretion of the superintendent of credit unions.

**189—16.2(533) Plan requirements.** All credit unions proposing a merger plan that would result in a spin-off must file, in addition to other merger documents detailed by the division, a plan that addresses the following points, at a minimum, in support for their spin-off plan:

**16.2(1)** Why the spin-off is being requested.

**16.2(2)** What part of the field of membership is to be spun off, or if not, then why not.

**16.2(3)** Which assets, liabilities, shares, and capital are to be transferred.

**16.2(4)** The financial impact of the spin-off on the affected credit unions.

**16.2(5)** The ability of the acquiring credit union effectively to serve the new members. If the credit unions are to serve an overlapping field of membership, then both must justify how they will effectively serve their respective memberships.

**16.2(6)** The proposed spin-off date.

**16.2(7)** Disclosure to the members of the requirements set forth in this rule.

**189—16.3(533) Additional requirements.** In addition to the plan, the credit unions must include the most current monthly financial statements from both credit unions and a copy of the proposed voting ballot.

**16.3(1)** Membership notice and voting requirements shall be the same as for regular mergers under rule 189—12.6(533). However, only those members directly affected by a spin-off, that is, those members whose shares are to be transferred to the other credit union, are permitted to vote. All members of the group to be spun off, whether they voted in favor, against, or not at all, will be transferred if the spin-off is approved by the voting membership.

**16.3(2)** Members of the credit union whose shares are not being transferred will not be afforded the opportunity to vote.

These rules are intended to implement Iowa Code section 533.401.