

CHAPTER 16 MERGERS

Chapter exempt from chapter rescission pursuant to Iowa Code section 17A.7

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 one credit union has a field of membership expansion and the other loses a portion of its field of membership.

[ARC 1896C, IAB 3/4/15, effective 4/8/15]

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.
- 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.
- 16.2(6)** The proposed spin-off date.
- 16.2(7)** Disclosure to the members of the requirements set forth in this rule.

[ARC 1896C, IAB 3/4/15, effective 4/8/15]

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), with certain exceptions. 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. A quorum is determined according to the quorum size for the credit union as a whole. In the notice of balloting sent to the members affiliated with any affected branch and field of membership, the credit union shall give notice of the right of any member who wants to remain as a member of the credit union to opt out of participating in the merger vote by giving written notice to the credit union at any time prior to the merger vote. The shares of members who opt out will not be transferred in the event the merger vote is successful. All other 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 who are not affiliated with the branch and field of membership being spun off and whose shares are not being transferred will not be afforded the opportunity to vote.

16.3(3) Spin-offs involving federally insured credit unions in different regions of the National Credit Union Administration must be approved by all regional directors where the credit unions are headquartered and by state regulators, as applicable.

[ARC 1896C, IAB 3/4/15, effective 4/8/15]

These rules are intended to implement Iowa Code section 533.401.

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