



## InfoSight Highlight

### Security Program

Part 748 of the NCUA Rules and Regulations requires each federally-insured credit union develop a comprehensive written security program (including administrative, technical, and physical safeguards appropriate to their size, complexity, and the nature and scope of their operations) within 90 days of the date it is insured by the National Credit Union Share Insurance Fund (NCUSIF). The security program and associated procedures will be evaluated during examinations by the NCUA or state credit union regulator.

#### What does the credit union need to do?

The credit union must develop and have the board approve a written security program. The program must provide for and address the following areas:

- Protecting each credit union office from robberies, burglaries, and larcenies.
- Ensuring the security and confidentiality of member records, and protecting against anticipated threats or hazards to the security or integrity of such records and unauthorized access or use of such records that could result in substantial harm or serious inconvenience to a member, as provided in Appendix A of Part 748 of NCUA's Rules and Regulations.
- Assisting in the identification of persons who commit or attempt such crimes.
- Preserving vital records, as defined in Part 749 of the NCUA Rules and Regulations.

For additional information, click [here](#) for the topic.

Review the information today to help your credit union remain in compliance.

## Compliance News

### Interest Rate Risk

NCUA recently released [Letter to Credit Unions #16-CU-08](#) detailing the agency's revised supervisory approach to interest rate risk for federally insured credit unions. The new standardized approach is aimed to increase focus and resources toward higher risk credit unions and minimizing the scope and time for credit unions of lower risk. The interest rate risk supervisory review changes are effective January 1, 2017. **In conversations with the staff at the Department of Banking and Finance, they welcome NCUA's new approach and their expectations are that they will work in concert with NCUA in reviewing IRR during the exam process.**

Key changes include:

- A newly developed Interest Rate Risk Review Procedures Workbook.
- Updated tolerance thresholds (low, moderate, high, and extreme) in the Net Economic Value (NEV) Supervisory Test.
- A new tool that generates an estimated net economic value for credit unions with total assets of \$50 million or less.
- A revised interest rate risk chapter in NCUA's Examiner Guide.

The following resources released with the Letter include:

GEORGIA CREDIT UNION

*Affiliates*

**InfoSight**  
**Compliance eNEWSLETTER**  
**November 7, 2016**  
**Vol. 10, Issue 45**

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Credit Union National Association

## Compliance Video

### NEW VIDEOS

#### Military Lending and 3rd Quarter 2016 Review

In this [newly released video](#), Glory LeDu reminds us of the regulatory changes that became effective in the 3rd quarter of 2016 and provides an overview of those that are coming up in the 4th quarter, including FinCEN Member Due Diligence, NACHA Same Day ACH rules as well as the Military Lending Act and the Overtime Rule from the Department of Labor.

#### Member Business Lending

This [new video](#) provides the details you will need to know to comply with the NCUA's Member Business Lending rules.

## Compliance Calendar

#### November 11, 2016:

Veterans' Day - Federal Holiday

#### November 24, 2016:

Thanksgiving Day - Federal Holiday

- IRR Review Procedures Workbook;
- Guide to Using NCUA's Interest Rate Risk Exam Procedures Workbook (87 pages).
- Revised Examiners Guide; and
- Fact Sheet: Revised Interest Rate Risk Supervision

NCUA also offers a [resource page on interest rate risk](#) but the materials above - except for the fact sheet - are only available by accessing the [Examiner's Guide](#) and not currently available from the resource page. The fact sheet can be accessed via a link from the Letter to Credit Unions or you can get it [here](#).

As you know, a key component of the revised examination and supervision process is an overhaul of the examination platform (AIRES questionnaires). The new interest rate risk workbook highlighted in the Letter offers a peek at what the templates look like -at least for interest rate risk - as the agency revises its approach to supervision. The Examiner's Guide has been updated but only for the following review areas so far: Interest Rate Risk, Fidelity Bond Coverage, Risk-Focused Examination Program, and Total Analysis Process - so until content is finalized for the review areas not listed above, existing supervisory guidance remains in effect and should be followed.

### Is Elder Financial Abuse Required to be Reported?

**Question: Is reporting elder financial abuse required by law? Where can we locate guidance on what our credit union must do?**

**Answer:** Yes. Section 30-5-4(a)(1)(B) of the Georgia Code requires financial institution employees to be mandatory reporters of elder financial abuse. **If the abuse or exploitation did not occur in a long-term care facility, the reporter must report to both law enforcement and adult protective services that has been designated by the Department of Human Services.** (Previously, financial institutions only had to report suspected cases to Adult Protective Services.)

Georgia credit unions should report elder abuse to Adult Protective Services by any of the following methods:

- Fax a referral: 770-408-3001 [Click [here](#) to access the form]
- Call toll-free: 1-866-55AGING (1-866-552-4464) - Press "3"
- Report on the web: Click [here](#)

Credit unions should also contact their local law enforcement.

**Note:** For more information, please see the "[Elder Financial Exploitation](#)" topic in the Security channel on InfoSight. Also, there is a "Protecting the Elderly" policy in PolicyPro.

### Field-of-Membership Rule Provides Greater Flexibility and Consumer Choice

More Americans will become eligible for credit union products and services under a final rule (Part 701) approved, October 27th, by the Board to modernize NCUA's field-of-membership regulations.

"This comprehensive rule expands consumer access to credit and provides them a safe place to invest their life savings," NCUA Board Chairman Rick Metsger said. "Congress passed the Federal Credit Union Act and the Credit Union Membership Access Act to improve access for consumers to a national

#### December 1, 2016:

Overtime Rule - Department of Labor

#### December 26, 2016:

Christmas Day (observed)- Federal Holiday

#### January 1, 2017:

Member Business Loans; Commercial Lending (NCUA) - Effective date

#### January 1, 2017:

HMDA, Regulation C, excludes low volume depository institutions from coverage - Effective date

#### January 2, 2017:

New Year's Day (observed) - Federal Holiday

[Click here for upcoming compliance dates.](#)

### Compliance Training

#### November 9, 2016

[Form 1099 Reporting: Third-Party Vendors, Foreclosures, Debt Forgiveness & More](#) Webinar

**3:00 - 4:30 ET**

#### November 10, 2016

[Audit Compliance Series: Developing a Risk-Based Compliance Audit Process for Deposits](#) Webinar

**3:00 - 4:30 ET**

#### November 14, 2016

[Nonresident Alien Accounts: W-8s, W-8BENs, BSA, Rules & More](#) Webinar

**3:00 - 4:30 ET**

#### November 15, 2016

[Recognizing & Responding to Elder Fraud: What Every Staff Member Should Know](#) Webinar

**3:00 - 4:30 ET**

#### November 16, 2016

[Quarterly Supervisory Committee](#)

system of not-for-profit cooperative credit. But, the world has changed since we last put in place rules to implement these laws. We cannot anchor our regulations to the past; we have to keep pace with how consumers access financial services today."

In recent years, several states have updated their field-of-membership rules for state-chartered credit unions, including Georgia. Within the requirements of federal law, NCUA Board Member J. Mark McWatters said that the final rule would similarly enhance consumer access to credit by sensibly and reasonably updating NCUA's rules.

"Our field-of-membership final rule is consistent with both the letter and spirit of the law," McWatters said. "During our deliberations, I carefully examined the Federal Credit Union Act and the requirements of the Administrative Procedure Act. Based on more than 30 years of legal experience working with issues of complex statutory interpretation, I am confident that the final rule we've approved today follows the law. More importantly, these changes will expand access to affordable financial services for consumers, including those in underserved communities."

Consistent with the limitations of the Federal Credit Union Act, the final rule updates key definitions and makes more than a dozen changes to NCUA's chartering and field-of-membership rule for federal credit unions by:

- Allowing greater flexibility to community charter credit unions in how they define the local communities they serve;
- Providing credit unions with better opportunities to serve underserved areas by updating the process for defining those areas;
- Enhancing access to credit union services for residents of rural areas by allowing rural district credit unions to serve up to 1 million people;
- Streamlining paperwork for multiple-common-bond credit unions that seek to serve additional groups, such as including independent contractors with a strong dependency relationship with an employee group; and
- Expanding credit union access for honorably discharged members of the armed services by allowing them to join credit unions serving their active-duty counterparts.

The final rule also modifies the type and extent of information that a federal credit union must submit to support an application to expand its field of membership.

The [final rule](#) will become effective 60 days after publication in the *Federal Register*. A [comparison chart](#) summarizes changes made to the previous rule.

## Final Rule Adopts Inflation Adjustments to Civil Monetary Penalties

The NCUA Board approved a final rule (Part 747) to amend its regulations and adjust the maximum amount of civil monetary penalties under its jurisdiction to account for inflation.

At its June open meeting, the Board approved an interim final rule making the adjustments. The final rule adopts those changes, which were required by the Federal Civil Penalties Inflation Adjustment Improvements Act of 2015.

NCUA last adjusted civil monetary penalties in September 2015. Previously, these inflation adjustments were made every four years. In November 2015, Congress enacted legislation requiring annual adjustments and providing for a one-time "catch-up" adjustment for 2016. Beginning in 2017, agencies must

[Series: What the Board Needs to Know to Manage IT](#)

Webinar

**3:00 - 4:30 ET**

**November 17, 2016**

[Handling ACH Exceptions & Returns: Unauthorized, Revoked, or Stop Payment?](#)

Webinar

**3:00 - 4:30 ET**

**November 22, 2016**

[Trust Accounts: Opening, Transacting, Deposit Insurance & More](#)

Webinar

**3:00 - 4:30 ET**

**November 29, 2016**

[Top 10 IRA Issues: Compliance, Reporting, Death & Distributions](#)

Webinar

**3:00 - 4:30 ET**

**November 30, 2016:**

[Annual Robbery Training for All Staff](#)

Webinar

**3:00 - 4:30 ET**

**December 1, 2016:**

[Meaningful & Strategic Stress Testing: A Valuable Board & Management Tool](#)

Webinar

**3:00 - 4:30 ET**

**December 6, 2016**

[Cyber Series: Requirements for Tech-Based Marketing: Websites, Social Media, Robo Calls & More](#)

Webinar

**3:00 - 4:30 ET**

**December 13, 2016**

[Loan Review: Consumer, Commercial & Real Estate](#)

Webinar

**3:00 - 4:30 ET**

**December 14, 2016**

[Director Series: Essential Compliance Training for the Board & Senior Management](#)

Webinar

**3:00 - 4:30 ET**

publish their inflation adjustment rules in the Federal Register by Jan. 15 of each year.

Although the law requires NCUA to adjust the maximum levels for civil monetary penalties, NCUA is not required to assess the maximum level and retains discretion to assess at lower levels, as it has done historically. For example, the civil monetary penalties NCUA assesses for late filers are modest; the median penalty was \$274 for the first quarter of 2016. The Federal Credit Union Act requires NCUA to send any funds received through civil monetary penalties to the U.S. Treasury.

The [final rule](#) adopts the changes made in the interim rule, which became effective July 21, 2016.

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## Your CU Should Know...

### Don't Forget Your Annual ACH Audit

Financial institutions that originate and receive transactions over the Automated Clearing House (ACH) Network are required to perform an annual compliance audit under the National Automated Clearing House Association's (NACHA) Operating Rules. The rule also applies to third-party service providers. **The rule requires the audit be performed by December 31 each year.**

Important reminders about the rule:

1. All credit unions that originate or received transactions via ACH are required to perform the audit annually;
2. The audit cannot be performed by anyone involved in the posting or receiving of the ACH transactions. It must be someone not involved with the transactions; and
3. The audit must be completed by the end of December.

### REMINDER! NMLS Renewal

The NMLS 2017 renewal period began **November 1 and ends December 31, 2016**. Institutions and Mortgage Loan Originators (MLOs) that are federally registered are required to renew their registration and pay annual processing fees by following the processes detailed on the NMLS [website](#). Don't forget to renew by December 31st.

### Debt Collectors to Pay Almost \$11M and Are Banned

The FTC has [announced](#) that a federal judge has banned from the collection business a group of debt collectors who pretended to be affiliated with the government, and ordered them to pay nearly \$11 million, after granting the Federal Trade Commission's request for summary judgment in a case filed by the agency. The action is part of [Operation Collection Protection](#), a continuing nationwide crackdown on collectors whose illegal tactics include harassing phone calls and false threats of lawsuits and arrest.

### FATF Report: Terrorist Financing in Africa

The Financial Action Task Force (FATF) has [released](#) a [report on terrorist financing](#) in West and Central Africa. The report looks at the confirmed and suspected funding sources of terrorist groups that are operating in this region. It identifies the terrorist financing risks that are unique to the region, such as cattle rustling. Cash, including foreign currency, also plays an important role in terrorist financing in the West and Central African region. The report identifies challenges that the region faces to regulate financial products and sectors, and emphasizes the need for better cross-border collaboration.

**December 15, 2016**

[Frontline Series: Powers-of-Attorney In-Depth: Good Faith, Fraud & Fiduciary Capacity](#)  
Webinar

**3:00 - 4:30 ET**

**December 20, 2016**

[Disaster Preparedness, Recovery & Business Continuity](#)  
Webinar

**3:00 - 4:30 ET**

**December 21, 2016**

[Emerging Need & Regulatory Expectations for Enterprise Risk Management Framework](#)  
Webinar

**3:00 - 4:30 ET**

**BSA Training Opportunities through GCUA**

[Click here for details](#)

**2017 GCUA Webinar/Online Education Options**

Coming Soon

### **Treasury Sanctions Financial Supporters of al-Qaida**

The Treasury Department has announced that, on Tuesday, the U.S., in partnership with the United Arab Emirates, acted to disrupt the operations and support networks of al-Qaida in the Arabian Peninsula. Treasury's Office of Foreign Assets Control (OFAC) designated the Al Omgy and Brothers Money Exchange (Al Omgy Exchange) and the company's two owners, Said Salih Abd-Rabbuh al-Omgy and Muhammed Salih Abd-Rabbuh al-Omgy, under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. As a result of Tuesday's action, all property and interests in property of Al Omgy Exchange, and Said and Muhammed al-Omgy subject to U.S. jurisdiction are blocked, and U.S. persons are generally prohibited from engaging in transactions with them. Treasury reported that, acting under its authorities, the Central Bank of the UAE recently took swift action to eliminate any access to the UAE financial sector by Al Omgy Exchange in advance of Tuesday's OFAC action.

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The CUNA Advocacy Update keeps you on top of the most important changes in Washington for credit unions - and what CUNA is doing to monitor, analyze, and influence government agencies and federal law. You can view the current report and past reports from the archive.

**Click [here](#) to request to be added to the mailing list for this and/or other GCUA email publications.**

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