Credit Union Regulatory Update
NACUSAC 2017

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Presented by:

Sharon Lindeman
VP Regulatory Advocacy
California and Nevada Credit Union Leagues
2855 E. Guasti Road, Suite 600
Ontario, CA 91761
P: 909-212-6063
E: SharonL@ccul.org

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Regulatory Update - Agenda

- 2017 Regulatory Environment
- NCUA
  - Current Issues
  - Exam Flexibility Initiative
  - Exam Focus – 2017
  - Regulations
- CFPB
  - Pending Rules
  - On the Horizon

2017 Regulatory Environment

- New Administration
- NCUA Board
- CFPB – Cordray; Structure
- Legal Challenges to NCUA Rules
- League/CUNA Campaign for Common-Sense Regulations (www.cuna.org/commonsensereg)

NCUA Operations

- Region Consolidation
- Audit Reports
- System Modernizations

NCUA Credit Union System Financial Performance Data

- 1Q17 Data Available
- Strong growth in 2016
- Summary information available:
  - Selected Performance Indicators
  - Balance Sheet Details
  - Income Statement Details
  - Performance by Asset Category
- https://www.ncua.gov/newsroom/Pages/news-2017-june-ncua-releases-q1-credit-union-system-performance-data.aspx

NCUA Exam Flexibility Initiative

- 2017 Exam Schedule and Process Changes 16-CU-12
  - Extended Exam Cycle
  - Four weeks advance notice (unless trouble/concerns)
  - Improved coordination of and tailored documents requests
  - Separate pre-exam planning/scoping from onsite work
  - Training efforts:
    - Timely, ongoing, and open communications between examiners and CU officials
    - Consistent application of examination standards
    - Specialists Connections
- CUNA/League Exam Survey: www.cuna.org/survey

NCUA Exam Focus

- 2017 Supervisory Focus – 17-CU-01
  - Cybersecurity Assessment
    - FFIEC Cybersecurity Assessment Tool (CAT)
    - Structured Assessment Process by late 2017
    - CAT is voluntary, but encouraged
  - BSA Compliance
  - Internal Controls and Fraud Prevention
  - Interest Rate and Liquidity Risk
  - Commercial Lending
  - Consumer Compliance
  - CUSO Reporting

NCUA Current Regulatory Issues

- NCUA - Alternative Capital
  - LICUs - Secondary Capital
  - All CUs – Supplemental Capital for RBC purposes
- Voluntary Mergers
  - Address Potential Conflicts of Interest
  - Disclosures; Covered Persons
  - Member-to-Member Communication
- FOM – Part II
  - Narrative
  - Increase population limit from 2.5M to 10M
- Joint Agencies – Private Flood Insurance
  - Mandatory Acceptance
  - Compliance Aid/No Safe Harbor

Consumer Financial Protection Bureau

- CHOICE Act
- NCUA Letter to CFPB

CFPB – Pending and Developing

- Status of Pending Rules
  - Payday Loans Proposal
  - Arbitration Agreements Proposal
  - TRID Amendments
- On the Horizon
  - Debt Collection
  - Overdraft Protection
  - Alternative Data for Credit Access
  - Business Lending Data
- Assessments

Working Together

Each of your Leagues closely follow all regulatory issues and continually engage with the agencies to advocate for regulatory relief on your behalf.

What You Can Do

- Write Comment Letters on Proposed Rules, RFIs, Assessments
- Attend Meetings with Regulators
- CUNA Members
  - Attend Government Affairs Conference (GAC)
  - Engage in Campaign for Common-Sense Regs
  - Complete the CUNA-Leagues' Exam Survey

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Questions?

Sharon Lindeman
SharonL@ccul.org
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