

## Broker-Dealers

*Note: The Department of Labor (DOL) recently issued its final regulation known as the “Fiduciary Rule,” resulting in updates to this InfoSight channel. Below is a portion of the updated section.*

### Fiduciary Rule

Department of Labor (DOL) issued its final regulation, known as the “Fiduciary Rule,” which expands the definition of “fiduciary” of an employee benefit plan under the Employee Retirement Income Security Act (ERISA) and a plan (including an individual retirement account (IRA)) under the Internal Revenue Code of 1986 (IRC).

#### How does the Fiduciary Rule affect credit unions?

Credit unions that offer IRA accounts and/or refer members to a broker dealer will need to ensure they are complying with the proper exemptions or refrain from certain activities.

A few basics to the Fiduciary Rule are:

1. The Fiduciary Rule is generally limited to investment advice concerning IRAs and ERIS-covered retirement plans.
2. A person is an investment advice fiduciary if a person provides “investment advice” to a plan, plan fiduciary, plan participant or beneficiary, IRA, or IRA owner for a fee or other compensation, directly or indirectly.
3. “Investment advice” is defined as a “recommendation” with respect to funds of a plan or IRA for a fee or other compensation, direct or indirect. Credit unions should determine if their employees:
  1. Make “recommendations” regarding investments (e.g., buying, holding, selling, or exchanging securities or other investment property) or the management of investments (e.g., rollovers, transfers, or distributions from a plan or IRA); **and**
  2. Receive direct or indirect fees or other compensation in connection with the transaction or service. The fee or compensation must be paid "in connection with or as a result of" the transaction or service (e.g., commission or

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### Compliance Videos

#### First Quarter 2017 Recap and Second Quarter Outlook

This [video](#) provides a recap from Glory LeDu, Director of League System Relations, of the first quarter compliance updates and gives a “sneak peek” of what is to come in the second quarter of 2017. Included are such topics as the NCUA changes to Member Business Lending, the Fixed Assets Rule and the Chartering and Field of Membership Manual as well as a minor revision to the CFPB’s HMDA information. There were also annual updates from the CFPB, FRB and the IRS. The FFIEC has also updated the Uniform Interagency Consumer Compliance Rating System, which is mentioned in this video as well as covered in depth in a separate video.

bonus, as opposed to a base salary that would be paid regardless of the transaction).

If both requirements shown in bullet points “a” and “b” above are triggered, the Fiduciary Rule would apply. Credit unions that refer members to a broker dealer should also be sure the provider is compliant with the rule.

Credit unions should also refer to their legal counsel on any further guidance if there are concerns about coverage.

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

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

## FFIEC Consumer Compliance

In this [video](#), Glory LeDu explains the updates made to the Uniform Interagency Consumer Compliance Rating System by the Federal Financial Institutions Examination Council (FFIEC), as well as the CFPB’s requirements for an effective Consumer Compliance Management System. Credit unions should review this video to determine how their current compliance management system stacks up, as examiners will be using this rating system to evaluate credit unions on compliance factors and will be assigning an overall Consumer Compliance Rating.

## Member Business Lending

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

## Compliance News

### Federal Reserve Raises Federal Funds Interest Rates

On Wednesday June 14, 2017, the Federal Open Market Committee (FOMC), which sets monetary policy for the federal Reserve, announced it would raise interest rates by a quarter point (0.25%) due to increasing concern over tight labor markets and the related risk of rising inflation pressures, bringing the target range to 1.00% to 1.25%.

In response to a similar increase in the Fed Funds rate, a CUNA Blog Post from December 18, 2015 explains how the rate increase affects your credit union's loan rates and what disclosures may be required when the credit union's loan rates are raised. To read the 2015 blog Post, click [here](#).

### OFAC Issues FAQs on New U.S. Cuba Policy

The Office of Foreign Assets Control (OFAC) has posted [new frequently asked questions](#) (FAQs) to address last Friday's [announcement](#) of changes to United States policy toward Cuba. The new policy channels commercial activities away from the Cuban military; tightens travel restrictions on U.S. tourism to Cuba; and reaffirms the U.S. statutory embargo of Cuba.

The policy [memorandum](#) directs the Treasury and Commerce Departments to begin the process of issuing new regulations within 30

## Compliance Calendar

July, 2017

- July 4th, 2017: Independence Day - Federal Holiday

days. The policy changes will not take effect until those Departments have finalized their new regulations, a process that may take several months.

OFAC's FAQs provide additional detail on the impact of the policy changes on U.S. travelers and businesses. Of interest to credit unions, the announced policy changes will not change the authorizations for sending remittances to Cuba. The announced changes also include an exception that will allow for transactions incidental to the sending, processing, and receipt of authorized remittances to the extent they would otherwise be restricted by the new policy limiting transactions with certain identified Cuban military, intelligence, or security services. As a result, the restrictions on certain transactions in the new Cuba policy will not limit the ability to send or receive authorized remittances. (See FAQ #8) In addition, the forthcoming regulations will be prospective and will not affect existing contracts and OFAC licenses. (See FAQ #10)

For more information:

- Click [here](#) for the FAQs.
- Click [here](#) for the White House Fact Sheet on the new Cuba policy.
- Click [here](#) for the National Security Presidential Memorandum on Strengthening the Policy of the United States toward Cuba (issued on June 16, 2017).

Source: *CUNA Compliance Blog*

### Consumer Compliance Outlook

The first issue of 2017 for the Federal Reserve Bank's Consumer Compliance Outlook contains great information that also applies to credit unions, such as *Combating Elder Financial Abuse*, *Understanding Finance Charges for Closed-End Credit*, and more. The issue can be accessed [here](#).

Source: *FRB*

### Advocacy Highlight

### CFPB Proposes Changes to Prepaid Rule – Comments Needed

- July 30th, 2017: [5300 Call Report Due to NCUA](#)

September, 2017

- September 4th, 2017: Labor Day - Federal Holiday
- September 15th, 2017: [Same-day ACH \(NACHA\) – Phase 2 of the implementation period for the rule.](#)

October, 2017

- October 3rd, 2017: [Military Lending Act for Credit Cards](#)
- October 9th, 2017: Columbus Day - Federal Holiday
- October 19th, 2017: [Amendments to the 2013 Mortgage Rules under the Real Estate Settlement Procedures Act - Regulation X and the Truth in Lending Act - Regulation Z](#)
- October 29th, 2017: [5300 Call Report Due to NCUA](#)

November, 2017

- November 10th, 2017: Veterans' Day (Observed) - FRB will be open

The CFPB is seeking comment on [proposed amendments](#) to the agency's 2016 prepaid accounts rule. The rule, which established "comprehensive protections" for prepaid accounts under Regulation E and Regulation Z, is currently scheduled to go into effect next April. Comments on the proposed changes will be due 45 days after the proposal is published in the Federal Register.

The proposal would:

- Revise the prepaid rule's error resolution and limited liability provisions under Reg E. Financial institutions would not be required to resolve errors or limit consumers' liability on unverified prepaid accounts. However, for accounts where the consumer's identity is later verified, financial institutions would be required to limit liability and resolve errors with regard to disputed transactions that occurred prior to verification, consistent with the timing requirements of the prepaid rule.
- Create a limited exception to the prepaid rule's credit-related provisions under Reg Z for certain business arrangements between prepaid account issuers and credit card issuers that offer traditional credit card products. This exception is intended to address certain complications in applying the credit provisions of the prepaid rule to credit card accounts linked to digital wallets that can store funds where the credit card accounts are already subject to Reg Z's open-end credit card rules in circumstances that appear to pose lower risks to consumers.
- Make clarifications or minor adjustments to the rule's provisions regarding: an exclusion from the definition of prepaid account, unsolicited issuance of access devices, several aspects of the rule's pre-acquisition disclosure requirements, and submission of prepaid account agreements to the CFPB.

[In April 2017](#), the CFPB delayed the general effective date of the prepaid rule by six months, to April 1, 2018. In this current proposal, the CFPB is requesting comment on whether a further delay would be necessary and whether industry needs an express provision addressing early compliance with the rule.

The CFPB also released an updated version of its small entity compliance guide for the prepaid rule. That update reflects the recent effective date delay and clarifications on several other issues raised by industry feedback. The revised guide is available [here](#).

- November 23rd, 2017: Thanksgiving Day - Federal Holiday

December, 2017

- December 25th, 2017: Christmas Day - Federal Holiday

January, 2018

- January 1st, 2018: [Home Mortgage Disclosure Act – Regulation C \(CFPB\), most provisions – Effective date](#)

### Compliance Training

#### Regulatory Compliance Training

#### NCUA Field-of-Membership Rule

Get more information about the NCUA's new field-of-membership rule by watching the [agency's webinar online](#) and review [questions and answers](#) from the event.

The NCUA Board unanimously approved the new field-of-membership rule at its [October 2016 open meeting](#).

More information about the Bureau's prepaid rule is available at [www.consumerfinance.gov/prepaid-rule/](http://www.consumerfinance.gov/prepaid-rule/).

*Source: CUNA/CFPB*

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### **CUNA Advocacy Update**

The [CUNA Advocacy Update](#) is published at the beginning of every week and 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. Additional Advocacy efforts may also be found under CUNA's [Removing Barriers](#) blog.

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### **The Latest ComplySight Enhancement - File Manager!**

ComplySight's newest enhancement, File Manager, is now available and you can learn all about it in [this 35-minute video](#). File Manager allows users to upload files and documents individually or in bulk and associate them to Areas, Items and/or Factors. If you have any questions, please feel free to contact [info@complysight.com](mailto:info@complysight.com).

### **ComplySight Training is Available!**

Not sure how to get started, or want a refresher on how to use ComplySight? Or are you interested in seeing more of how ComplySight works? We are excited to make available recorded webinars to help you get the most out of ComplySight! We currently have seven training modules available! The ComplySight training webinars are available at any time, and registration is not required. [Click here to start training today!](#)

### **ComplySight: 30 Day Free Trial!**

If you're interested in a "trial run" of ComplySight, League InfoSight is offering a free, 30-day trial so you can see the benefits first-hand. It's easy to get started. [Just visit us online and click on Free Trial Offer.](#)

### **NCUA videos on effective board meetings**

The NCUA has [released](#) a new video series, "Effective Board Meetings," designed to help credit union directors make the best use of their meetings. The four-part series features different examples of well-run and poorly run board meetings. It also provides helpful tips on how to run constructive meetings and create an environment that engages a credit union's board members.

### **CUNA AND CUNA Webinars**

CUNA offers hundreds of online training events that make it easy for you to learn right at your desk. Whether you are looking for a beginner course or want a comprehensive understanding on a specific topic, CUNA webinars, audio conferences and eSchools have what you need.

[Click here](#) for updates on compliance, operations, lending topics and more!

### **CUNA Fair Lending Workshop**

August 23-24, 2017//Orlando FL. Information on this great workshop can be found [here](#).

**MLA Part Two: New Credit  
Card Rules Webinar**

Will you be ready for the changes, effective October 3, 2017? CUNA is making [this webinar](#) available on July 13, 2017 to help!