

InfoSight Highlight

InfoSight Highlight: Under Construction!

In the coming weeks we will be announcing some VERY exciting news regarding InfoSight that you won't want to miss!



Compliance News

The Beneficial Ownership Rule – Six Months Later

Let's review:

Accounts that exist prior to May 11, 2018: FinCEN clarifies in FAQ #13 ([April 3, 2018 CDD FAQs](#)) that the beneficial ownership requirement for legal entity members with accounts established before May 11, 2018, is triggered when, during the course of normal monitoring, a credit union becomes aware of information about the member relevant to reassessing the risk.

A legal entity member that opens multiple accounts: What are the credit unions' beneficial ownership obligations when a legal entity member opens multiple accounts (whether or not simultaneously)?

According to FinCEN's FAQ #10, generally, credit unions must identify and verify the member's beneficial ownership information for each new account opening, regardless of the number of accounts opened over a

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Compliance Videos

Compliance Connection Video

Are you sure you're in compliance with the FinCEN requirements that were effective in May? You may want to take another look at the [FinCEN Customer Due Diligence video](#) from League InfoSight's CEO Glory LeDu to be sure!

Just a reminder that Compliance videos since 2016 can be found on YouTube at [the Compliance Connection channel](#), where they are generally updated quarterly.

Compliance Calendar

November, 2018

- November 12th, 2018: Veterans Day (observed) - Federal Holiday

specific period of time. However, a credit union that has already obtained a Certification Form (or its equivalent) for the beneficial owner(s) of the legal entity member may rely on that information to fulfill the beneficial ownership requirement for subsequent accounts, provided the member certifies or confirms (verbally or in writing) that such information is up-to-date and accurate at the time each subsequent account is opened and the credit union has no knowledge of facts that would reasonably call into question the reliability of such information. The credit union would also need to maintain a record of such certification or confirmation, whether the member provides the confirmation verbally or in writing.

Products and services opened before May 11, 2018 that automatically renew or roll over after May 11, 2018. There was a lot of controversy over these automatically renewable products and services. When the FAQs were issued in April 2018, question #12 stated unequivocally that each time a loan is automatically renewed or a certificate of deposit is automatically rolled over a new account is established for purposes of this requirement, and the beneficial ownership obligations would be triggered. As you can imagine, there was quite an outcry from the industry calling for an exception from the rule for these automatically renewed or rolled-over products. CUNA spent all summer in discussions with FinCEN about the incredible compliance burden and inconvenience to our members caused by this interpretation of the regulation.

On September 7th there was reason to celebrate when FinCEN granted a permanent exception to the Beneficial Ownership Requirements when a legal entity member opens a new account as a result of :

- A rollover of a certificate of deposit (CD);
- A renewal, modification, or extension of a loan that does not require underwriting review and approval (e.g., setting a later payoff date);
- A renewal, modification, or extension of a commercial line of credit or credit card account that does not require underwriting review and approval; and
- A renewal of a safe deposit box rental.

The exception only applies to the rollover, renewal, modification or extension of any of the types of accounts listed above occurring on or after May 11, 2018 and **does not apply** to the initial opening of those accounts. Credit unions must identify and verify the identity of beneficial owners of legal entity members at the initial account opening for such accounts occurring on or after May 11, 2018.

- November 22nd, 2018: Thanksgiving Day - Federal Holiday

December, 2018

- December 25th, 2018: Christmas Day - Federal Holiday

April, 2019

- April 1st, 2019: [Prepaid Accounts under the Electronic Fund Transfer Act/Regulation E and the Truth In Lending Act/Regulation Z \(Date Extended\)](#)

Compliance Training

Regulatory Compliance Training

NCUA Webinar: Recent Changes to HMDA

Credit unions can learn more about recent changes to the Home Mortgage Disclosure Act and other federal consumer financial protection laws and regulations during a Nov. 14 webinar hosted by the National Credit Union Administration.

Online registration for the “NCUA HMDA and Consumer Compliance Regulatory Update Webinar,” is now [open](#). Participants will use this link to log into the webinar and to view

A beneficial owner who is already a member of the credit union. FinCEN clarified in FAQ #7 that in general, you must identify and verify the identity of the beneficial owners of legal entity members at the time each new account is opened. However, if the beneficial owner is an existing member (i.e., has an individual account) of the credit union and is subject to your MIP, you may rely on information in your possession to fulfill the identification and verification requirements, **provided** the existing information is up-to-date, accurate, and the representative of the legal entity member opening the new account certifies or confirms (verbally or in writing) that the information is accurate.

How to identify and verify beneficial owners of charities and non-profits. Any legal entity that is established as a non-profit corporation or similar entity and has filed its organizational documents with the appropriate State authority, are only subject to the control criteria prong in the definition of “beneficial owner”.

FinCEN clarifies in FAQ #23, that the exclusion from the definition of legal entity member for charities and non-profit entities is not limited to those entities that meet the definition or description of charitable, nonprofit, or similar entities under the Internal Revenue Code. The Rule does not rely on the tax-exempt status of an entity as described by the IRS. All nonprofit entities—whether or not tax-exempt—that are established as a nonprofit, or nonstock corporation, or similar entity that has been validly organized with the proper State authority are excluded from the *ownership prong* of the requirement because nonprofit entities generally do not have ownership interests. Credit unions are, however, required to collect beneficial ownership information under the *control prong* from any of these entities.

IOLTA: For purposes of the CDD rule, credit unions should treat the attorney opening the IOLTA account as the beneficial owner of the legal entity account.

Similar to other guidance for IOLTA and escrow accounts, the attorney or escrow agent is considered the member and the credit union has no MIP or beneficial owner obligations with respect to the underlying clients whose funds are being held in the IOLTA or escrow accounts.

For more information:

[CDD Final Rule](#)

it on mobile devices, and they should allow pop-ups from this website. The webinar is scheduled to begin at 2 p.m. Eastern.

This webinar will cover amendments to the Home Mortgage Disclosure Act and other consumer financial protection laws made by the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act. It will also include discussions on the Bureau of Consumer Financial Protection’s Interpretive and Procedural Rule implementing the HMDA changes.

Registrants can submit questions in advance at ocfpccpo@ncua.gov. The email’s subject line should read, “NCUA HMDA and Consumer Compliance Regulatory Update Webinar.” Please email technical questions about accessing the webinar to audience.support@on24.com.

This webinar will be closed captioned and then archived online approximately three weeks following the live event.

Source: NCUA

CUNA Webinars

[CDD FAQs July 2016](#)

[CDD FAQs Apr 2018](#)

Source: CUNA Compliance Blog

BCFP Updates HMDA Small Entity Compliance Guide

The BCFP has recently updated the [HMDA Small Entity Compliance Guide](#) to reflect changes made to reporting requirements by the Economic Growth, Regulatory Relief, and Consumer Protection Act (known as S. 2155) and the 2018 HMDA Interpretive Rule.

Source: BCFP

FFIEC statement on OFAC cyber sanctions

The members of the Federal Financial Institutions Examination Council (FFIEC) have issued a [joint statement](#) alerting financial institutions to recent actions taken by the Department of Treasury's Office of Foreign Asset Control (OFAC) under their Cyber-Related Sanctions Program and to the potential impact it may have on financial institutions' risk-management programs. The statement describes the issues a financial institution should consider regarding the effect of sanctions on the operations of the financial institution and the implications of the continued use of products or services provided by a sanctioned entity, some of which claim they are U.S. based and offer services to U.S. financial institutions.

Source: FFIEC

Advocacy Highlight

Fourth Circuit Arguments in ADA Case

The Fourth Circuit of Appeals heard arguments in a case involving Department of Labor (DOL) FCU related to a frivolous lawsuit alleging website noncompliance with the Americans with Disabilities Act (ADA).

[CUNA has published a list of their free webinars for 2018!](#)

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!](#)

[Prior to the hearing, CUNA filed an amicus brief](#) in support of DOL FCU. A decision in this case could provide binding legal precedent in states under the Fourth Circuit's jurisdiction.

In the June [amicus brief](#), CUNA highlighted the following arguments:

-The district court correctly found that the appellant lacks standing, and had not suffered concrete and particularized harm because he does not meet the eligibility requirements to become a member of DOL FCU;

-A website is not a place of public accommodation, and therefore the ADA does not apply; and

-Applying Title III of the ADA to websites renders the statute impermissibly vague in the absence of any implementing regulations by the Department of Justice.

During the argument, members of the panel hearing the case expressed skepticism as to Griffin's claim that an individual who failed to plead eligibility as a potential member of a credit union possessed legal standing to sue the credit union under the ADA. Specifically, judges on the panel suggested that, in the absence of pleading eligibility in a credit union's field of membership, it seemed unlikely that a plaintiff could satisfy the concrete injury and harm requirements necessary to constitutionally confer jurisdiction upon the court and legal standing to sue. In addition, at least one member of the panel expressed concern that such an expansive interpretation of the standing requirement, as proposed by Griffin, would subject credit unions to unduly burdensome litigation and would be inconsistent with the objectives of the ADA.

Source: CUNA Removing Barriers Blog

Pending Regulatory Comment Calls

[CUNA plans to comment on the following pending regulatory proposals](#) for the rest of this year. For comment letters to have the greatest impact, consider whether and how these proposals would affect your credit union and contact the CUNA staff listed for each proposal with your feedback. Also, feel free to contact the CUNA staff listed if you would like more information on how to send your own letter.

CUNA Advocacy

Keeping up with CUNA Advocacy

To stay abreast of the issues on which CUNA has provided input to lawmakers and regulators, [here is a list of those topics](#).

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. To receive this update, click on “Get CUNA Updates” on the [CUNA Advocacy page](#). Additional Advocacy efforts may also be found under [CUNA’s Removing Barriers blog](#). With the recent updates to CUNA’s website, Advocacy information has also changed. To view recent advocacy issues and see ways your credit union can become involved, visit the [Priorities](#) or [Actions](#) pages.

ComplySight – What IS it??

We recorded a “live” webinar earlier this year that provides information regarding ComplySight, League InfoSight’s compliance management system and how it can benefit your credit union. If you’ve not seen it and have wondered just what it is and what it can do for you, [it’s available here](#).

Free Trial Offer!

If you already know about ComplySight and 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](#).

