

## League InfoSight Highlight

### Succession Planning – Newest Proposed Rule

At their last Board meeting on July 18th, the NCUA approved another [proposed rule](#) on Succession Planning. You will remember that they issued a [proposed rule](#) back in February of 2022 to require federal credit unions to establish a process for succession planning for key positions.

This new proposed rule is based on the 2022 proposal but includes several changes that will impact **both** federal credit unions (FCUs) and federally insured state-chartered credit unions (FISCUs). Why? The NCUA found that poor succession planning was either a primary or secondary reason for almost 32% of consolidations.

The newly proposed rule would require the credit union to have a written succession plan that addresses specified positions within the credit union including the following positions or their equivalent (at a minimum):

- Board of Directors
- Supervisory Committee
- Credit Committee (only if involved in the daily review of loans)
- Loan Officers (in lieu of credit committee involved in the daily review of loans)
- Management officials and assistant management officials
- CEO, assistant CEO or VP level, CFO or any other critical role established by the board

Addressed in the plan would be titles and incumbents for each covered position. Expiration of the incumbent's term or other anticipated vacancy date (retirement eligibility or announced departure date). There will also need to be a plan or strategy for temporarily and permanently filling vacancies, including due to unexpected circumstances. For example, smaller credit unions may consider partnering with a larger credit union to fill unexpected positions as part of their plan.

The plan would also need to include strategies for recruiting candidates with the potential to assume each of the identified positions. Associate board members, mentorship programs, educational opportunities, staff development plans, and other similar efforts could be included.

Budget impacts should also be considered, such as compensation to attract talented candidates, and/or market comparable for similar positions. Proposed rules would also require education requirements for FCU directors to have a working familiarity with the succession plan no later than 6 months after the appointment. The written succession plan would also be required to be reviewed and updated no less than annually. Meeting minutes would be documented showing the approval and rationale for any substantive deviation from the plan.

Keep your eye out for changes to [CU PolicyPro](#), specifically Policy 1520: Succession Planning and the corresponding model Succession Plan (1520.10) as this rule becomes finalized. Credit unions can also find information on Strategic Planning within [InfoSight](#) on the Board Responsibilities channel.

**Glory LeDu**

CEO, League InfoSight and CU Risk Intelligence

## News and Alerts!

### **FinCEN Issues Notice to Financial Institution Customers on Beneficial Ownership Information Requirements**

On July 26, the Financial Crimes Enforcement Network (FinCEN) issued a notice to customers of financial institutions about reporting beneficial ownership information.

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### **CFPB Warns Against Intimidation of Whistleblowers**

The Consumer Financial Protection Bureau (CFPB) issued a [circular](#) to law enforcement agencies and regulators explaining how companies may be breaking the law by requiring employees to sign broad nondisclosure agreements that could deter whistleblowing.

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## CFPB to distribute over \$8 million to consumers harmed by All American Check Cashing, Inc.

In July, 43,647 consumers harmed by All American Check Cashing, Inc., will begin receiving refund checks in the mail.

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## Register Now for the Sustaining DEI Through Developing Your DEI Strategic Plan Part 2 Webinar

A strategic DEI strategic plan can help an organization make the most of its diversity by creating an inclusive, equitable mixture of differences and similarities. Participants will learn the latest tools, techniques, and theories to build an effective strategic plan that will incorporate DEI in regular work practices and behaviors.

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