

InfoSight Newsletter

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League InfoSight Highlight

New CFPB Registry Applies to CUSOs and Privately Insured Credit Unions!

The CFPB's [final rule](#) on nonbank covered entities, effective September 16th, 2024 requires these entities to report certain information through a CFPB established registry. It's important to note that federally insured financial institutions are explicitly excluded from this rule; however, based on the definition of a "covered nonbank," certain affiliates of federally insured credit unions, such as credit union service organizations (CUSOs) and privately insured credit unions **would be covered** under the rule and required to report through the registry. Below is an excerpt from the commentary of the final rule:

The Bureau declines to finalize an exemption for CUSOs in § 1092.201(d)'s definition of "covered nonbank." Unlike insured credit unions, which are exempt from the definition, CUSOs are not directly subject to the NCUA's full examination and enforcement authority and are not chartered or insured by the NCUA. And while presently the NCUA requires a federally insured credit union investing in or lending to a CUSO to obtain a written agreement requiring the applicable CUSO to "provide the NCUA with complete access to its books and records and the ability to review the CUSO's internal controls" and to supply the NCUA with "operational and financial information" via a CUSO Registry, the NCUA nevertheless has previously emphasized in Congressional testimony that "this does not provide access to examine all of the CUSO's operations." The Bureau concludes that requiring covered nonbanks that are CUSOs to register will provide valuable information to the Bureau and others regarding risks such covered nonbanks may present to consumers. Among other things, if—as the Bureau intends—the Bureau publishes registry information, requiring CUSOs that qualify as covered nonbanks to register with the nonbank registry will facilitate credit union due diligence in using a CUSO to provide services to the credit union in connection with the offering or provision of consumer financial products and services.

*The Bureau also notes that the credit union exemption provided under § 1092.201(d)(1) applies only to insured credit unions, as that term is defined by § 1092.101(a), which in turn defines the term “insured credit union” to have the meaning given to that term in the CFPA. **Thus, this exemption does not apply to credit unions, such as certain uninsured or privately insured credit unions, that do not meet the definition of “insured credit union” under the CFPA and the final rule.** Such credit unions must comply with the rule’s registration and other provisions with respect to covered nonbanks and supervised registered entities where they would otherwise be applicable.*

While required to report, there may be some exemptions to reporting certain information like the annual written statement, if the CUSO and/or privately insured credit union have less than \$5 million in annual receipts. Privately insured credit unions and CUSOs can read more about the requirements of the final rule here:

- [Executive Summary of the Nonbank Registration of Orders Rule](#)
- [Final Rule](#)

Please keep your eye out for more information in [InfoSight](#).

Brad Willett

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CEO, League InfoSight and CU Risk Intelligence

LIS Webinar: Cyber Incident Content Review

Join us on **Tuesday, July 30, 2024 at 2pm ET** for our upcoming webinar where we will dive into the latest content updates for RecoveryPro! New content includes procedures for detecting, containing, and recovering from cyberattacks, along with communication strategies for notifying key stakeholders. You do not need to be a RecoveryPro client to attend!

[Register now to reserve your spot!](#)

News and Alerts!

FinCEN Seeks Comments on the Information to be Collected from Authorized Recipients Requesting Beneficial Ownership Information

The Department of the Treasury, on behalf of the Financial Crimes Enforcement Network (FinCEN), will publish in the Federal Register a [30-day notice](#) pursuant to the Paperwork Reduction Act of 1995 (PRA) for beneficial ownership

information requests (BOI requests). This notice follows a [60-day notice](#) on BOI requests that FinCEN previously issued for public comment.

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Interagency Statement on the Issuance of the AML/CFT Program Notices of Proposed Rulemaking

On June 28, 2024, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a [Notice of Proposed Rulemaking \(NPRM\)](#) that proposes amendments to anti-money laundering/countering the financing of terrorism (AML/CFT) program requirements for all financial institutions subject to the Bank Secrecy Act (BSA) with AML/CFT program obligations.

[Read More](#)

NCUA Board Approves Proposed Rules on Incentive-based Compensation, Succession Planning

The National Credit Union Administration Board held its fifth open meeting of 2024 and approved a proposed rule on incentive-based compensation and a revised proposed rule on succession planning. The NCUA Board also approved maintaining the current interest rate ceiling for federal credit unions at 18 percent.

[Read More](#)

CFPB Proposes Interpretive Rule to Ensure Workers Know the Costs and Fees of Paycheck Advance Products

The Consumer Financial Protection Bureau (CFPB) today proposed an [interpretive rule](#) explaining that many paycheck advance products, sometimes marketed as “earned wage” products, are consumer loans subject to the Truth in Lending Act. The guidance will ensure that lenders understand their legal obligations to disclose the costs and fees of these credit products to workers.

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