

The NCUA Board met on Thursday, October 19, 2023. As always, GoWest is pleased to provide a same-day analysis.

The meeting coincided with International Credit Union Day as well as Tanya Otsuka's Senate Confirmation hearing for a seat on the NCUA Board. Each of the three board members used their opening remarks to recognize the importance of the international credit union movement.

Board Member Hood ended the meeting by recognizing his Senior Policy Advisor Lenwood Brooks for his years of service. Lenwood will join the Dallas FHLB next month, leading the bank's government and industry relations effort.

Otsuka Confirmation Hearing

Tanya Otsuka was one of six nominees in front of Senate Banking today. She did not get many questions as she was on a panel with a couple of high-profile nominees including Spencer Bachus who was nominated for the Export-Import Bank Board, and Mark Uyeda a nominee for the Securities and Exchange Commission. Ms. Otsuka was asked by Senator Menendez about consumer protection reviews and more specifically what she would do to reign in fees. Senator Britt asked whether Otsuka would go beyond the Congressionally established mission in the role. In both instances, Otsuka represented herself well. Her nomination now moves to the full Senate where she is expected to be confirmed. Link to [Otsuka Confirmation Hearing](#)

NCUA Board Meeting Overview

The Board issued two proposed rules. The first was a Simplification of Insurance Rule on treatment for both revocable and irrevocable trusts. The proposed rule covers the treatment of mortgage servicing account balances. The rule is similar to the recently adopted FDIC rules. Second, the Board issued a rule that will allow credit unions to hire individuals with minor criminal convictions who are still eligible for bonding without the need to seek NCUA Board approval. The final agenda item was a Cybersecurity briefing. Link to [October 2023 NCUA Board Meeting](#).

Simplification of Share Insurance Rules

The proposed amendments provide credit unions with clarity for trust account coverage that is easier to understand. It also creates parity with changes adopted by the FDIC in January 2022. This revision will enable the NCUA to complete share insurance determinations on trust accounts and eliminate differences for members who utilize trust accounts for the transfer of ownership. The proposed rule governing such accounts would have the same protection, whether the accounts are maintained under FDIC and NCUA insurance. This clarifies that the maximum insurance coverage for trusts for both revocable and irrevocable trusts remains at \$1.25 M based on a maximum of five beneficiaries, and the new rule provides one set of rules for both revocable and irrevocable trusts.

Link to [Share Insurance Proposed Rule](#)

Fair Hiring

The second proposal incorporates a 2019 Interpretive Ruling and Policy Statement into a formal rule. This was made possible through the passage of the National Defense Authorization Act which included the Fair Hiring in Banking Act that amended the prohibition in statute of hiring individuals convicted of certain lesser offenses including individuals with older convictions, expunged convictions, or prior convictions for a misdemeanor, or any drug-related possession offense. Credit unions should still ensure that employees are bondable.

Link to [Fair Hiring Proposed Rule](#)

Cybersecurity Briefing

The NCUA highlighted the rise in recent cyber-attacks and strongly encouraged credit unions to strengthen their cybersecurity programs and preparedness and immediately report known details of cyber incidents to the NCUA, the FBI, and the Cybersecurity and Infrastructure Security Agency. The NCUA noted that nearly half of all attacks are password attacks, a third of attacks are system intrusion through malicious software, and social engineering is the third most prevalent form of cyber-attack.

Credit unions were encouraged to download and use the NCUA's Automated Cybersecurity Evaluation Toolbox, or ACET. The ACET is an excellent resource for small credit unions or those credit unions with limited resources to take the first steps in understanding their level of cyber preparedness. Additional cyber-related information and resources are available on the NCUA's cybersecurity resources webpage.

Link to [Cybersecurity Update](#)

Upcoming Actions

The next meeting of the NCUA Board of Directors is scheduled for **Thursday, November 16, 2023**. The Board also announced the [NCUA 2024 Meeting schedule](#).

John Trull

VP, Regulatory Affairs
971.263.0681 | 800.995.9064
gowestassociation.org