



National Credit Union Administration
Office of General Counsel

TO: NCUA Board
DATE: October 10, 2023
FROM: Office of General Counsel
SUBJ: Proposed Rule – Fair Hiring in Banking (Parts 701, 741, 746, 748, and 752)

ACTION REQUESTED: NCUA Board approval to issue the attached proposed rule for a 60-day comment period.

DATE ACTION REQUESTED: October 19, 2023.

OTHER OFFICES CONSULTED: Office of Examination & Insurance.

VIEWS OF OTHER OFFICES CONSULTED: No objection, and comments incorporated.

BUDGET IMPACT, IF ANY: There is no estimated budget impact.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Rachel Ackmann, Senior Staff Attorney, Office of General Counsel and Pamela Yu, Special Counsel, Office of General Counsel.

SUMMARY: The proposed rule would incorporate Interpretive Ruling and Policy Statement 19-1 (“IRPS 19-1”) regarding statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act (“Section 205(d)”) into NCUA’s regulations. Section 205(d) prohibits, except with the prior written consent of the Board, a person who has been convicted of certain criminal offenses involving dishonesty or breach of trust, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such an offense, from participating in the conduct of the affairs of an insured credit union. The proposed rule would amend the NCUA’s policies and procedures governing an application to rescind a prohibition pursuant to Section 205(d), as currently reflected in IRPS 19-1 and consistent with both amendments made by the recent Fair Hiring in Banking Act and with comparable Federal Deposit Insurance Corporation regulations. Following the issuance of a final regulation, IRPS 19-1 would be rescinded.

The proposed rule would also amend the regulation governing the conditions under which federally insured credit unions that are newly chartered or in troubled condition must notify the NCUA of any proposed changes to the credit union’s board of directors, committee members, or senior executive staff and make other conforming changes.

RECOMMENDED ACTION: The NCUA Board approve the attached proposed rule for publication in the *Federal Register* for a 60-day comment period.

ATTACHMENT: Proposed rule with a request for comments.