ICBND
INDEPENDENT COMMUNITY BANKS of NORTH DAKOTA

Capitol Comments

December 2019

When there is a deadline or effective date associated with an item, you will see this graphic:

'December's wintery breath is already clouding the pond, frosting the pane, obscuring summer's memory...' — John Geddes

Joint federal agency issuances, actions and news

Federal Banking Agencies Announce Availability of 2018 Small Business, Small Farm, and Community Development Lending Data (12.16.2019)

The three federal banking agency members of the Federal Financial Institutions Examination Council (FFIEC) with Community Reinvestment Act (CRA) responsibilities announced the availability of data on small business, small farm, and community development lending reported by certain commercial banks and savings associations, pursuant to the CRA. The agencies releasing the data are the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency.

An FFIEC disclosure statement on the reported 2018 CRA data, in electronic form, is available for each reporting commercial bank and savings association. The FFIEC also prepared aggregate disclosure statements of small business and small farm lending for all of the metropolitan statistical areas and non-metropolitan counties in the United States and its territories. These statements are available for public inspection on the FFIEC website (www.ffiec.gov/cra).

Source link.

Comment: Under the banking agencies' regulations, banks and savings associations with total assets of approximately $1.252 billion or more are required to collect and report data regarding their small business and small farm lending and community development lending. The mandatory reporting threshold adjusts annually based on changes to the Consumer Price Index, the FFIEC noted.

Notice of Proposed Rulemaking on Revisions to the Community Reinvestment Act Regulations (12.13.2019)

The FDIC and the Office of the Comptroller of the Currency (OCC) are issuing a joint Notice of Proposed Rulemaking (NPR) to comprehensively amend the Community Reinvestment Act's (CRA) implementing regulations. The rules were last substantially updated nearly 25 years ago. The proposed revisions would seek to modernize and update CRA regulations to better achieve the law's underlying purpose of encouraging banks to serve their communities. The NPR is intended to make the regulatory framework more objective, transparent, consistent, and easy to understand.

Highlights:

The FDIC and the OCC are jointly issuing an NPR to comprehensively amend the CRA regulations.

The proposed rules are intended to increase bank activity in underserved communities where there is significant need for credit, more responsible lending, and improvements to critical infrastructure.

Examples of underserved communities include distressed metropolitan areas as well as certain rural areas and tribal lands far removed from urban centers where bank branches are concentrated.

Specifically, the NPR would seek to modernize the CRA regulations by:

- Clarifying and expanding what qualifies for CRA credit;
- Expanding where CRA activity counts by creating additional "assessment areas" tied to where deposits originate;
- Providing a more objective method to measure CRA performance by establishing activity thresholds as a percentage of domestic deposits; and
- Revising data collection, recordkeeping, and reporting requirements.
- The proposal would allow small banks, defined as banks with $500 million or less in total assets, to continue to be evaluated under the current CRA small bank test or opt in to the new general performance standards.
- Comments on the NPR need to be received by the FDIC on or before 60 days after publication in the Federal Register.

Source link.

Comment: Many community banks may prefer the certainty of the current regime rather than opting in to the new one. Further, there are many stages before this is actually finalized. Democrats in the Senate Banking Committee have expressed displeasure as have community activists.

Interagency Statement on the Use of Alternative Data in Credit Underwriting (12.13.2019)

The FDIC, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency, and the National Credit Union Administration (the Agencies) issued an interagency statement on the use of alternative data in underwriting by banks, credit unions, and nonbank financial firms. The statement focuses on the consumer protection implications of the use of alternative data in underwriting, highlighting potential benefits and risks.

Highlights:

- Alternative data includes information not typically found in consumers' credit reports or customarily provided by consumers when applying for credit. Alternative data include cash flow data derived from reliable sources, such as consumers' bank account records.
- The use of alternative data may provide benefits to consumers, such as expanding access to credit and enabling consumers to obtain additional products and more favorable pricing and terms.

- The Agencies recognize that use of alternative data in a manner consistent with applicable consumer protection laws may improve the speed and accuracy of credit decisions and may help firms evaluate the creditworthiness of consumers who currently may not obtain credit in the mainstream credit system.
- As with prior developments in the evolution of credit underwriting, including the advent of credit scoring, the use of alternative data and analytical methods also raises questions regarding how to effectively leverage new technological developments that are consistent with applicable consumer protection laws.
- A well-designed compliance management program provides for a thorough analysis of relevant consumer protection laws and regulations to ensure firms understand the opportunities, risks, and compliance requirements before using alternative data. Based on that analysis, data that present greater consumer protection risks warrant more robust compliance management.
- As the Agencies gain a deeper understanding of alternative data usages they may offer further information on the appropriate use of alternative data.

Source link.

Comment: Tread carefully! To the extent banks are using - or contemplating using - alternative data to perform predictive analytics, the agencies encourage responsible use of such consumer data. As the sources of alternative data grow, banks will need to determine which types of alternative data might carry more risk to consumers – and do their best to minimize or justify the use of such data sources. Models using alternative data should be carefully vetted and periodically validated.

Bank Secrecy Act: Interagency Statement on Providing Banking Services to Customers Engaged in Hemp Production (12.03.2019)

The FDIC, along with the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Financial Crimes Enforcement Network (FinCEN) is issuing a joint statement on providing banking services to customers engaged in hemp production. FinCEN will issue additional guidance after further reviewing and evaluating the U.S. Department of Agriculture (USDA) interim final rule.

Highlights:

- The Agriculture Improvement Act of 2018 (2018 Farm Bill) removed hemp as a Schedule I Controlled Substance from the Controlled Substances Act (CSA). The 2018 Farm Bill directs the U.S. Department of Agriculture, in consultation with the Attorney General, to regulate hemp production.
- Because hemp is no longer a Schedule I controlled substance under the CSA, banks are not required to file suspicious activity reports on customers solely because they are engaged in the growth or cultivation of hemp in accordance with federal law.
- On October 31, 2019, the USDA issued an interim final rule establishing the domestic hemp production regulatory program to facilitate the legal production of hemp, as set forth in the 2018 Farm Bill.
- Under the USDA interim final rule, state departments of agriculture and tribal governments may submit plans for monitoring and regulating the domestic production of hemp to the USDA for approval. The USDA interim final rule also establishes a federal licensing plan for regulating hemp producers in states and tribal territories that do not have their own USDA-approved plan.

- A state or tribal government may prohibit the production of hemp, even though it is legal under federal law. The 2018 Farm Bill provisions related to USDA-approved state or tribal plans did not preempt state or tribal laws regarding the production of hemp that are more stringent than federal law.

Source link.

Comment: While the statement is purportedly meant to ease concerns of marijuana-related businesses, in actuality the guidance only provides comfort to hemp businesses allowed under the Farm Bill and is no help at all to the rest of the broader—and growing—cannabis industry. The guidance explicitly states that in the context of marijuana-related businesses, banks should continue following FinCEN guidance FIN-2014-G001 – BSA Expectations Regarding Marijuana-Related Businesses.

CFPB actions and news

CFPB Issues Guidance on Construction Loan TRID Disclosures (12.18.2019)

On Wednesday, Dec. 18, 2019, the Bureau published additional guidance related to disclosing construction and construction-permanent loans under the TILA-RESPA Integrated Disclosure (TRID) Rule.

The Bureau published two Guides, one on disclosing construction and construction-permanent loans with a separate Loan Estimate and Closing Disclosure for each phase of the transaction and one on disclosing one, combined Loan Estimate, and one, combined Closing Disclosure for both phases of a construction-permanent transaction. The Guides provide guidance and illustrative examples for commonly asked about TRID and Regulation Z provisions related to completing these construction and construction-permanent loan disclosures.

You can access the TRID: Combined Construction Loan Guide and the TRID: Separate Construction Loan Guide here: https://www.consumerfinance.gov/policy-compliance/guidance/tila-respa-disclosure-rule/.

Source link.

HMDA 2020 Filing Reminders and Tips (12.16.2019)

As the 2020 HMDA filing season (for the 2019 data) approaches, the following are some reminders and tips for preparing and uploading your submission.

Registration:

- Account registration is a two-step process.
- Do not use your personal email to register for an account.
- To file your institution's HMDA data, you will need your institution's LEI, your institution's tax ID, and your institution's agency code.
- Make sure there are no spaces in your LEI or Universal Loan Identifiers (ULI) throughout your file.

Pre-Filing:

- The Beta Platform is ready for use. The Bureau encourages filers to test their data using the Beta Platform as a sandbox for pre-filing season testing. Log in using your current HMDA login information.
- Review regulatory resources and filing instruction guides to help you prepare for filing.
  - Note that the file formatting tools located on the FFIEC website do not check for compliance with HMDA edits; these tools only verify format structure.

File Upload:

- Upload time depends on the file size.
- Clear your browser cache before re-uploading a corrected file.

Submission:

- The filing period begins on January 1 and ends on March 1 of each year.
- If you experience timeouts or other upload errors, we would recommend that certain URLs are whitelisted in your Data Loss Prevention (DLP) to allow for transfer of HMDA files.
  - ffiec.cfpb.gov
  - ffiec-auth.cfpb.gov
  - ffiec-api.cfpb.gov
  - ffiec.beta.cfpb.gov

More information and a detailed explanation of these reminders, as well as access to the platform is available here: https://ffiec.cfpb.gov/documentation/2019/filing-faq/

Source link.

Supervisory Highlights, Issue No. 18 (Winter 2019) (12.11.2019)

In this issue of Supervisory Highlights, we report examination findings in the areas of automobile loan servicing, deposits, mortgage servicing, and remittances that were generally completed between June 2018 and November 2018. The report does not impose any new or different legal requirements, and all violations described in the report are based only on those specific facts and circumstances noted during those examinations. As in past editions, this report includes information about recent public enforcement actions that were a result, at least in part, of our supervisory work.

Source link.

Comment: Must reading for compliance officers! The findings summarized in the Supervisory Highlights specifically cited compliance management system (CMS) weaknesses and other violations of the Fair Credit Reporting Act and Regulation V by furnishers subject to the CFPB's supervisory authority.

Proposed Amendments to the Remittance Transfer Rule (12.03.2019)

The Bureau has issued a notice of proposed rulemaking regarding the Remittance Transfer Rule. The notice, which is available here,

1. Proposes to increase the Rule's normal course of business safe harbor threshold from 100 remittance transfers to 500 remittance transfers annually;

2. Proposes to create two new exceptions that would permit insured institutions to use estimates in required disclosures if certain conditions are met; and

3. Requests comment related to a safe harbor countries list.

The Bureau has also posted a summary of the proposed rulemaking, a table of contents, and an unofficial redline of the proposed amendments to the Remittance Transfer Rule. You can access the summary, table of contents, and redline here.

Source link.

Comment: According to the Bureau's announcement, the change would "reduce the burden on over 400 banks and almost 250 credit unions that send a relatively small number of remittances—less than .06 percent of all remittances."

FDIC actions and news

Request for Comments on Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions (12.13.2019)

The FDIC has issued a Notice of Proposed Rulemaking (NPR) seeking comment on proposed revisions to its brokered deposit regulations. The proposed changes are intended to continue to promote safe and sound practices while modernizing the brokered deposit regulations to reflect recent technological changes and innovations.

Highlights:

Under the proposed rule, the FDIC would:

- Revise the definition of the "facilitation" prong of the "deposit broker" definition so it applies to any person that engages in specified activities.
- Provide that a wholly owned operating subsidiary be eligible for the insured depository institution (IDI) exception to the deposit broker definition under certain circumstances.
- Amend the "primary purpose exception" to apply when the primary purpose of the agent or nominee's business relationship with its customers is not the placement of funds with IDIs.
- Consider the primary purpose of a relationship with customers to not be the placement of funds if, with respect to a particular business line:
- Less than 25 percent of customer assets under management by the agent or nominee is placed at IDIs; or
- The agent or nominee places funds to enable transactions (with certain conditions).
- Allow an agent or nominee that does not fit within one of the above arrangements to be able to seek a primary purpose exception.
- Establish an application process for any IDI or nonbank entity that wishes to use the primary purpose exception and require reporting.
- Continue to consider placement of brokered CDs as deposit brokering.

The FDIC is seeking comments regarding the proposed approach as well as responses to specific questions and issues discussed in the notice. Comments will be accepted for 60 days after the NPR is published in the Federal Register.

Source link.

Comment: The FDIC states in the ANPR that it is undertaking a "comprehensive review of its brokered deposit and interest rate regulations in light of significant changes in technology, business models, the economic environment, and products since the regulations were adopted."

FDIC Releases its Formal and Informal Enforcement Actions Manual (12.02.2019)

The FDIC posted its Formal and Informal Enforcement Actions Manual (manual) to its website to provide greater transparency regarding the FDIC's enforcement program. The manual provides direction for professional staff related to the work necessary to pursue formal and informal enforcement actions. Developed by the Division of Risk Management Supervision and the Division of Depositor and Consumer Protection, the manual is intended to support the work of field office, regional office, and Washington office staff involved in processing and monitoring enforcement actions.

Highlights:

- The manual provides instructions to FDIC staff who process formal and informal actions against insured depository institutions and their institution-affiliated parties.
- The public release of the manual on FDIC.gov is intended to provide the banking industry and any other interested parties with transparency and clarity regarding the FDIC's enforcement action program.
- The manual does not interpret any law or regulation. Rather, it supports FDIC staff in the application of relevant laws and regulations. Additionally, it provides instructions for development of enforcement actions in response to supervisory concerns, violations, and other actionable misconduct.
- The manual does not establish supervisory requirements and is not industry guidance.
- The manual includes the following 11 chapters:
    - Overview and Administrative Matters;
    - Informal Actions;
    - Unsafe or Unsound Practices and Conditions/Distinguishing Between Laws, Regulations, and Guidance;
    - Cease-and-Desist Actions;
    - Prompt Corrective Action;
    - Removal, Prohibition, and Suspension Actions;
    - Termination of Deposit Insurance;
    - Comparison of Prompt Corrective Actions and Section 8 Actions;
    - Restitution and Civil Money Penalties;
    - Section 39 Actions; and
    - Formal Investigations.
- The manual will be updated periodically for changes in laws, regulations or processes.

Source link.

FDIC-Insured Institutions Reported Net Income of $57.4 Billion in Third Quarter 2019 (11.26.2019)

- Net Income Declined 7.3 Percent from Third Quarter 2018 Due to Nonrecurring Events at Three Large Institutions
- Net Interest Margin Declined from a Year Ago to 3.35 Percent
- Community Bank Quarterly Earnings Increased 7.2 Percent Year Over Year
- Total Loan and Lease Balances Increased from the Previous Quarter and a Year Ago
- The Number of Banks on the "Problem Bank List" Remained Low

'Despite nonrecurring events at three large institutions that impacted overall net income, the banking industry reported positive results this quarter. With the sustained economic expansion, the FDIC urges banks to uphold careful underwriting standards and prudent risk management.' — FDIC Chairman Jelena McWilliams

Source link.

OCC actions and news

Other Real Estate Owned: Final Rule (11.26.2019)

On October 22, 2019, the Office of the Comptroller of the Currency (OCC) published a final rule on other real estate owned (OREO) activities for national banks and federal savings associations. OREO refers to real estate acquired in satisfaction of debts previously contracted and real estate no longer used or planned to be used to conduct banking activities. The final rule is effective January 1, 2020 and does the following:

The final rule

- Clarifies and streamlines the OCC's existing OREO rule for national banks.
- Updates the regulatory framework for OREO activities at federal savings associations.
- Makes technical amendments to the capital rules, including on provisions related to OREO.

Source link.

Office of the Comptroller of the Currency Fees and Assessments: Calendar Year 2020 Fees and Assessments Structure (11.25.2019)

This bulletin informs all national banks, federal savings associations, and federal branches and agencies of foreign banks of fees and assessments charged by the Office of the Comptroller of the Currency (OCC) for calendar year 2020. The bulletin becomes effective January 1, 2020.

Highlights

- The OCC is reducing the rates in all Fee Schedules by 10 percent. The reduction reflects cost savings in the OCC's operations and projections of the OCC's costs and revenue.
- For the 2020 assessment year, there will be no inflation adjustment to assessment rates.
- The OCC has revised the assessments policy for institutions that enter the federal banking system in the time between assessment cycles. Under the new policy, the OCC will assess these new entrants to the federal charter on a prorated basis using Call Report information as of December 31 or June 30 depending on the date the institution enters the federal banking system. The OCC is adopting this revised policy to ensure that supervisory efforts and resources are allocated and aligned once an

institution is subject to the jurisdiction of the OCC. This revision is in line with the OCC's refund policy for institutions that leave the federal banking system.

- The OCC is increasing the hourly fee for special examinations and investigations to $140 from $110. The increase is to ensure adequacy in recovering the cost of conducting special examinations and investigations.

SEMIANNUAL ASSESSMENT

Reference: 12 CFR 8, "Assessment of Fees"

In setting assessments, the OCC may take into account the nature and scope of the activities of a national bank, federal savings association, and federal branches and agencies of foreign banks, the amount and type of assets that the entity holds, the financial and managerial condition of the entity, and any other factor the Comptroller of the Currency determines is appropriate, as provided by 12 USC 16.

2020 Assessment Schedule

As of January 1, 2020,

- assessments are due March 31 and September 30, based on Call Report information as of December 31 and June 30, respectively. The assessments cover the six-month periods beginning January 1 and July 1, respectively. For example, the assessment due March 31 covers the period January 1 through June 30.
- the OCC sends the assessment invoice, which includes the calculated assessment fee due, and drafts the fee amount on March 31 and September 30. The OCC provides at least seven business days' notice of the amount to be drafted from an institution's designated account. The institution is responsible for ensuring that the account is funded properly on the due dates.
- the OCC continues to charge interest on all payments received after the due date. The interest rate charged is the U.S. Department of the Treasury's current value of funds rate published quarterly in the Federal Register.
- the OCC has revised the assessments policy for institutions that enter the federal banking system in the time between assessment cycles. Under the new policy, the OCC will assess these new entrants to the federal charter on a prorated basis using Call Report information as of December 31 or June 30 depending on the date the institution enters the federal banking system. The OCC is adopting this revised policy to ensure that supervisory efforts and resources are allocated and aligned once an institution is subject to the jurisdiction of the OCC. This revision is in line with the OCC's refund policy for institutions leaving the federal banking system during the first half of the assessment cycle.
- national banks, federal savings associations, and federal branches and agencies of foreign banks that are no longer subject to OCC supervision on or before December 31, 2019, or June 30, 2020, are not subject to the semiannual assessment for the period beginning January 1 or July 1, respectively.
- institutions that leave the federal banking system after December 31, 2019, or June 30, 2020, and before March 31, 2020, or September 30, 2020, respectively, will receive a refund of the second half of their semiannual assessment. Institutions that leave the federal banking system after March 31, 2020, or September 30, 2020, respectively, will be subject to the full semiannual assessment for the assessment period.

Source link.

Federal Reserve actions and news

Federal Reserve Board announces series of "fintech innovation office hours" across the country to meet with banks and companies engaged in emerging financial technologies (12.17.2019)

The Federal Reserve Board on Tuesday announced that it will hold a series of "fintech innovation office hours" across the country to meet with banks and companies engaged in emerging financial technologies, popularly known as fintech.

The sessions will serve as a resource for banks and fintech firms to meet one-on-one with Federal Reserve staff members with relevant expertise to discuss fintech developments and ask questions. They may be particularly helpful to community banks and their potential fintech partners. Sessions will be co-hosted with Reserve Banks, with the first session at the Federal Reserve Bank of Atlanta on February 26. Firms interested in participating can sign up here.

Also on Tuesday, the Board launched a new section of its website specifically focused on fintech innovation. It will serve as a central hub of information for stakeholders interested in learning about and engaging with the Board on innovation-related matters. The section features the latest Federal Reserve Consumer Compliance Supervision Bulletin, which summarizes supervisory observations regarding fintech and practical steps institutions can consider when engaging in fintech activity.

Source link.

Federal Reserve Board announces annual adjustment to the asset-size threshold in Regulation I (12.12.2019)

The Federal Reserve Board on Thursday announced the annual adjustment to the asset-size threshold in Regulation I that determines the dividend rate paid to banks that are members of the Federal Reserve System. The updated total consolidated asset threshold is $10.715 billion through December 31, 2020.

Member banks hold stock in the Federal Reserve Banks and earn dividends. However, holding this stock does not carry with it the control and financial interest given to holders of common stock in for-profit organizations. The stock may not be sold or pledged as collateral for loans.

Section 7(a)(1) of the Federal Reserve Act provides that member banks with total consolidated assets above the asset-size threshold shall receive a dividend on their paid-in Federal Reserve Bank capital stock equal to the lesser of 6 percent or the most recent 10-year Treasury auction rate prior to the dividend payment. Other member banks receive a 6 percent dividend.

The Federal Reserve Act requires the Board to adjust the asset-size threshold annually to reflect the change in the Gross Domestic Product Price Index, published by the Bureau of Economic Analysis.

The attached notice will be published shortly in the Federal Register.

Source link.

Other federal action and news

FinCEN Officials Speak at the ABA/ABA Financial Crimes Enforcement Conference (12.10.2019)

Kenneth A. Blanco, Director of the Financial Crimes Enforcement Network (FinCEN), spoke at the American Bankers Association/American Bar Association (ABA/ABA) Financial Crimes Enforcement Conference on December 10, 2019. He addressed how FinCEN uses Bank Secrecy Act (BSA) data, particularly as it relates to filings involving convertible virtual currency; the status of FinCEN's BSA Value Project; the importance of beneficial ownership information; FinCEN's ongoing federal banking agency working group efforts; and some significant organizational changes within FinCEN.

Matthew Stiglitz, Associate Director of FinCEN's new Global Investigations Division, participated in a fireside chat.

Director Blanco's Prepared Remarks: https://www.fincen.gov/news/speeches/prepared-remarks-fincen-director-kenneth-blanco-delivered-american-bankers.

Source link.

FinCEN Analysis: Bank Secrecy Act Reports Filed by Financial Institutions Help Protect Elders from Fraud and Theft of Their Assets (12.04.2019)

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) released a new strategic analysis of Bank Secrecy Act (BSA) reporting, indicating that elders face an increased threat to their financial security by both domestic and foreign actors. Elder financial exploitation Suspicious Activity Report (SAR) filings increased dramatically over the six-year study period, from about 2,000 filings per month in 2013 to reaching a peak of nearly 7,500 filings per month in August 2019. The yearly dollar amount of suspicious activity reported for elder financial exploitation also rose. Financial institutions, including banks, credit unions, brokerages, and money services businesses (MSBs) are generally required to file SARs when they know or suspect that illegal activity is occurring in their transactions.

'The SARs that financial institutions file with us are used to protect our nation and its people from harm. They provide unique and valuable information on crime and other threats happening in the U.S. and around the world impacting our families and communities,' said FinCEN Director Kenneth A. Blanco. 'These SARs are also important to filer banks and MSBs because they show trends and patterns in criminal activity. Every financial institution wants to protect its customers, and SAR reporting helps them do that. Awareness of these reporting trends and potential exploitation methods can also help consumers protect themselves.'

Many SARs filed by MSBs indicated elders fell victim to scams in which they sent money overseas.

Several major scam categories were identified, including:

- Romance: Scammers establish a romantic relationship with their victims and then request money for "hardships" they experience, or to "visit" the victim (but never do).
- Emergency/Person-in-need: Scammers prey on victims' emotional vulnerability by claiming to be a loved one who needs money quickly to help with an emergency.
- Prize/Lottery: Scammers coerce their victims into sending an "import tax" or "fee" in order to receive the money they have supposedly won in a lottery.

Many depository institution and brokerage firm SARs identified theft from elders. When an elder is the victim of theft from a bank or brokerage account, according to SAR reporting, family members and non-family member caregivers are most often implicated. Reporting also frequently identified theft victims as suffering from some type of incapacitation, such as cognitive decline. SARs indicate the average amounts reported for theft were more than double that for scams.

FinCEN continues to collaborate with other governmental bodies and financial institutions to identify, prevent, and combat elder financial exploitation. The Department of Justice (DOJ) announced a concentrated effort across the country and around the world to halt money mule activity. Money mules assist fraud schemes by receiving money from victims, many of them elderly, and forwarding proceeds to foreign-based perpetrators. During the two-month initiative, U.S. law enforcement disrupted mule networks that spanned from Hawaii to Florida and from Alaska to Maine. Actions were taken to halt the conduct of over 600 domestic money mules. The DOJ also tripled the number of criminal prosecutions brought against money mules as compared to last year's initiative. Learn more here.

FinCEN also collaborates directly with the Consumer Financial Protection Bureau, Federal Trade Commission, and other federal and state partners, to educate consumers and financial institutions, and also to ensure appropriate use of SARs to identify and pursue those victimizing our senior population.

Source link.

Comment: Banks are expected to train employees to deal with elder financial exploitation. This report could provide useful scenarios for such training.

FTC BLOG -Free Vulnerability Scanning for Your Business (12.04.2019)

You know the importance of strong cybersecurity, but have you heard about free vulnerability testing? As part of its mission to protect the nation's cyber infrastructure, the Department of Homeland Security's Cyber-Infrastructure Security Agency (CISA) offers free vulnerability scanning to government, critical infrastructure, and private businesses.

What does this mean for you? You may be eligible for no-cost vulnerability scanning that will continuously check your internet-facing assets. The testing checks for known vulnerabilities and weak configuration, then recommends ways to improve your security. Using commercial vulnerability scanners, each host is evaluated against a library of vulnerabilities.

How does it work? To get started, contact CISA at NCATS_INFO@hq.dhs.gov. Next, they'll send you documents to return and sign, confirm a scanning schedule, and send you a pre-scan notification. After CISA processes your request, they'll start scanning for vulnerabilities within 72 hours. Once it's set up, the service is automated and requires very little direct interaction. Within two weeks, you'll start getting weekly summary reports, with vulnerability mitigation recommendations.

Still not sure it's right for your business? CISA has created a Cyber Hygiene Sample Report so you can see what to expect. The report identifies the number of vulnerable hosts and ranks vulnerabilities by severity (critical, high, medium, low) to help you prioritize remediation efforts. When you get the report, it's up to you to take the steps to address any issues it identified. The report also shows changes since your previous report, including a list of vulnerabilities that you've mitigated.

Worried about who else is going to find out about your company's vulnerabilities? Your password-protected Cyber Hygiene Report gets delivered to a single address within your company. CISA says that they will not share information that's attributable to a specific company, without your company's written consent. They use anonymized data to develop reports for trending and analysis.

These vulnerability scans offer one more tool in your company's cybersecurity toolbox. For more tips and tools, check out the FTC's Cybersecurity for Small Business and Start with Security materials.

Source link.

Comment: Banks should consider sharing this blog with business customers.

Scammers pretend to be the FTC (12.03.2019)

Did you recently get an official FTC letter from "me"? That's in quotes because it wasn't actually from me. And the letter wasn't official, or even from the FTC at all. In fact, scammers have been faking official-looking letterhead to write scary messages to people, threatening them. But, again: it's not real.

We know about this scam because a gentleman in Pennsylvania was smart enough to take it to his bank, and together, they reported it to the FTC. The letter said his online and financial activities put him under suspicion of money laundering and terrorism. And now, all his "activities will be under review."

Our best guess is that this letter is just the first part of a scam. The second part will probably involve "urgent" phone calls telling people to send money right away. Now, though, you can spot the scam. Here's what to know to protect yourself against government imposters like these.

- The FTC will never send a letter like this, and we'll never threaten you.
- The FTC does write back to people who write to us, and we sometimes send letters about a refund from a case – but then, we'll never ask you to pay anything or give personal info to collect your funds. (Find more about FTC refunds at ftc.gov/redress.)
- No government agency will ever demand that you pay by gift card, wiring money, or bitcoin. Anyone who does that is a scammer. Full stop.
- Find out more about imposter scams of all sorts at ftc.gov/imposters.

If you get a letter from the FTC, we want to know. Before you do anything else, please call the FTC's Consumer Response Center at 1.877.FTC.HELP (1.877.382.4357).

Meanwhile, sign up to get the FTC's consumer alerts to stay up on the latest scams.

Source link.

Publications, articles, reports, studies, testimony & speeches

Update on Digital Currencies, Stablecoins, and the Challenges Ahead - Governor Lael Brainard (12.18.2019)

I am honored to be here today to celebrate Benoît Coeuré's tenure at the European Central Bank (ECB). I have been working with Benoît now for a decade—starting at our respective Treasuries where we both were drafted as financial firefighters, migrating to our respective central banks to help with stabilization, recovery, and normalization, and most recently preparing for the challenges that lie ahead. Over the course of that decade, I have developed deep admiration for Benoît's keen insights and outstanding judgment.1

Equally important, Benoît always has a plan. Generally, it is the right plan addressed to the right problem, and he executes it with exceptional efficacy and strong support. That is a rare and invaluable combination in public service. Indeed, Benoît's tenure at the ECB coincided with an incredible turnaround in unemployment and output growth. Both the euro area and the global economy have benefited greatly from Benoît Coeuré's outstanding public service.

Moreover, Benoît's research interests are forward-looking and extend well beyond the macro economy. When Benoît was appointed chair of the Committee on Payments and Market Infrastructures (CPMI), the global standard setter for payment issues, he doubled its output, resulting in 75 reports.2 He turned its focus to distributed ledger, stablecoins, and central bank digital currencies long before many other central bankers realized these issues would be transforming their worlds. Indeed, the number of Google searches for "central bank digital currencies" increased sharply over the course of Benoît's tenure as chair of the CPMI.

Source link.

Industrial Production and Capacity Utilization - G.17 (12.17.2019)

Industrial production and manufacturing production both rebounded 1.1 percent in November after declining in October. These sharp November increases were largely due to a bounce back in the output of motor vehicles and parts following the end of a strike at a major manufacturer. Excluding motor vehicles and parts, the indexes for total industrial production and for manufacturing moved up 0.5 percent and 0.3 percent, respectively. Mining production edged down 0.2 percent, while the output of utilities increased 2.9 percent.

At 109.7 percent of its 2012 average, total industrial production was 0.8 percent lower in November than it was a year earlier. Capacity utilization for the industrial sector increased 0.7 percentage point in November to 77.3 percent, a rate that is 2.5 percentage points below its long-run (1972–2018) average.

Source link.

ABA, Trade Groups to Agencies: Hold Call Report Changes Pending CRA Modernization, Section 1071 (12.13.2019)

ABA, joined by the Bank Policy Institute, Consumer Bankers Association and the Independent Community Bankers of America, called on the federal banking agencies to pause any changes in certain Call Report data until the ongoing Community Reinvestment Act regulatory revamp and Dodd-Frank Act Section 1071 rulemaking are completed.

The agencies in October sought comment on modifying the Call Report data collections on small business and small farm lending, as recommended in a Government Accountability Office report. While the trade groups appreciated the importance of updating these data, they said that the CRA modernization effort and the implementation of Section 1071 are expected to make significant changes to the reporting and tracking of small business and farm loans.

‘Any revisions to the Call Report requirements pertaining to small business lending should be coordinated with these rulemakings,’ the groups said. ‘Inconsistent definitions would add unnecessary complexity to the bank regulatory framework, and successive changes to [the Call Report] would increase regulatory burden without serving any business purpose.’.

Source link.

Global Perspectives: Douglas Holtz-Eakin on Economic Projections, Deficits and Climate Change (12.12.2019)

Douglas Holtz-Eakin has had a distinguished career as an academic, a policy adviser and a strategist. He began his academic career at Columbia University in 1985 before moving to Syracuse University, where he became Trustee Professor of Economics at the Maxwell School, chairman of the department of economics and associate director of the Center for Policy Research. He is currently president of the American Action Forum, a Washington, D.C., think tank.

He began his government career at the Council of Economic Advisers as a senior staff economist and became a chief economist. He served as the sixth director of the nonpartisan Congressional Budget Office (CBO), from 2003 to 2005. During 2007 and 2008, he was director of domestic and economic policy for the John McCain presidential campaign.

Last month, the Federal Reserve Bank of Dallas hosted Holtz-Eakin as part of the Bank's Global Perspectives speaker series. This series was launched at the beginning of 2016 with the objective of bringing leaders from the worlds of business, academia and policymaking to the Dallas Fed to share their insights on global, national and regional developments.

Holtz-Eakin and Dallas Fed President Rob Kaplan discussed Holtz-Eakin's career as an economist, the economy, deficits and climate change. The following are excerpts from their conversation, edited for clarity, and presented by topic.

Source link.

Consumer Credit - G.19 (12.04.2019)

In October, consumer credit increased at a seasonally adjusted annual rate of 5-1/2 percent. Revolving credit increased at an annual rate of 8-3/4 percent, while nonrevolving credit increased at an annual rate of 4-1/4 percent.

Source link.

Comment: The $18.9 billion dollar increase was the biggest increase in borrowing in three months and was driven by a jump in use of credit cards. Borrowing in the Fed's category that includes credit cards rose by $7.9 billion, which followed a small $187 million increase in September and an actual decline in August.

Supervision and Regulation Report - Vice Chair for Supervision Randal K. Quarles (12.04.2019)

Chairwoman Waters, Ranking Member McHenry, members of the committee, thank you for the opportunity to appear today, alongside my colleagues from the regulatory community. We join you on the cusp of a significant and shared milestone: the full and faithful implementation of Congress's efforts to improve financial regulation, in the form of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). Today, I will briefly review the steps we have taken toward this milestone; share information on the state of the banking system, from the report that accompanies my testimony; and discuss the continuing need to ensure our regulatory framework is both coherent and effective.

Roughly 18 months ago, Congress passed legislation to consolidate a decade of work on financial reform, and to better tailor financial regulation and supervision to the risks of the institutions being regulated. The

EGRRCPA was a specific, targeted response to the conditions facing today's banking organizations and their customers. It was also rooted, however, in long-standing congressional practice: of reviewing the work done in the immediate aftermath of a crisis; of addressing any gaps; and of ensuring that public and private resources go toward their best, most efficient use. This approach informed the Banking Acts of 1933 and 1935, on issues from shareholder liability to deposit insurance. It informed the bills passed after the savings-and-loan crisis, requiring 'prompt corrective action' at struggling firms and reducing the examination burden at strong ones. And it continues to inform our efforts now, from the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act to today.

The Board's latest Supervision and Regulation Report, which we published last week, confirms the current health of the banking system.

- *It depicts a stable, healthy, and resilient banking sector, with robust capital and liquidity positions.*
- *It details stable loan performance and strong loan growth, particularly among regional banks, whose share of overall bank lending continues to grow.*
- *It describes steady improvements in safety and soundness, with a gradual decline in outstanding supervisory actions at both the largest and smallest organizations.*
- *And it identifies areas of continued supervisory focus, including operational resiliency and cyber-related risks, which are among our top priorities for the year to come.*

Source link.

ABA Journal - Survey: Bankers' Compliance Worries Climb Again in 2019 (12.04.2019)

Following a drop in a year that saw passage of a major regulatory reform law, U.S. financial institutions' anxiety levels over compliance obligations rebounded in 2019, according to a survey released by Wolters Kluwer. This year's regulatory and risk management indicator score was 95, 10 points up from 2018, the company said.

Specific points of high concern contributing to the overall indicator score were the effects of new Home Mortgage Disclosure Act rules, overall risk management concerns, fines and ongoing challenges from compliance change management. From a risk management perspective, nearly eight in 10 banks continued to prioritize cybersecurity risk; however, credit risk, compliance risk, third-party risk and operational risk all saw double-digit percentage increases in how highly they would be focused on in the year ahead.

Source link.

The Best Community Banks to Work For 2019 (12.02.2019)

Ninety-eight percent. That's the percentage of community bank employees who would recommend their employer to others. In a tight labor market, that number is something to shout about—so we are. Based on anonymous employee responses, our first-ever Best Community Banks to Work For awards recognize banks that have built exceptional work experiences for their employees. Read on for profiles of the winners in each asset class, and dive into all eligible entrants' data. Bottom line? You have a lot to be proud of.

Source link.

Comment: Congratulations to Farmers State Bank in Hartland, Minn.; Timberline Bank in Grand Junction, Colo.; Norwood Bank in Norwood, Mass.; Vista Bank in Dallas; and First Citizens Bank in Mason City, Iowa.

Energy Indicators – December 2019 (12.2019)

Oil prices ticked up in November, receiving some additional support from OPEC-plus countries in early December when they announced lower crude oil production targets for 2020. Tepid third-quarter consumption growth for global liquids (crude, condensate and natural gas liquids) matched trends in global industrial production. Recent data revisions show Texas oil and gas job losses to be worse than initially estimated. Bankruptcy filings ticked up in the third quarter.

Source link.

Beige Book (11.27.2019)

This report was prepared at the Federal Reserve Bank of Dallas based on information collected on or before November 18, 2019. This document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

Source link.

Hours Worked by Women Age 55 to 61 Confound Labor Market Analysis (11.26.2019)

The U.S. economy accomplished an exceptional feat in September 2019—a record, 123-month expansion, according to the National Bureau of Economic Research.

The achievement was all the more remarkable because it occurred with the unemployment rate at 3.5 percent, a half-century low. Historically, low unemployment rates have been associated with tight labor markets and higher wages that push inflation well above target. Oddly, that wasn't the case in September. The year-over-year increase in the personal consumption expenditures price index, an indicator of U.S. inflation, came in at 1.3 percent, significantly below the Federal Reserve's 2 percent inflation target.

The puzzle has prompted researchers to look at U.S. labor market conditions using less-common indicators, such as the labor input utilization rate (LIUR). The LIUR is the share of available time devoted to work by the working-age population (age 16 and older).

This indicator's readings of labor market tightness are more ambiguous than what the unemployment rate suggests. The reason: The seemingly anomalous low LIUR of one particular demographic group—women age 55 to 61 years old—poses a challenge for assessing the extent to which the U.S. economy is currently close to full employment.

Source link.

Federal Reserve Board Publishes Report on Bank Branch Access in Rural Communities (11.25.2019)

The Federal Reserve Board released Perspectives from Main Street: Bank Branch Access in Rural Communities, a report that examines how rural consumers and small businesses use bank branches and how their communities have been affected by branch closures.

Of the counties analyzed in the report, more than half lost bank branches between 2012 and 2017, with some predominantly rural counties experiencing considerable declines. The deeply affected rural counties tended to be less economically well off and have residents with lower levels of education. They also had a greater proportion of minority residents relative to other rural counties.

Much of the information in the report was gathered at listening sessions hosted by Federal Reserve Banks across the country between July 2018 and January 2019. The consumers, small business owners, and local government officials who participated in the sessions said that while they have found local or technological substitutes for many, but not all services, the alternatives are generally more costly and less convenient.

Other data and research presented in the report show that despite the increasing use of digital methods to access financial services, branches continue to be important for certain services, including resolving problems, submitting loan applications, and for deposits and withdrawals. The data also show that a majority of small businesses prefer to utilize local banks to access financial services, which may give them greater credit availability and more favorable credit terms. These businesses expressed concern that loan product costs and terms were not always transparent when accessing credit through online lenders.

The research reviewed also found that adoption of digital banking services has been more gradual among consumers who are older, have lower incomes or fewer years of formal education, or who live in rural areas. This lower adoption rate suggests that bank branch closures may present greater challenges for these individuals.

Source link.

Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

PROPOSED DATE	SUMMARY OF PROPOSED RULE
10.18.2019	Request for Information on Application of the Uniform Financial Institutions Rating System - The FRB and the FDIC (collectively, the agencies) are seeking information and comments from interested parties regarding the consistency of ratings assigned by the agencies under the Uniform Financial Institutions Rating System (UFIRS). The assigned ratings are commonly known as CAMELS ratings. The agencies also are interested in receiving feedback concerning the current use of CAMELS ratings by the agencies in their bank application and enforcement action processes. **Comments must be received by the agencies no later than December 30, 2019.**
11.18.2019	Permissible interest on loans that are sold, assigned, or otherwise transferred - The Office of the Comptroller of the Currency (OCC) is soliciting comments on a proposed rule to clarify that when a national bank or savings association sells, assigns, or otherwise transfers a loan, interest permissible prior to the transfer continues to be permissible following the transfer. This proposal will address confusion about the effect of a transfer on a loan's valid interest rate, including confusion resulting from a recent decision from the U.S. Court of Appeals for the Second Circuit (Madden v. Midland Funding, LLC). The proposed rule would apply to all national banks and state and federal savings associations. Comments will be accepted for 60 days after publication in the Federal Register. The Federal Deposit Insurance Corporation is also issuing a proposal that would address this issue. **Comments must be received by the agencies no later than January 21, 2020.**
12.06.2019	Remittance Transfers Under the Electronic Fund Transfer Act (Regulation E) - The Electronic Fund Transfer Act (EFTA), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau of Consumer Financial Protection's (Bureau) remittance rule in Regulation E (Remittance Rule or Rule) implements these protections. The Bureau is proposing changes to the Rule to mitigate the effects of the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on July 21, 2020. In addition, the Bureau is proposing to increase a safe harbor threshold in the Rule related to whether a person makes remittance transfers in the normal course of its business, which would have the effect of reducing compliance costs for entities that make a limited number of remittance transfers annually. **Comments must be received by the agencies no later than January 21, 2020.**

12.13.2019	Request for Comments on Unsafe and Unsound Banking Practices: Brokered Deposit Restrictions - The FDIC is inviting comment on proposed revisions to its regulations relating to the brokered deposits restrictions that apply to less than well capitalized insured depository institutions. The proposed rule would create a new framework for analyzing certain provisions of the "deposit broker" definition, including "facilitating" and "primary purpose." The proposed rule would also establish an application and reporting process with respect to the primary purpose exception. The application process would be available to insured depository institutions and third parties that wish to utilize the exception. **Comments must be received 60 days after publication in the Federal Register.**
12.13.2019	Notice of Proposed Rulemaking on Revisions to the Community Reinvestment Act Regulations - Since becoming law in 1977, the Community Reinvestment Act (CRA) has encouraged insured depository institutions (banks) to invest trillions of dollars into the communities they serve, including low- and moderate-income (LMI) neighborhoods. The regulations implementing the law have not been extensively revised since 1995. The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) propose regulations that could encourage banks to provide billions more each year in CRA qualified lending, investment, and services by modernizing the CRA regulations to better achieve the law's underlying statutory purpose of encouraging banks to serve their communities by making the regulatory framework more objective, transparent, consistent, and easy to understand. To accomplish these goals, this proposed rule would strengthen the CRA regulations by (1) clarifying which activities qualify for CRA credit; (2) updating where activities count for CRA credit; (3) creating a more transparent and objective method for measuring CRA performance; and (4) providing for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting. **Comments must be received 60 days after publication in the Federal Register.**

Selected federal rules – upcoming effective dates

Not all final rules are included. Only rules affecting community banks are reported, but we make no guarantees that these are all the final rules your bank needs to know.

EFFECTIVE DATE:	SUMMARY OF FINAL RULE:
09.03.2019	Availability of Funds and Collection of Checks (Regulation CC) - The Board and the Bureau (Agencies) are amending Regulation CC, which implements the Expedited Funds Availability Act (EFA Act), to implement a statutory requirement in the EFA Act to adjust the dollar amounts under the EFA Act for inflation. The Agencies are also amending Regulation CC to incorporate the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) amendments to the EFA Act, which include extending coverage to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam, and making certain other technical amendments. This rule is effective September 3, 2019, except for the amendments to 12 CFR 229.1, 229.10, 229.11, 229.12(d), 229.21, and appendix E to part 229, which are effective July 1, 2020.
10.01.2019	Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule (final rule) to simplify certain aspects of the capital rule. The final rule is responsive to the agencies' March 2017 report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996, in which the agencies committed to meaningfully reduce regulatory burden, especially on community banking organizations. The key elements of the final rule apply solely to banking organizations that are not subject to the advanced approaches capital rule (non-advanced approaches banking organizations). Under the final rule, non-advanced approaches banking organizations will be subject to simpler regulatory capital requirements for mortgage servicing assets, certain deferred tax assets arising from temporary differences, and investments in the capital of unconsolidated financial institutions than those currently applied. The final rule also simplifies, for non-advanced approaches banking organizations, the calculation for the amount of capital issued by a consolidated subsidiary of a banking organization and held by third parties (sometimes referred to as a minority interest) that is includable in regulatory capital. In addition, the final rule makes technical amendments to, and clarifies certain aspects of, the agencies' capital rule for both non-advanced approaches banking organizations and advanced approaches banking organizations (technical amendments). Revisions to the definition of high-volatility commercial real estate exposure in the agencies' capital rule are being addressed in a separate rulemaking. This rule is effective October 1, 2019, except for the amendments to 12 CFR 3.21, 3.22, 3.300, 217.21, 217.22, 217.300(b) and (d), 324.21, 324.22, and 324.300, which are effective April 1, 2020. For more information, see SUPPLEMENTARY INFORMATION.
10.01.2019	Recordkeeping for Timely Deposit Insurance Determination - The FDIC is amending its rule entitled "Recordkeeping for Timely Deposit Insurance Determination" to clarify the rule's requirements, better align the burdens of the rule with the benefits, and make technical corrections. This rule is effective on October 01, 2019.
10.09.2019	Real Estate Appraisals - The OCC, Board, and FDIC (collectively, the agencies) are adopting a final rule to amend the agencies' regulations requiring appraisals of real estate for certain transactions. The final rule increases the threshold level at or below which appraisals are not required for residential real estate transactions from \$250,000 to \$400,000. The final rule defines a

residential real estate transaction as a real estate-related financial transaction that is secured by a single 1-to-4 family residential property. For residential real estate transactions exempted from the appraisal requirement as a result of the revised threshold, regulated institutions must obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices. The final rule makes a conforming change to add to the list of exempt transactions those transactions secured by residential property in rural areas that have been exempted from the agencies' appraisal requirement pursuant to the Economic Growth, Regulatory Relief, and Consumer Protection Act. The final rule requires evaluations for these exempt transactions. The final rule also amends the agencies' appraisal regulations to require regulated institutions to subject appraisals for federally related transactions to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice. DATES: This final rule is effective on October 9, 2019, except for the amendments in instructions 4, 5, 9, 10, 14, and 15, which are effective on January 1, 2020.

10.10.2019	Thresholds Increase for the Major Assets Prohibition of the Depository Institution Management Interlocks Act Rules - The OCC, the Board, and the FDIC (collectively, the agencies) are issuing a final rule that increases the thresholds in the major assets prohibition for management interlocks for purposes of the Depository Institution Management Interlocks Act (DIMIA). The DIMIA major assets prohibition prohibits a management official of a depository organization with total assets exceeding $2.5 billion (or any affiliate of such an organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding $1.5 billion (or any affiliate of such an organization). DIMIA provides that the agencies may adjust, by regulation, the major assets prohibition thresholds in order to allow for inflation or market changes. The final rule increases both major assets prohibition thresholds to $10 billion to account for changes in the United States banking market since the current thresholds were established in 1996. DATES: The final rule is effective on October 10, 2019.
11.24.2019	Sec. 106 of Economic Growth, Regulatory Relief, and Consumer Protection Act titled 'Eliminating barriers to jobs for loan originators.' - Section 106 allows certain state-licensed mortgage loan originators (MLOs) who are licensed in one state to temporarily work in another state while waiting for licensing approval in the new state. It also grants MLOs who move from a depository institution (where loan officers do not need to be state licensed) to a non-depository institution (where they do need to be state licensed) a grace period to complete the necessary licensing. This rule is effective on November 24, 2019.
01.01.2020	Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule that provides for a simple measure of capital adequacy for certain community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (final rule). Under the final rule, depository institutions and depository institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to tier1 capital divided by average total consolidated assets) of greater than 9 percent, will be eligible to opt into the community bank leverage ratio framework (qualifying community banking organizations). Qualifying community banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than 9 percent will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. The final rule includes a two-quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater than 9 percent leverage ratio requirement, generally would still be deemed well capitalized so long as the banking organization maintains a leverage ratio greater than 8 percent. At the end of the grace period, the banking organization must meet all qualifying criteria to remain in the community bank leverage ratio framework or otherwise must comply with and report under the generally applicable rule. Similarly, a banking organization that fails to maintain a leverage ratio greater than 8 percent would not be permitted to use the grace period and must comply with the capital rule's generally applicable requirements and file the appropriate regulatory reports. DATES: The final rule is effective on January 1, 2020.
01.01.2020	U.S. Department of Labor Final Overtime Rule - The Department of Labor is updating and revising the regulations issued under the Fair Labor Standards Act implementing the exemptions from minimum wage and overtime pay requirements for executive, administrative, professional, outside sales, and computer employees. DATES: This final rule is effective on January 1, 2020.
01.01.2020	Home Mortgage Disclosure (Regulation C) 2019 - The Bureau of Consumer Financial Protection (Bureau) is amending Regulation C to adjust the threshold for reporting data about open-end lines of credit by extending to January 1, 2022, the current temporary threshold of 500 open-end lines of credit. The Bureau is also incorporating into Regulation C the interpretations and procedures from the interpretive and procedural rule that the Bureau issued on August 31, 2018, and implementing further section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act. DATES: This final rule is effective on January 1, 2020, except that the amendments to § 1003.2 in amendatory instruction 6, the amendments to § 1003.3 in amendatory instruction 7, and the amendments to supplement I to part 1003 in amendatory instruction 8 are effective on January 1, 2022.
01.01.2020	Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds - The OCC, Board, FDIC, SEC, and CFTC are adopting amendments to the regulations implementing section 13 of the Bank Holding Company Act. Section 13 contains certain restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. These final amendments are intended to provide banking entities with clarity about what activities are prohibited and to improve supervision and implementation of section entities with clarity about

what activities are prohibited and to improve supervision and implementation of section 13. Effective Date: The effective date for this release is January 1, 2020. Compliance Date: Banking entities must comply with the final amendments by January 1, 2021. The 2013 rule will remain in effect until the compliance date, and a banking entity must continue to comply with the 2013 rule. Alternatively, a banking entity may voluntarily comply, in whole or in part, with the amendments adopted in this release prior to the compliance date, subject to the agencies' completion of necessary technological changes.

01.01.2020 Regulatory Capital Rule: Capital Simplification for Qualifying Community Banking Organizations - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule that provides for a simple measure of capital adequacy for certain community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (final rule). Under the final rule, depository institutions and depository institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio (equal to tier 1 capital divided by average total consolidated assets) of greater than 9 percent, will be eligible to opt into the community bank leverage ratio framework (qualifying community banking organizations). Qualifying community banking organizations that elect to use the community bank leverage ratio framework and that maintain a leverage ratio of greater than 9 percent will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the agencies' capital rules (generally applicable rule) and, if applicable, will be considered to have met the well-capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. The final rule includes a two-quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater than 9 percent leverage ratio requirement, generally would still be deemed well-capitalized so long as the banking organization maintains a leverage ratio greater than 8 percent. At the end of the grace period, the banking organization must meet all qualifying criteria to remain in the community bank leverage ratio framework or otherwise must comply with and report under the generally applicable rule. Similarly, a banking organization that fails to maintain a leverage ratio greater than 8 percent would not be permitted to use the grace period and must comply with the capital rule's generally applicable requirements and file the appropriate regulatory reports. This rule is effective on January 01, 2020.

04.01.2020 Regulatory Capital Treatment for High Volatility Commercial Real Estate (HVCRE) Exposures - The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively, the agencies) are adopting a final rule to revise the definition of "high volatility commercial real estate (HVCRE) exposure" in the regulatory capital rule. This final rule conforms this definition to the statutory definition of "high volatility commercial real estate acquisition, development, or construction (HVCRE ADC) loan," in accordance with section 214 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The final rule also clarifies the capital treatment for loans that finance the development of land under the revised HVCRE exposure definition. DATES: The final rule is effective on April 1, 2020.

Common words, phrases and acronyms

APOR	"Average Prime Offer Rates" are derived from average interest rates, points, and other pricing terms offered by a representative sample of creditors for mortgage transactions that have low-risk pricing characteristics.
CFPB	Consumer Financial Protection Bureau
CARD Act	Credit Card Accountability Responsibility and Disclosure Act of 2009
CFR	Code of Federal Regulations. Codification of rules and regulations of federal agencies.
CRA	Community Reinvestment Act. This Act is designed to encourage loans in all segments of communities.
CRE	Commercial Real Estate
CSBS	Conference of State Bank Supervisors

CTR	Currency Transaction Report. Filed for each deposit, withdrawal, exchange of currency that involves a transaction in currency of more than $10,000.
Dodd-Frank Act	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DOJ	Department of Justice
FDIC	Federal Deposit Insurance Corporation
EFTA	Electronic Fund Transfer Act
Federal bank regulatory agencies	FDIC, FRB, and OCC
Federal financial institution regulatory agencies	BFCP, FDIC, FRB, NCUA, and OCC
FEMA	Federal Emergency Management Agency

FFIEC	Federal Financial Institutions Examination Council
FHFA	Federal Housing Finance Agency
FHA	Federal Housing Administration
FinCEN	Financial Crime Enforcement Network
FR	Federal Register. U.S. government daily publication that contains proposed and final administrative regulations of federal agencies.
FRB, Fed or Federal Reserve	Federal Reserve Board
FSOC	Financial Stability Oversight Council
FTC	Federal Trade Commission
GAO	Government Accountability Office
HARP	Home Affordable Refinance Program
HAMP	Home Affordable Modification Program
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protections Act of 1994
HPML	Higher Priced Mortgage Loan
HUD	U.S. Department of Housing and Urban Development
IRS	Internal Revenue Service
MLO	Mortgage Loan Originator
MOU	Memorandum of Understanding

NFIP	National Flood Insurance Program. U.S. government program to allow the purchase of flood insurance from the government.
NMLS	National Mortgage Licensing System
OCC	Office of the Comptroller of the Currency
OFAC	Office of Foreign Asset Control
OREO	Other Real Estate Owned
QRM	Qualified Residential Mortgage
Reg. B	Equal Credit Opportunity
Reg. C	Home Mortgage Disclosure
Reg. DD	Truth in Savings
Reg. E	Electronic Fund Transfers
Reg. G	S.A.F.E. Mortgage Licensing Act
Reg. P	Privacy of Consumer Financial Information
Reg. X	Real Estate Settlement Procedures Act
Reg. Z	Truth in Lending
RESPA	Real Estate Settlement Procedures Act
SAR	Suspicious Activity Report – Report financial institutions file with the U.S. government (FinCEN) regarding activity that may be criminal in nature.
SDN	Specially Designated National
TILA	Truth in Lending Act
TIN	Tax Identification Number
Treasury	U.S. Department of Treasury