Capitol Comments

July 2019

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

July! Some of the best memories are made in flip flops! – Anonymous

Joint federal agency issuances, actions and news

Federal Bank Regulatory Agencies and FinCEN Improve Transparency of Risk-Focused BSA/AML Supervision (07.22.2019)

WASHINGTON – As a result of a working group established by the U.S. Department of the Treasury's Office of Terrorism and Financial Intelligence, the federal bank regulatory agencies and the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a joint statement as part of continuing efforts to improve transparency into their risk-focused approach to Bank Secrecy Act (BSA)/anti-money laundering (AML) supervision. The risk-focused approach enables federal agencies to better tailor examination plans and procedures based on the unique risk profile of each bank.

The statement outlines common practices for assessing a bank's money laundering/terrorist financing risk profile, assisting examiners in scoping and planning the examination and initially evaluating the adequacy of the BSA/AML compliance program. Using this approach, the agencies generally are able to allocate more resources to higher-risk areas and fewer resources to lower-risk areas when conducting BSA/AML examinations. The statement does not establish new requirements, and also notes that having a risk-based compliance program enables a bank to allocate compliance resources commensurate with its risk.

This statement was developed by a working group aimed at improving the effectiveness and efficiency of the BSA/AML regime. Members include the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and FinCEN.

The joint statement is the third statement resulting from the working group.

Source link.

Comment: According to the agencies, their approach to combatting money laundering and terrorist financing outlined in the statement will assist examiners in scoping, planning the examination of and initially evaluating the adequacy of Bank Secrecy Act and anti-money laundering (BSA/AML) compliance programs at banks under review.

Agencies Propose Rule on the Capital Treatment of Land Development Loans (07.12.2019)

The federal bank regulatory agencies invited public comment on a proposal to clarify the treatment of land development loans under the agencies' capital rules.

This proposal expands on the agencies' September 2018 proposal to revise the definition of high volatility commercial real estate (HVCRE) as required by the Economic Growth, Regulatory Relief, and Consumer Protection Act. The land development proposal would clarify that loans that solely finance the development of land for residential properties would meet the revised definition of HVCRE, unless the loan qualifies for another exemption.

The land development proposal would apply to all banking organizations subject to the agencies' capital rules. Comments will be accepted for 30 days after publication in the Federal Register.

Attachment:

Regulatory Capital Treatment of Certain Land Development Loans for the Definition of High Volatility Commercial Real Estate Exposures

Source link.

Comment: The proposal would add language to the definition of HVCRE exposure providing that the one-to-four-family residential property exclusion would not include credit facilities that solely finance land development activities, such as the laying of sewers, water pipes and similar improvements to land without any construction of one-to-four-family structures.

Agencies Adopt Final Rule to Exclude Community Banks from the Volcker Rule (07.09.2019)

Five federal financial regulatory agencies announced that they adopted a final rule to exclude community banks from the Volcker Rule, consistent with the Economic Growth, Regulatory Relief, and Consumer Protection Act.

The Volcker Rule generally restricts banking entities from engaging in proprietary trading and from owning, sponsoring, or having certain relationships with hedge funds or private equity funds. Under the final rule, which is unchanged from the proposal, community banks with $10 billion or less in total consolidated assets and total trading assets and liabilities of 5 percent or less of total consolidated assets are excluded from the Volcker Rule.

The final rule also permits a hedge fund or private equity fund, under certain circumstances, to share the same name or a variation of the same name with an investment adviser as long as the adviser is not an insured depository institution, a company that controls an insured depository institution, or a bank holding company.

The final rule is being issued by the Federal Reserve Board, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission.

Attachments:

Final Rule: Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds.

Source link.

Comment: Following the rule change, community banks with $10 billion or less in total consolidated assets and total trading assets and liabilities of 5 percent or less of total consolidated assets are excluded from the Volcker Rule, which generally restricts banking entities from engaging in proprietary trading and owning, sponsoring or having certain relationships with hedge funds or private equity funds.

Agencies Simplify Regulatory Capital Rules (07.09.2019)

The federal bank regulatory agencies issued a final rule that reduces regulatory burden by simplifying several requirements in the agencies' regulatory capital rules.

The simplifications in the final rule only apply to banking organizations that do not use the "advanced approaches" capital framework, which are generally firms with less than $250 billion in total consolidated assets and less than $10 billion in total foreign exposure.

The final rule is intended to simplify and clarify a number of the more complex aspects of the agencies' existing regulatory capital rules. Specifically, it simplifies the capital treatment for mortgage servicing assets, certain deferred tax assets, investments in the capital instruments of unconsolidated financial institutions, and minority interest. The final rule also would allow bank holding companies and savings and loan holding companies to redeem common stock without prior approval unless otherwise required. Proposed revisions to the definition of high-volatility commercial real estate exposure, which were made in the notice of proposed rulemaking, are being addressed in a separate rulemaking.

The final rule is consistent with the Economic Growth and Regulatory Paperwork Reduction Act report issued by the agencies in 2017. In that report, the agencies committed to meaningfully reducing regulatory burden, especially on community banking organizations, while at the same time maintaining safety and soundness and the quality and quantity of regulatory capital in the banking system.

The final rule will be effective as of April 1, 2020, for the amendments to simplify capital rules, and as of October 1, 2019 for revisions to the pre-approval requirements for the redemption of common stock and other technical amendments.

Attachments:

Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996

Source link.

Comment: The technical amendments will be effective October 1, 2019, and the deduction framework simplifications and minority interest simplification will be effective April 1, 2020. The final rule also supersedes the transition rule the agencies adopted in 2017 to allow non-advanced approaches banking organizations to continue to apply the transition treatment that went into effect 2017 while the agencies consider the capital simplification proposals. Meanwhile, S. 1233 by Sen. Mike Rounds (R-S.D.) would enhance community bank access to capital.

Final Rule Expanding Eligibility to File the FFIEC 051 Call Report (06.26.2019)

On June 21, 2019, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation (collectively, the agencies) published a final rule to implement section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The rule expands the eligibility to file the FFIEC 051 report of condition, which is the most streamlined version of the call report. This bulletin rescinds OCC Bulletin 2018-42, "Expanding Eligibility to File the FFIEC 051 Call Report – Notice of Proposed Rulemaking."

The final rule:

• permits banks with total assets of less than $5 billion that do not engage in certain complex or international activities to file the streamlined FFIEC 051 call report beginning in the third quarter (September 30, 2019, call report).

• further reduces items reported in the first and third quarters in the FFIEC 051.

Source link.

Comment: Under the final rule, non-complex institutions with less than $5 billion in assets would be permitted to file the most streamlined version of the FFIEC 051 Call Report. Banks filing the FFIEC 051 Call Report will also see a reduction in the number of data items required in their first- and third-quarter filings.

Agencies Issue Final Amendments to Regulation CC Regarding Funds Availability (06.24.2019)

WASHINGTON, D.C. — The Consumer Financial Protection Bureau and the Federal Reserve Board jointly published amendments to Regulation CC that implement a statutory requirement to adjust for inflation the amount of funds depository institutions must make available to their customers. The amendments apply in circumstances ranging from next business day withdrawal of certain check deposits to setting the threshold amount for determining whether an account has been repeatedly withdrawn.

Regulation CC implements the Expedited Funds Availability Act of 1987 (EFA Act). The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended the EFA Act to grant the Bureau and the Board joint rulemaking authority for funds-availability schedules, disclosure policies, payment of interest, and other EFA Act provisions implemented by Regulation CC.

The Dodd-Frank Act amendments require that the EFA Act's dollar amounts be inflation adjusted every five years by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

The first set of adjustments are detailed in this Federal Register notice:
https://files.consumerfinance.gov/f/documents/cfpb_regulation-cc-amendments-joint-fr-notice.pdf

To help ensure that institutions have sufficient time to implement the adjustments, the compliance date for the adjusted amounts is July 1, 2020.

The agencies are also implementing in Regulation CC the EFA Act amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act, which include extending coverage of the EFA Act to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam.

Source link.

Comment: The amount of funds banks must make available to their covered accountholders from checks deposited, as well as a revised threshold for determining whether an account has been repeatedly overdrawn, is set in federal rules affecting funds availability released in these final amendments but don't take effect until July 1, 2020.

CFPB actions and news

CFPB Releases Updated Recommendations on Reporting Suspected Elder Financial Abuse (07.17.2019)

Banks and credit unions are uniquely positioned to detect that an older account holder has been targeted or victimized, and to take action. In March of 2016, the CFPB published an Advisory and Recommendations for financial institutions on preventing and responding to elder financial exploitation. The 2016 Advisory includes a spectrum of voluntary best practices to assist financial institutions in protecting their older account holders.

In this 2019 updated advisory, the Bureau urges banks and credit unions to report to the appropriate local, state and federal authorities whenever they suspect that an older adult is the target or victim of elder financial exploitation (EFE). The updated advisory focuses on reporting suspected financial abuse. It builds on the Bureau's earlier recommendations and its recent research on Suspicious Activity Reports (SARs) on EFE. It provides new information about reporting EFE based on federal and state law changes. The new analysis of current laws aims to help financial institutions in their efforts to combat elder fraud.

Full report

Read the full report

Source link.

Comment: This advisory is an excellent tool, which could assist banks in their elder financial abuse protection programs. The recommendations reflect a recent study of 180,000 elder financial exploitation SARs that showed an average loss of $41,800 among adults over 70, with 7 percent losing over $100,000.

CFPB Blog - Five Myths in the Military Community About Personal Finance (07.11.2019)

Over the past eight years, the Bureau's Office of Servicemember Affairs (OSA) has engaged with military families throughout the country and even the world. Each year we receive tens of thousands of complaints from servicemembers, veterans and their families about financial products and services. We have heard lots of barracks rumors and scuttlebutt and we hope to arm you with the ground truth about the following topics.

Source link.

Comment: This blog could be used as a good financial literacy tool with banks' military customers.

Updates to Compliance Guide for the Payday Lending Rule's Payment-Related Provisions (07.01.2019)

The Bureau has updated the small entity compliance guide that summarizes the payment-related provisions of the Payday, Vehicle Title, and Certain High-Cost Installment Loans Rule (Payday Lending Rule). The updated guide is available on the Bureau's website.

Source link.

Comment: In addition to technical corrections, the update reflects the delayed compliance date for the mandatory underwriting provisions of the Rule. On June 6, 2019 the Bureau released a final rule to delay the August 19, 2019 compliance date for the mandatory underwriting provisions of the Rule. Compliance with these provisions is now required by November 19, 2020.

CFPB Extends Comment Period for ANPR on HMDA Data Points (06.27.2019)

WASHINGTON, D.C. – The Consumer Financial Protection Bureau (Bureau) announced that it is extending the comment period on its Advance Notice of Proposed Rulemaking (ANPR) relating to the Home Mortgage Disclosure Act (HMDA). The extension will give interested parties an opportunity to review the Bureau's annual overview of residential mortgage lending based on the HMDA data financial institutions collected in 2018, as requested by a variety of stakeholders. In late summer, the Federal Financial Institutions Examination Council will release the national loan level dataset and the Bureau will release an overview of that dataset.

The ANPR, issued on May 2, 2019, solicits comment on certain data points in the Bureau's October 2015 final rule that were added to Regulation C or revised to require additional information, and on coverage of certain business- or commercial-purpose loans. The comment period will be extended from July 8, 2019 to October 15, 2019.

Additionally, to facilitate additional comments based on the public's review of the release of the national loan level data set, the Bureau will issue a Federal Register notice to reopen the comment period on certain aspects of the Notice of Proposed Rulemaking (NPRM) relating to coverage thresholds under the HMDA rules. The NPRM comment period closed on June 12, 2019.

Source link.

FDIC actions and news

FDIC Announces Meeting of Advisory Committee on Community Banking (07.24.2019)

The Federal Deposit Insurance Corporation (FDIC) announced that it will hold a meeting of the Advisory Committee on Community Banking on Tuesday, July 30. FDIC senior staff will provide an update on various supervisory policy issues and the FDIC Subcommittee on Supervision Modernization, as well as brief Committee members on minority and community development financial institutions, Money Smart financial education materials, and de novo institutions. In addition, the FDIC Ombudsman will provide a briefing to the Committee, and a panel will discuss FDIC and U. S. Small Business Administration collaboration efforts. The Committee will also discuss local banking conditions.

Established in May 2009, the Advisory Committee on Community Banking provides input to the FDIC on a range of issues that impact the nation's community banks, including examination policies and procedures, credit and lending practices, deposit insurance assessments, insurance coverage, and regulatory compliance.

The meeting is open to the public and will be held from 9 a.m. to 3:30 p.m. EDT in the FDIC's main building located at 550 17th Street, N.W., Washington, D.C. The meeting also will be webcast live.

The agenda for the meeting and a link to the webcast are available at FDIC's Advisory Committee on Community Banking website.

Source link.

FDIC Board Finalizes Changes to Recordkeeping Requirements for Deposit Insurance Determinations (07.16.2019)

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) approved amendments to two rules to simplify the process for making insurance determinations in the event a bank is placed into receivership.

"Timely access to insured deposits is critical to maintaining public confidence in the banking system and the FDIC's ability to resolve these institutions," said FDIC Chairman Jelena McWilliams. "Under the final rule, the FDIC can provide depositors at large failed banks the same rapid access to their insured funds as it does in smaller resolutions."

Part 370 of the FDIC's Rules and Regulations "Recordkeeping for Timely Deposit Insurance Determination" has been amended to address a number of issues. Most notably, it will now allow for an optional one-year extension of the rule's original compliance deadline of April 1, 2020. Other changes are more technical and are intended to address issues that became apparent as the FDIC staff worked with institutions to comply with Part 370 since it was first adopted in November 2016. The final rule approved is similar to what was proposed in April 2019, with some changes made in response to the public comments received.

Part 370 is currently applicable to the 32 FDIC-insured institutions that have more than two million deposit accounts and establishes recordkeeping requirements to facilitate rapid payment of insured deposits to customers if one of those institutions were to fail.

The FDIC also amended Part 330 of its Rules and Regulations to expand the types of evidence it would consider when determining whether joint accounts qualify for increased deposit insurance coverage. This change affects all insured depository institutions regardless of size. The FDIC will continue to look to signature cards when determining deposit insurance coverage on joint accounts but may now also rely on other information contained in a bank's deposit account records that establishes co-ownership of a joint account. This change does not expand or contract deposit insurance coverage for joint accounts and does not place any increased burden on depositors or FDIC-insured institutions. This change to Part 330 is substantively the same as the change proposed in April 2019.

Attachments:

- Statement by FDIC Chairman Jelena McWilliams
- Final Rule - Part 370
- Final Rule - Part 330

Source link.

Comment: The final rule expands the types of evidence considered when determining whether joint accounts qualify for increased deposit insurance coverage, according to the agency. “The FDIC will continue to look to signature cards when determining deposit insurance coverage on joint accounts but may now also rely on other information contained in a bank’s deposit account records that establishes co-ownership of a joint account,” the agency added. As noted, the change does not expand or contract deposit insurance coverage for joint accounts and does not place any increased burden on depositors or FDIC-insured institutions, the agency added. Finally, Part 330 provides some helpful expansion of evidence for joint accounts, but it does not replace the requirements of state law. Do not overlook the critical requirements of agreements and signatures to establish survivorship rights!

Quarterly Banking Profile (06.26.2019)

Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported aggregate net income of $60.7 billion in first quarter of 2019, up $4.9 billion (8.7 percent) from a year earlier. The increase in net income was mainly attributable to a $7.9 billion (6 percent) increase in net interest income. Financial results for first quarter of 2019 are included in the FDIC's latest Quarterly Banking Profile.

"The banking industry reported another positive quarter," McWilliams said. "Growth in net income was mainly attributable to higher net interest income. Net interest margins improved, asset quality indicators remained stable, and the number of 'problem banks' continued to decline. Community banks also reported a strong quarter, with annual loan growth and a net interest margin surpassing the overall industry."

"With a historically low interest-rate environment and strong competition to attract lending, some institutions have 'reached for yield,' which limited net interest margin expansion. With the recent stabilization of interest rate hikes, some institutions may face new challenges in lending and funding. Therefore, banks must maintain prudent risk management in order to support lending through this economic cycle."

Highlights from the First Quarter 2019 Quarterly Banking Profile

Net Income Rises 8.7 Percent from a Year Earlier: The aggregate net income for the 5,362 FDIC-insured institutions increased by $4.9 billion (8.7 percent) from a year ago to $60.7 billion, led by higher net interest income. Almost two-thirds of all institutions reported annual increases in net income and less than 4 percent of institutions were unprofitable. The average return on assets increased to 1.35 percent, up from 1.28 percent a year earlier.

Community Banks Quarterly Net Income Increased 10.1 Percent from a Year Earlier: The 4,930 insured institutions identified as community banks reported net income of $6.5 billion in the first quarter, up $596 million (10.1 percent) from a year earlier. The increase was driven by higher net interest income (up $1.1 billion, or 6.4 percent), higher securities gains (up $110 million, or 206.7 percent), and lower provision expense (down $137 million, or 17.3 percent). Lower noninterest income (down $84 million, or 1.9 percent) and higher noninterest expense (up $585 million, or 4 percent) partially offset improvements to net income.

Net Interest Income Rises 6 Percent Over 12 Months: Net interest income totaled $139.3 billion in the first quarter, up $7.9 billion (6 percent) from first quarter 2018. Nearly four out of five banks (79.3 percent) reported an improvement in net interest income from a year earlier. The average net interest margin rose to 3.42 percent, up from 3.32 percent a year ago.

Total Loan and Lease Balances Increase 4.1 Percent from First Quarter 2018: Over the past 12 months, total loan and lease balances increased by 4.1 percent, a slight decline from the 4.4 percent annual growth rate reported last quarter. Growth among major loan categories was led by commercial and industrial loans, which increased by $37.7 billion (1.7 percent), but was offset by credit card balances, which fell by $43.5 billion (4.8 percent). Total loan and lease balances fell by $4.8 billion from fourth quarter 2018, with commercial and industrial loans registering the largest dollar increase from a year ago (up $155.6 billion, or 7.6 percent).

Asset Quality Indicators Remain Stable: The amount of loans that were noncurrent – 90 days or more past due or in nonaccrual status – increased by $461.6 million (0.5 percent) during the first quarter. Noncurrent balances declined for residential mortgages (down $2.2 billion, or 5 percent), but increased for commercial and industrial loans (up $3.3 billion, or 22.8 percent). The average noncurrent loan rate remained unchanged from the previous quarter (0.99 percent). Net charge-offs increased by $667.8 million (5.5 percent) from a year ago, but the average net charge-off rate remained unchanged (0.50 percent).

The Number of Banks on the "Problem Bank List" Declines to 59: The FDIC's Problem Bank List declined from 60 to 59 during the first quarter, the lowest number of problem banks since first quarter 2007. Total assets of problem banks declined from $48.5 billion in the fourth quarter to $46.7 billion. During the first quarter, merger transactions absorbed 43 institutions, one new charter was added, and no failures occurred.

The Deposit Insurance Fund's Reserve Ratio Remained Unchanged at 1.36 Percent: The Deposit Insurance Fund (DIF) balance increased by $2.3 billion from the previous quarter to $104.9 billion. The increase was mainly driven by assessment income, interest income, and unrealized gains on securities held by the DIF. The reserve ratio remained unchanged (1.36 percent) from the previous quarter, as strong seasonal growth in insured deposits offset the growth in DIF.

Source link.

Comment: Community bank performance remains strong. Key facts - community bank net income increased 10.1 percent year over year; higher net interest income lifts net operating revenue; annual loan and lease growth remains strong; and quarterly net charge-off rate is lowest since first quarter 2006.

OCC actions and news

Fraud Risk Management Principles (07.25.2019)

The Office of the Comptroller of the Currency (OCC) is issuing this bulletin to inform national banks, federal savings associations, and federal branches and agencies (collectively, banks) of sound fraud risk management principles. This bulletin supplements other OCC and interagency issuances on corporate and risk governance, including the references listed in appendix A of this bulletin.

Highlights

The risk management principles addressed in this bulletin include the following:

• A bank should have sound corporate governance practices that instill a corporate culture of ethical standards and promote employee accountability.

• A bank's risk management system should include policies, processes, personnel, and control systems to effectively identify, measure, monitor, and control fraud risk consistent with the bank's size, complexity, and risk profile.

• A bank's risk management system and system of internal controls should be designed to

  ◦prevent and detect fraud.

  ◦appropriately respond to fraud, suspected fraud, or allegations of fraud.

• Bank management should assess the likelihood and impact of potential fraud schemes and use the results of this assessment to inform the design of the bank's risk management system.

• Senior management and the board of directors should measure, monitor, and understand fraud losses across the enterprise and employ tools that appropriately quantify and assess loss experience and exposure.

• Control reviews and audits should include fraud risk as part of their assessments.

Fraud risk management principles can be implemented in a variety of ways and may not always be structured within a formal fraud risk management program. Regardless of the structure, fraud risk management should be commensurate with the bank's risk profile. Banks with significant and far-reaching retail-oriented business activities should have well-documented fraud risk management programs with appropriate monitoring, measurements and reporting, and mitigation.

Source link.

OCC Hosts South Dakota Workshop for Board Directors and Bank Management (07.02.2019)

WASHINGTON — The Office of the Comptroller of the Currency (OCC) will host a workshop in Sioux Falls, South Dakota, at the Holiday Inn Sioux Falls – City Centre, August 6-7, for directors, senior management team members, and other key executives of national community banks and federal savings associations supervised by the OCC.

The Building Blocks: Keys to Success for Directors and Senior Management workshop combines lectures, discussion, and exercises to provide practical information on the roles and responsibilities of board participation. Taught by seasoned OCC supervision staff, the workshop focuses on duties and core responsibilities of directors and management, discusses major laws and regulations, and increases familiarity with the examination process.

The workshop fee is $99. Participants receive course materials, assorted supervisory publications, and lunch. The workshop is limited to the first 35 registrants.

The workshop is one of 24 offered nationwide to enhance and expand the skills of national community bank and federal savings association directors. To register for this workshop, visit www.occ.gov/occworkshops.

Source link.

Comment: These workshops are excellent training opportunities for the directors and senior management of national banks.

OCC Reports Improvement in Mortgage Performance (06.26.2019)

WASHINGTON —The Office of the Comptroller of the Currency (OCC) reported a slight improvement in the performance of first-lien mortgages in the federal banking system during the first quarter of 2019.

The OCC Mortgage Metrics Report, First Quarter 2019 showed 96.2 percent of mortgages included in the report were current and performing at the end of the quarter, compared to 95.6 percent a year earlier.

The report also showed that servicers initiated 27,610 new foreclosures during the first quarter of 2019-, a 6.5 percent decrease from the previous quarter and a 26 percent decrease from a year ago. Servicers completed 17,561 mortgage modifications in the first quarter of 2019, and 72.6 percent of the modifications reduced borrowers' monthly payments.

The first-lien mortgages included in the OCC's quarterly report comprise 31 percent of all residential mortgages outstanding in the United States or approximately 16.7 million loans totaling $3.2 trillion in principal balances. This report provides information on mortgage performance through March 31, 2019, and it can be downloaded from the OCC's website, www.occ.gov.

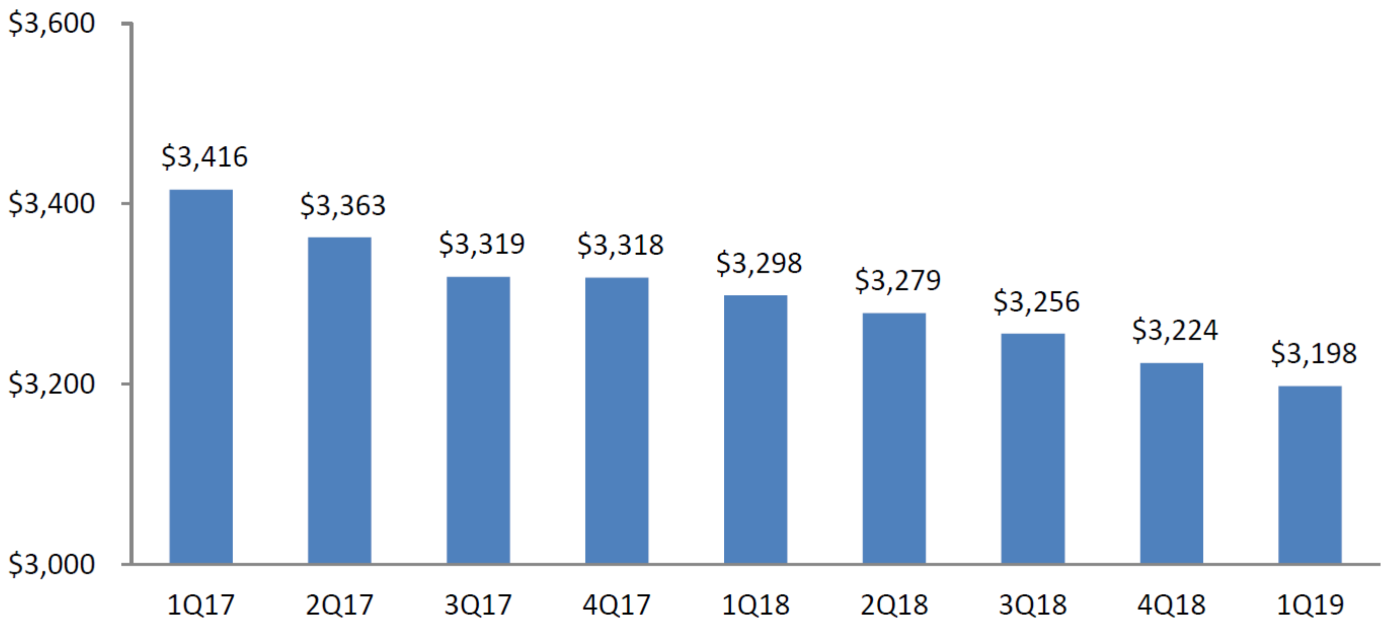
Related Link

OCC Mortgage Metrics Report, First Quarter 2019 (PDF)

Source link.

Comment: The first-lien mortgages included in the report comprise 38 percent of all residential mortgages outstanding in the U.S. This report provides information on performance through March 31, 2016.

Figure 1: Total Serviced Mortgage Portfolio—Outstanding Principal in $ Billions



Federal Reserve actions and news

Federal Reserve Outlook Live Transcript - Interagency Flood Insurance Update on Private Flood Insurance Rule (07.18.2019)

In response to numerous requests we received from participants of the June 18, 2019 webinar, Flood Insurance Update on Private Flood Insurance Rule, we prepared a transcript for this event, which is available here. As the event has already taken place, please direct any further questions you have on this topic to your primary regulator.

Source link.

Other federal action and news

FASB Proposes Delay to CECL Implementation for Some Institutions (07.17.2019)

The Financial Accounting Standards Board voted to propose a delay for the implementation of the current expected credit loss standard until January 2023 for certain companies. The delay would apply to small reporting companies (as defined by the SEC), non-SEC public companies and private companies.

Source link.

Comment: "FASB's vote to delay CECL for certain smaller banks offers further proof that the required efforts to implement this costly standard are far greater than the board has previously led bankers to believe," said American Bankers Association President and CEO Rob Nichols after the vote.

FASB Staff Issues Q&A to Help Organizations Estimate Expected Credit Losses on Financial Assets (07.17.2019)

The Financial Accounting Standards Board (FASB) staff issued a second question-and-answer (Q&A) document that addresses more than a dozen frequently asked questions related to Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.

The Q&A document, which is available on the FASB website, covers areas that include:

- Use of historical loss information
- Making reasonable and supportable forecasts, and
- The reversion to historical loss information.

Source link.

Comment: FASB also authorized the its staff to plan a series of CECL educational workshops to be held around the country. More information about the workshops will be available on the FASB website in the coming weeks.

FTC Seeks Comments on Children's Online Privacy Protection Act Rule (07.17.2019)

In light of continued rapid changes in technology, the Federal Trade Commission is seeking comment on the effectiveness of the amendments the agency made to the Children's Online Privacy Protection Rule (COPPA Rule) in 2013 and whether additional changes are needed.

The COPPA Rule, which first went into effect in 2000 to implement the Children's Online Privacy Protection Act, requires certain websites and other online services that collect personal information from children under the age of 13 to provide notice to parents and obtain verifiable parental consent before collecting, using, or disclosing personal information from these children.

In a notice to be published shortly in the Federal Register, the FTC is seeking comment on a wide range of issues related to the COPPA Rule. In addition, the FTC will hold a public workshop on October 7, 2019 to examine the COPPA Rule. More details about the workshop can be found on the event page.

"In light of rapid technological changes that impact the online children's marketplace, we must ensure COPPA remains effective," said FTC Chairman Joe Simons. "We're committed to strong COPPA enforcement, as well as industry outreach and a COPPA business hotline to foster a high level of COPPA compliance. But we also need to regularly revisit and, if warranted, update the Rule."

Source link.

FinCEN Exchange Forum Counters Business Email Compromise Scams (07.16.2019)

Suspicious Activity Reports indicate more than $300 million a month in theft.

WASHINGTON—The Financial Crimes Enforcement Network (FinCEN) announced new efforts to curtail and impede Business Email Compromise (BEC) scammers and other criminals who profit from their schemes. Email compromise fraud schemes generally entail criminal attempts to compromise the email accounts of victims to send fraudulent payment instructions to financial institutions or business associates in order to misappropriate funds or to assist in financial fraud. Based on data from FinCEN's Suspicious Activity Reports (SARs), hackers and other illicit actors' BEC scams generated more than $300 million a month in 2018, with a cumulative total exceeding billions of dollars stolen from businesses and individuals.

"FinCEN has been a global leader and innovator in countering BEC breaches and their devastating effects on businesses, individuals, and national security," said FinCEN Director Kenneth A. Blanco. "The Bank Secrecy Act data is a critical resource in combatting all types of financial crime. We hold, safeguard, and analyze that data and we share our expertise with law enforcement and our industry partners to help make America safer."

Source link.

Comment: The updated advisory, which is linked in this announcement, is an excellent training tool for cybersecurity departments as well as BSA/AML departments.

U.S. Department of Labor Issues New Wage and Hour Opinion Letters (07.01.2019)

The U.S. Department of Labor announced that it has issued three new opinion letters that address compliance issues related to the Fair Labor Standards Act (FLSA). An opinion letter is an official, written opinion by the Department's Wage and Hour Division (WHD) on how a particular law applies in specific circumstances presented by the individual person or entity that requested the letter.

The opinion letters issued are:

- FLSA2019-7, addressing the calculation of overtime pay for nondiscretionary bonuses paid on a quarterly and annual basis.
- FLSA2019-8, addressing the application of the highly compensated employee exemption to paralegals employed by a trade organization.
- FLSA2019-9, addressing permissible rounding practices for calculating an employee's hours worked.

The Department offers a search function allowing users to search existing opinion letters by keyword, year, topic, and a variety of other filters; and encourages the public to submit requests for opinion letters to WHD to obtain an opinion or to determine whether existing guidance already addresses their questions. The Division exercises its discretion in determining whether and how it will respond to each request.

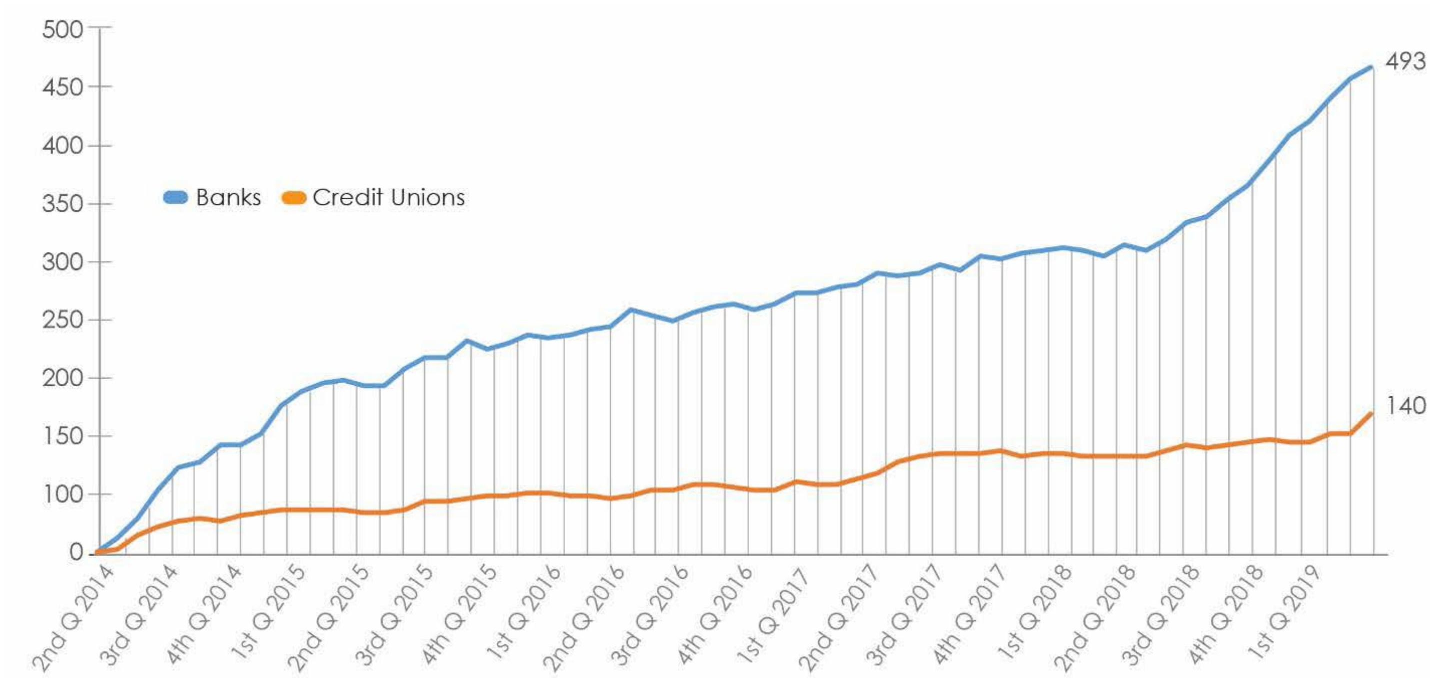
Source link.

Comment: While these Opinion Letters are not law and courts are not bound by them, they do provide guidance as to acceptable compliance and time-keeping processes for companies in analogous situations. Banks should consider a regular review of their job descriptions and an analysis of employee job duties to make sure employees are properly classified as exempt or non-exempt.

FinCEN – Marijuana Banking Update (07.XX.2019)

Short-term declines in the number of depository institutions actively providing banking services to marijuana related businesses (MRBs) may be explained by filers exceeding the 90 day follow-on Suspicious Activity Report (SAR) filing requirement. Several filers take 180 days or more to file a continuing activity report. After 90 days, a depository institution is no longer counted as providing banking services until a new guidance-related SAR is received.

Source link.



Comment: The trend on the number of banks and credit unions providing banking services to MRBs says all that needs to be said. In addition to the SAFE Act and the STATES Act, House Judiciary Committee Chairman Jerry Nadler and Sen. Kamala Harris are introducing legislation to decriminalize marijuana at the federal level. The Marijuana Opportunity Reinvestment and Expungement Act, or the MORE Act, would remove marijuana from the Controlled Substances Act, decriminalizing the drug and allowing states to write their own policies.

Publications, articles, reports, studies, testimony & speeches

Chicago Fed Survey of Business Conditions (07.17.2019)

The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index decreased to −31 from −25, suggesting that growth in economic activity remained at a modest pace in late May and June. The CFSBC Manufacturing Activity Index fell to −36 from –19, and the CFSBC Nonmanufacturing Activity Index edged up to –26 from –29.

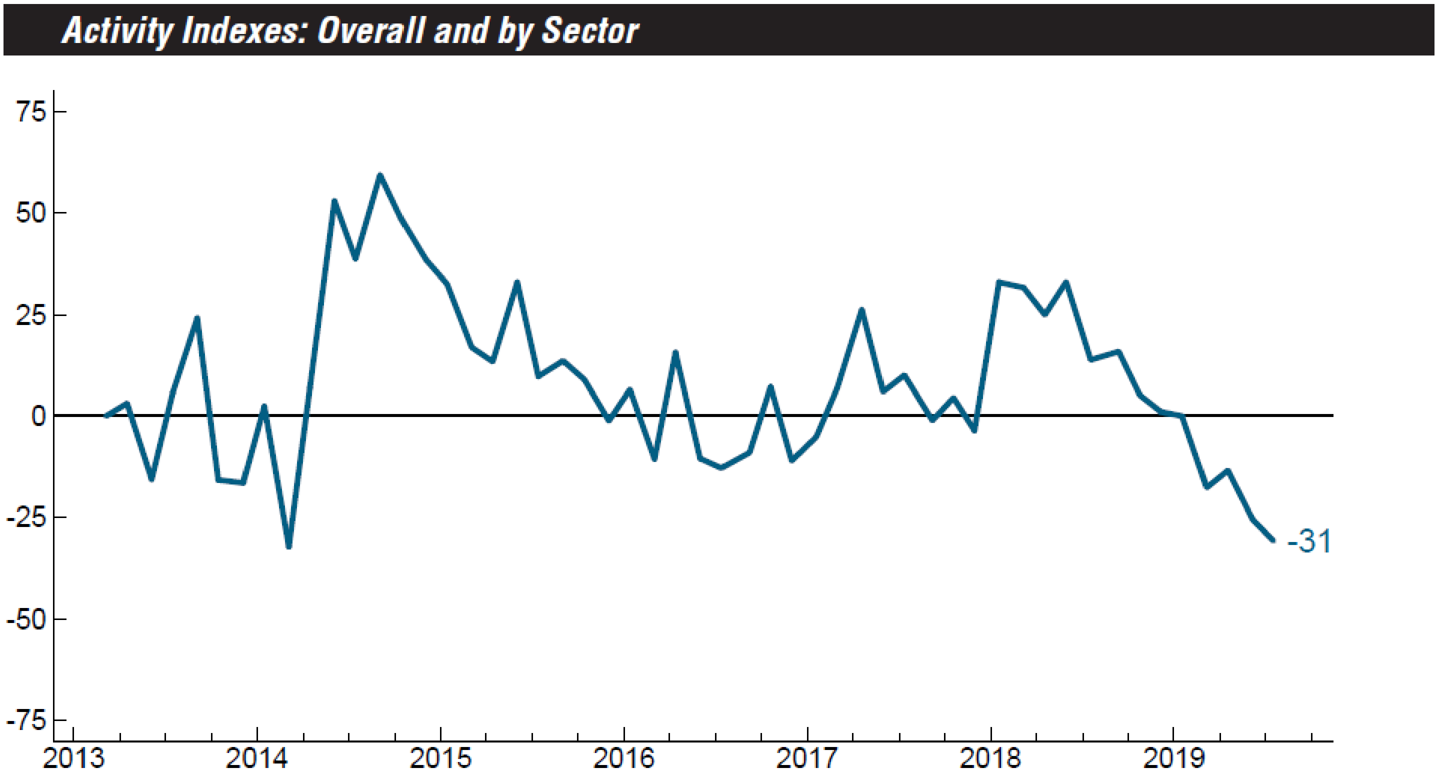
• Respondents' outlooks for the U.S. economy for the next 12 months improved, turning optimistic on balance. Respondents with optimistic outlooks highlighted good economic data, particularly for the labor market, and growing demand for their firms' products. Respondents with pessimistic outlooks highlighted elevated policy uncertainty under the current U.S. presidential administration, particularly in regard to trade policy.

• The pace of current hiring decreased, as did respondents' expectations for the pace of hiring over the next 12 months. Both hiring indexes remained negative.

• The pace of current capital spending increased, while respondents' expectations for the pace of capital spending over the next 12 months decreased. Both capital spending indexes remained negative.

• The wage cost pressures index moved down, as did the nonwage cost pressures index. Both cost pressures indexes remained negative.

Source link.



July Beige Book (07.17.2019)

Commonly known as the Beige Book, this report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. An overall summary of the twelve district reports is prepared by a designated Federal Reserve Bank on a rotating basis.

Source link.

Monetary Policy in the Post-Crisis Era - Chair Jerome H. Powell (07.16.2019)

Seventy-five years ago this month, the foremost economic and policy minds of their generation gathered in a sleepy mountain town in New England. While World War II still raged, they envisioned a new international monetary system with rules, procedures, and institutions—including the International Monetary Fund (IMF) and the World Bank—to promote recovery and stability in a war-ravaged world.

Today we gather in Paris, the City of Light, to recognize their vision. The Bretton Woods institutions played a pivotal role after the war in rebuilding economies and in facilitating the international economic relations that are essential to prosperity. Generations later, the World Bank and the IMF continue to play important roles in fostering global monetary cooperation, financial stability, and international trade, as well as in promoting sustainable economic growth and reducing poverty.

In 1944, those who sat around the table at the Mount Washington Hotel knew that the trauma and tragedy of the war and the Great Depression had fundamentally altered the economic systems that preceded them. For us, around our dinner tables tonight, a decade has passed since the Global Financial Crisis. Although in no way comparable to the devastating events of the 1930s and 1940s, the crisis represents the deepest and broadest financial upheaval since that era, and in many ways, we, too, are grappling with a changed world.

Today's conference has looked at this post-crisis environment and the issues we now face from many angles. I am grateful to the Banque de France for organizing this important event and to the outstanding speakers for their deep insights. Tonight I will offer some thoughts on this new environment. I will begin with a discussion of current economic conditions in the United States, and then highlight some significant structural changes in the environment facing monetary policymakers in the post-crisis era. Finally, I will consider how these structural changes are affecting the framework in which we conduct monetary policy, highlighting the Federal Reserve System's ongoing review of our monetary policy strategy, tools, and communications.

Source link.

Comment: Chairmen Powell detailed misgivings among Fed officials over trade developments and global growth that have caused "uncertainties" over the outlook to increase. In addition, he said there is concern over negotiations regarding the federal debt ceiling, Brexit and "a more prolonged shortfall" in inflation below the Fed's 2 percent goal.

Industrial Production and Capacity Utilization - G.17 (07.16.2019)

Industrial production was unchanged in June, as increases for both manufacturing and mining offset a decline for utilities. For the second quarter as a whole, industrial production declined at an annual rate of 1.2 percent, its second consecutive quarterly decrease. In June, manufacturing output advanced 0.4 percent. An increase of nearly 3 percent for motor vehicles and parts contributed significantly to the gain in factory production; excluding motor vehicles and parts, manufacturing output moved up 0.2 percent. The output of utilities fell 3.6 percent as milder-than-usual temperatures in June reduced the demand for air conditioning. The index for mining rose 0.2 percent. At 109.6 percent of its 2012 average, total industrial production was 1.3 percent higher in June than it was a year earlier. Capacity utilization for the industrial sector decreased 0.2 percentage point in June to 77.9 percent, a rate that is 1.9 percentage points below its long-run (1972–2018) average.

Source link.

Perspectives on the Economy from Scranton - Governor Lael Brainard (07.11.2019)

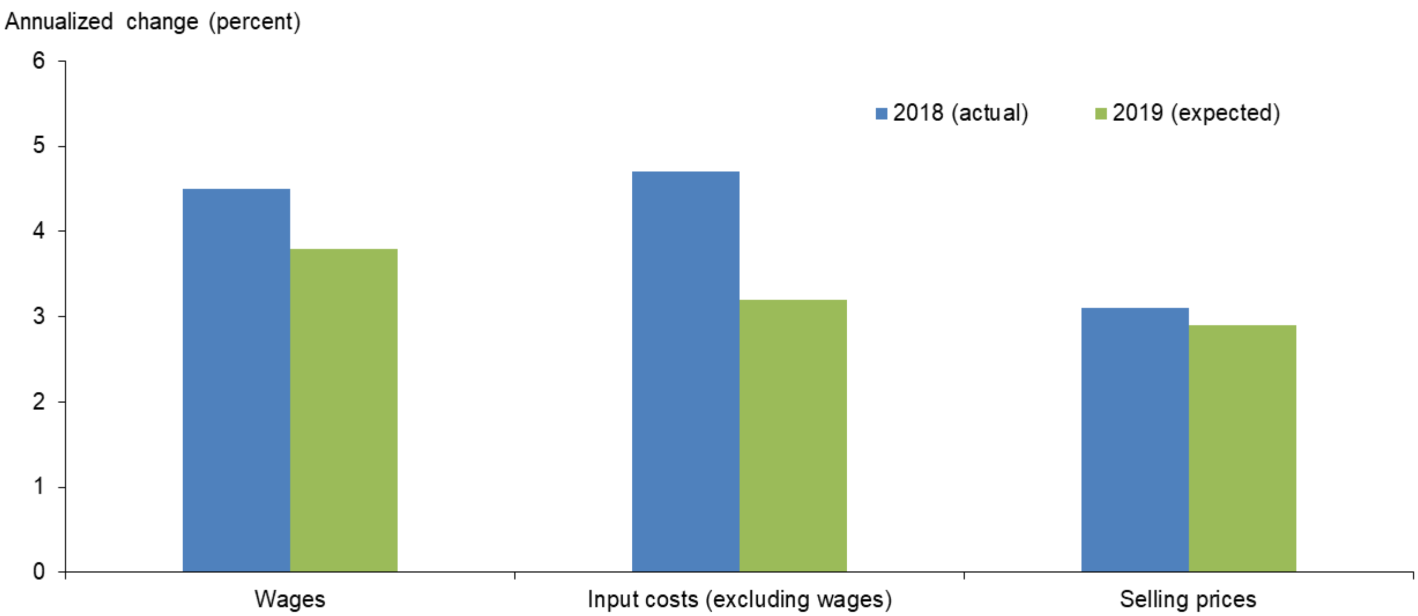
Thank you to my colleague Pat Harker for the invitation to join him here this evening. In my time at the Federal Reserve, I have found that hearing directly from people around the country about how their communities are experiencing the economy is vital to carrying out my responsibilities. It helps me to understand what is working well and what the challenges are, and it provides ideas on how to improve economic opportunities. Today I look forward to hearing your perspective on the economy and the banking business in and around Scranton.

Before hearing from you, I was asked to provide my perspective on the national economy. Recent data suggest the economy is growing solidly. Consumer spending is robust, buoyed by the strong labor market and continued strong confidence. Last week's strong jobs report provided reassurance that employment has continued to expand at a healthy pace. Payrolls have risen at a 170,000 monthly pace over the past three *months—more than enough to provide jobs for new entrants to the labor force. The unemployment rate remains near a 50-year low, wages are growing at a moderate pace, the percentage of prime-age adults who are employed is close to its pre-crisis peak, and claims have been hovering around historic lows. Furthermore, financial conditions overall remain quite supportive of continued employment and output growth.*

By contrast, capital spending by businesses has been lackluster, and indicators of business sentiment have been soft. The recent G-20 summit provided a constructive change in tone about trade discussions, but business sentiment and investment plans will likely remain sensitive to uncertainty around trade and the global outlook. Fiscal policy is also a source of uncertainty, with both the debt ceiling and the federal budget needing to be resolved.

Source link.

Chart 1
Wage, Cost Growth Down Modestly from 2018



NOTES: Shown are trimmed means with the lowest and highest 5 percent of responses omitted. 2019 figures are based on data collected in May 2019 special questions; 2018 figures are based on December 2018 special questions.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.
Federal Reserve Bank of Dallas

Federal Reserve System White Paper Examines the Effects of Synthetic Identity Payments Fraud (07.09.2019)

Synthetic identity payments fraud is a fast-growing but little-understood problem that affects individuals, financial institutions, government agencies, and private industry. The severity of this type of fraud is documented in a new white paper (PDF) released by the Federal Reserve System.

A synthetic identity (PDF) is created by using a combination of real information (such as a legitimate Social Security number) with fictional information (which can include a made-up name, address or date of birth). Fraudsters increasingly use synthetic identities to commit payments fraud, which can escape detection by today's identity verification and credit-screening processes. Over time, fraudsters build up the creditworthiness of the synthetic identity, then "bust out" by purchasing high-value goods and services on credit and disappearing. Because the identity was not real to begin with, there is limited recourse in tracing the perpetrators and holding them responsible for their debts. Consumers whose Social Security numbers have been used for fraud face the time-consuming process of correcting their credit reports. Other consequences of synthetic identity fraud extend beyond payments fraud to include denial of disability benefits, rejection of tax returns, and inaccuracies in health records.

"Crime rings see attractive opportunities in synthetic identity payments fraud," said Ken Montgomery, Federal Reserve System payments security strategy leader and chief operating officer at the Federal Reserve Bank of Boston. "Law enforcement officials, financial institutions, and other organizations recognize it as a growing concern. But unfortunately, many consumers don't realize how it can hurt their access to credit or how to protect themselves," he said. "The white paper provides information on the current state of synthetic identity fraud, including the scope of the issue, causes, contributing factors, and its impact on the payments industry."

Source link.

Consumer Credit - G.19 (07.06.2019)

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

•Consumer Credit Outstanding

•Levels

•Flows

Source link.

Monetary Policy Report (07.05.2019)

The Federal Reserve Act requires the Federal Reserve Board to submit written reports to Congress containing discussions of "the conduct of monetary policy and economic developments and prospects for the future." This report —called the Monetary Policy Report —is submitted semiannually to the Senate Committee on Banking, Housing, and Urban Affairs and to the House Committee on Financial Services, along with testimony from the Federal Reserve Board Chair.

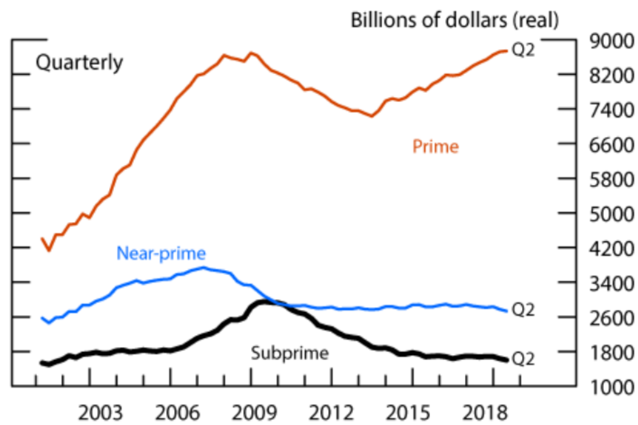
Source link.

Understanding Changes in Household Debt by Credit Risk Category: The Role of Credit Score Transitions (06.25.2019)

The discussion of household debt in the Federal Reserve Board's 2018 Financial Stability Report led with a figure showing outstanding debt balances over time for borrowers belonging to one of three credit risk categories—prime, near-prime, and subprime (reproduced in figure 1).2 The report emphasized that all of the net rise in aggregate debt owed by households over the past several years has accrued to borrowers with prime credit scores, indicating a reduction in credit risk for the financial system. Still, with respect to credit availability (which was not the subject of the report), the flat aggregate debt balances for the other two categories over this period are somewhat surprising in light of the considerable improvement in the macroeconomic environment and general relaxation in lending standards—particularly for mortgages, which represent the majority of household debt—that appear to have taken place. This type of macroeconomic and financial environment might have been expected to result in rising credit volumes, particularly among borrowers with lower credit scores, whom we consider to be very responsive to expansions in credit supply.

Source link.

Figure 1: Total Loan Balances



Note: Prime have scores greater than 719; near-prime are borrowers with an Equifax Risk Score from 620 to 719. Scores are measured contemporaneously. Student loan balances prior to 2004 were estimated. The data are converted to constant 2018:Q2 dollars using the consumer price index.

Source: FRBNY CCP/Equifax; Bureau of Labor Statistics consumer price index.

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
07.23.2019	Capital Treatment of Land Development Loans - 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 issuing a notice of proposed rulemaking (proposal) to seek comment on the treatment of loans that finance the development of land for purposes of the one- to four-family residential properties exclusion in the definition of high volatility commercial real estate (HVCRE) exposure in the agencies' regulatory capital rule. This proposal expands upon the notice of proposed rulemaking (HVCRE NPR) issued on September 28, 2018, which proposed to revise the definition of HVCRE exposure in the regulatory capital rule to conform 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). **Comments close August 22, 2019.**
07.03.2019	Home Mortgage Disclosure (Regulation C) Data Points and Coverage; Extension of Comment Period - On May 8, 2019, the Bureau of Consumer Financial Protection (Bureau) published in the Federal Register an Advance Notice of Proposed Rulemaking (ANPR) soliciting comments relating to the data points the Bureau's October 2015 final rule implementing the Home Mortgage Disclosure Act (HMDA) added to Regulation C or revised to require additional information. The ANPR also solicits comments relating to the requirement that institutions report certain business- or commercial-purpose transactions under Regulation C. The ANPR provided a 60-day comment period that will end on July 8, 2019. To allow interested persons more time to consider and submit their responses, the Bureau has determined that an extension of the comment period until October 15, 2019 is appropriate. **The comment period for the ANPR published May 8, 2019, at 84 FR 20049, is extended. Responses must now be received on or before October 15, 2019.**
05.07.2019	Debt Collection Practices (Regulation F) - The Bureau of Consumer Financial Protection (Bureau) proposes to amend Regulation F, 12 CFR part 1006, which implements the Fair Debt Collection Practices Act (FDCPA) and currently contains the procedures for State application for exemption from the provisions of the FDCPA. The Bureau’s proposal would amend Regulation F to prescribe Federal rules governing the activities of debt collectors, as that term is defined in the FDCPA. The Bureau’s proposal would, among other things, address communications in connection with debt collection; interpret and apply prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection; and clarify requirements for certain consumer-facing debt collection disclosures. **Comments close August 19, 2019.**

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:
03.06.2019	Limited Exception for a Capped Amount of Reciprocal Deposits from Treatment as Brokered Deposits - The FDIC is amending its regulations that implement brokered deposits and interest rate restrictions to conform with recent changes to section 29 of the Federal Deposit Insurance Act made by section 202 of the Economic Growth, Regulatory Relief, and Consumer Protection Act related to reciprocal deposits, which took effect on May 24, 2018. The FDIC is also making conforming amendments to the FDIC's regulations governing deposit insurance assessments. This rule will be effective March 6, 2019.
04.01.2019	CFPB - Final Rule: Rules Concerning Prepaid Accounts Under the Electronic Fund Transfer Act (Regulation E) and the Truth in Lending Act (Regulation Z) - Summary: The Bureau of Consumer Financial Protection (Bureau) is amending Regulation E, which implements the Electronic Fund Transfer Act, and Regulation Z, which implements the Truth in Lending Act, and the official interpretations to those regulations. This rulemaking relates to a final rule published in the Federal Register on November 22, 2016, as amended on April 25, 2017, regarding prepaid accounts under Regulations E and Z. The Bureau is finalizing modifications to several aspects of that rule, including with respect to error resolution and limitations on liability for prepaid accounts where the financial institution has not successfully completed its consumer identification and verification process; application of the rule's credit-related provisions to digital wallets that are capable of storing funds; certain other clarifications and minor adjustments; technical corrections; and an extension of the overall effective date to April 1, 2019. The amendments in this final rule are effective on April 1, 2019. The effective date of the final rule published on November 22, 2016 (81 FR 83934), as delayed on April 25, 2017 (82 FR 18975), is further delayed from April 1, 2018 to April 1, 2019. The effective date of the final rule published on April 25, 2017 (82 FR 18975), is delayed from April 1, 2018 to April 1, 2019. The effective date for the addition of § 1005.19(b), published on November 22, 2016 (81 FR 83934), as confirmed on April 25, 2017 (82 FR 18975), is delayed from October 1, 2018 to April 1, 2019.
04.01.2019	Three-Year Regulatory Capital Phase in for New Current Expected Credit Losses (CECL) - 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 address changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL). The final rule provides banking organizations the option to phase in over a three-year period the day-one adverse effects on regulatory capital that may result from the adoption of the new accounting standard. In addition, the final rule revises the agencies' regulatory capital rule, stress testing rules, and regulatory disclosure requirements to reflect CECL, and makes conforming amendments to other regulations that reference credit loss allowances. The final rule is effective on April 1, 2019. Banking organizations may early adopt this final rule prior to that date. The final rule is effective on April 1, 2019. Banking organizations may early adopt this final rule prior to that date.
04.15.2019	Limited Exception for a Capped Amount of Reciprocal Deposits From Treatment as Brokered Deposits; Technical Amendment - The FDIC is making technical amendments to the preamble of a final rule published in the Federal Register on February 4, 2019. The final rule relates to a limited exception for a capped amount of reciprocal deposits from treatment as brokered deposits. As published, several industry participants raised concerns about the meaning of a sentence in the preamble of the final rule. To avoid potential confusion, the FDIC is amending the language, as explained below. The technical amendments are effective April 15, 2019.
04.17.2019	Disclosure of Financial and Other Information by FDIC-Insured State Nonmember Banks -The Federal Deposit Insurance Corporation (FDIC) is amending its regulations by rescinding and removing its regulations entitled Disclosure of Financial and Other Information By FDIC-Insured State Nonmember Banks. Upon the removal of the regulations, all insured state nonmember banks and insured state-licensed branches of foreign banks (collectively, "banks") would no longer be subject to the annual disclosure statement requirement set out in the existing regulations. The financial and other information that has been subject to disclosure by individual banks under the regulations is publicly available through the FDIC's website. This rule will be effective April 17, 2019.
07.01.2019	Loans in Areas Having Special Flood Hazards (Private Insurance) - The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) are amending their regulations regarding loans in areas having special flood hazards to implement the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters Act). Specifically, the final rule requires regulated lending institutions to accept policies that meet the statutory definition of "private flood insurance" in the Biggert-Waters Act; and permits regulated lending institutions to exercise their discretion to accept flood insurance policies issued by private insurers and plans providing flood coverage issued by mutual aid societies that do not meet the statutory definition of "private flood insurance," subject to certain restrictions. This rule will be effective July 1, 2019.

07.01.2019 Delay of Effective Date; Regulatory Capital Rule: Implementation and Transition of the Current Expected Credit Losses Methodology for Allowances and Related Adjustments to the Regulatory Capital Rule and Conforming Amendments to Other Regulations - On February 14, 2019, the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) (collectively, the agencies) published in the Federal Register a final rule to address changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL) (final rule). The final rule had an effective date of April 1, 2019, and provides that banking organizations may early adopt the final rule prior to that date. The agencies have determined that a delay of the effective date to July 1, 2019, is appropriate.

07.22.2019 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 final rules to amend the regulations implementing the Bank Holding Company Act's prohibitions and restrictions on proprietary trading and certain interests in, and relationships with, hedge funds and private equity funds (commonly known as the Volcker Rule) in a manner consistent with the statutory amendments made pursuant to certain sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The EGRRCPA amendments and the final rules exclude from these prohibitions and restrictions certain firms that have total consolidated assets equal to $10 billion or less and total trading assets and liabilities equal to five percent or less of total consolidated assets. The EGRRCPA amendments and the final rules also revise the restrictions applicable to the naming of a hedge fund or private equity fund to permit an investment adviser that is a banking entity to share a name with the fund under certain circumstances. These final rules are effective on July 22, 2019.

07.22.2019 Reduced Reporting for Covered Depository Institutions - The OCC, the Board, and the FDIC (collectively, the agencies) are issuing a final rule to implement section 205 of the Economic Growth, Regulatory Relief, and Consumer Protection Act by expanding the eligibility to file the agencies' most streamlined report of condition, the FFIEC 051 Call Report, to include certain insured depository institutions with less than $5 billion in total consolidated assets that meet other criteria, and establishing reduced reporting on the FFIEC 051 Call Report for the first and third reports of condition for a year. The OCC and Board also are finalizing similar reduced reporting for certain uninsured institutions that they supervise with less than $5 billion in total consolidated assets that otherwise meet the same criteria. This document also includes a Paperwork Reduction Act notice to further reduce the amount of data required to be reported on the FFIEC 051 Call Report for the first and third calendar quarters, and other related changes. The agencies are committed to exploring further burden reduction and are actively evaluating further revisions to the FFIEC 051 Call Report, consistent with guiding principles developed by the FFIEC. The agencies also are considering ways to simplify the Call Report forms and instructions. This rule is effective July 22, 2019.

08.19.2019 Payday, Vehicle Title, and Certain High-Cost Installment Loans - The Bureau of Consumer Financial Protection (Bureau or CFPB) is issuing this final rule establishing regulations creating consumer protections for certain consumer credit products and the official interpretations to the rule. First, the rule identifies it as an unfair and abusive practice for a lender to make covered short-term or longer-term balloon-payment loans, including payday and vehicle title loans, without reasonably determining that consumers have the ability to repay the loans according to their terms. The rule exempts certain loans from the underwriting criteria prescribed in the rule if they have specific consumer protections. Second, for the same set of loans along with certain other high-cost longer-term loans, the rule identifies it as an unfair and abusive practice to make attempts to withdraw payment from consumers' accounts after two consecutive payment attempts have failed, unless the consumer provides a new and specific authorization to do so. Finally, the rule prescribes notices to consumers before attempting to withdraw payments from their account, as well as processes and criteria for registration of information systems, for requirements to furnish and obtain information from them, and for compliance programs and record retention. The rule prohibits evasions and operates as a floor leaving State and local jurisdictions to adopt further regulatory measures (whether a usury limit or other protections) as appropriate to protect consumers. Effective Date: This regulation is effective January 16, 2018. Compliance Date: Sections 1041.2 through 1041.10, 1041.12, and 1041.13 have a compliance date of August 19, 2019. A federal court granted the Bureau of Consumer Financial Protection’s request to delay the effective date of its rule on small-dollar loans. The decision delays the August 2019 compliance date. On June 6, 2019 the bureau issued a Final Rule delaying the compliance date until November 19, 2020 and included correcting amendments.

08.21.2019 Joint Ownership Deposit Accounts - The FDIC is amending its deposit insurance regulations to update one of the requirements that must be satisfied for an account to be separately insured as a joint account. Specifically, the final rule provides an alternative method to satisfy the “signature card” requirement. Under the final rule, the signature card requirement may be satisfied by information contained in the deposit account records of the insured depository institution establishing co-ownership of the deposit account, such as evidence that the institution has issued a mechanism for accessing the account to each co-owner or evidence of usage of the deposit account by each co-owner. This rule is effective on August 21, 2019.

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.
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.

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