

Regulatory and Legislative Recap
July 2019

FINAL REGULATIONS/RULES

Effective Date	Regulation	Citation	Summary
10/01/2019	Recordkeeping for Timely Deposit Insurance Determination 12 CFR 370 (FDIC)	84 FR 37020	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.
10/22/2019	Real Estate Appraisals 12 CFR 722 (NCUA)	84 FR 35525	The NCUA Board (Board) is amending the agency's rule requiring real estate appraisals for certain transactions. The final rule accomplishes four objectives: Increasing the threshold below which appraisals are not required for commercial real estate transactions from \$250,000 to \$1,000,000; restructuring the rule to enhance clarity; exempting from the rule certain federally related transactions involving real estate in a rural area; and making conforming amendments to the definitions section.
10/22/2019	Fidelity Bonds 12 CFR 704 & 713 (NCUA)	84 FR 35517	The NCUA Board (Board) is finalizing a rule that amends its regulations regarding fidelity bonds for corporate credit unions and natural person credit unions. The rule strengthens a board of directors' oversight of a federally insured credit union's (FICU) fidelity bond coverage; ensures an adequate period to discover and file fidelity bond claims following a FICU's liquidation; codifies a 2017 NCUA Office of General Counsel legal opinion that permits a natural person credit union's fidelity bond to include coverage for certain credit union service organizations (CUSOs); and addresses Board approval of bond forms.
08/21/2019	Joint Ownership Deposit Accounts 12 CFR 330 (FDIC)	84 FR 35022	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.
07/22/2019	Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests In, and Relationships With, Hedge Funds and Private	84 FR 35008	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

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as “law related services” as defined by Rule 5.7 of the Rules of Professional Conduct (“RPC”) governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.

Regulatory and Legislative Recap
July 2019

	Equity Funds 12 CFR 44, 248, 351, 17 CFR 75, 255 (OCC, FRB, FDIC, CFTC, SEC)		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.
10/01/2019 04/01/2020	Regulatory Capital Rule: Simplifications to the Capital Rule Pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 12 CFR 3, 217, 324 (OCC, FRB, FDIC)	84 FR 35234	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.
09/03/2019 07/01/2020	Availability of Funds and Collection of Checks Regulation CC (CFPB)	84 FR 31687	The Rule adjusts the dollar amounts for inflation. The minimum dollar amount available for withdrawal by opening of business the next day will change from \$200 to \$225. The minimum amount of deposited funds for withdrawals by cash will change from \$400 to \$450. The amount of funds deposited by certain checks in a new account that are subject to next day availability will change from \$5,000 to \$5,525. The threshold for using an exception to the funds-availability schedules if the aggregate amount of checks on any one banking day exceed the threshold amount of \$5,000 will change to 5,525. The threshold for determining whether an account has been repeatedly overdrawn will change from \$5,000 to \$5,525. The amounts may be adjusted every 5 years.
07/31/2019	Removal of Transferred OTS Regulations	84 FR 31171	The Federal Deposit Insurance Corporation (FDIC) is adopting a final rule (final rule) to rescind and remove the "Lending and Investment" regulations because they are unnecessary, redundant, or

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as "law related services" as defined by Rule 5.7 of the Rules of Professional Conduct ("RPC") governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.

Regulatory and Legislative Recap
July 2019

	Regarding Lending and Investment; and Conforming Amendments to Other Regulation 12 CFR 365, 390 (FDIC)		duplicative of existing FDIC regulations; to amend certain sections of existing FDIC regulations governing real estate lending standards to make them applicable to all insured depository institutions for which the FDIC is the appropriate Federal banking agency; and to rescind and remove “Registration of Residential Mortgage Loan Originators” regulations because supervision and rulemaking authority in this area was transferred to the Consumer Financial Protection Bureau (Bureau) by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).
07/31/2019	Military Credit Monitoring (FTC)	84 FR 31180	The Federal Trade Commission (“FTC” or “Commission”) is publishing a final rule to implement the credit monitoring provisions applicable to active duty military consumers in section 302 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, which amends the Fair Credit Reporting Act (“FCRA”). That section requires nationwide consumer reporting agencies (“NCRAs”) to provide a free electronic credit monitoring service to active duty military consumers, subject to certain conditions. The final rule defines “electronic credit monitoring service,” “contact information,” “material additions or modifications to the file of a consumer,” and “appropriate proof of identity,” among other terms. It also contains requirements on how NCRAs must verify that an individual is an active duty military consumer. Further, the final rule contains restrictions on the use of personal information and on communications surrounding enrollment in the electronic credit monitoring service.

COMPLIANCE SERVICES GROUP

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as “law related services” as defined by Rule 5.7 of the Rules of Professional Conduct (“RPC”) governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.

Regulatory and Legislative Recap
July 2019

PROPOSED REGULATIONS

Comments Due	Regulation	Citation	Summary
09/16/2019	Qualified Mortgage Definition TILA (CFPB)	84 FR 37155	With certain exceptions, Regulation Z requires creditors to make a reasonable, good faith determination of a consumer's ability to repay any residential mortgage loan, and loans that meet Regulation Z's requirements for "qualified mortgages" obtain certain protections from liability. One category of qualified mortgages (QMs) is loans that are eligible for purchase or guarantee by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). Under Regulation Z, this category of QMs (Temporary GSE QM loans) is scheduled to expire no later than January 10, 2021. The Bureau currently plans to allow the Temporary GSE QM loan category to expire in January 2021 or after a short extension, if necessary, to facilitate a smooth and orderly transition away from the Temporary GSE QM loan category. The Bureau is considering whether to propose revisions to Regulation Z's general qualified mortgage definition in light of that planned expiration and is issuing this ANPR to request information about possible revisions.
08/22/2019	Regulatory Capital Rules: Treatment of Land Development Loans for the Definition of High Volatility Commercial Real Estate Exposure 12 CFR 3, 217, 324 (OCC, FRB, FDIC)	84 FR 35344	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).
10/15/2019	Home Mortgage Disclosure Data Points and Coverage; Extension of Comment Period Regulation C (CFPB)	84 FR 31746	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.

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as "law related services" as defined by Rule 5.7 of the Rules of Professional Conduct ("RPC") governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.

Regulatory and Legislative Recap
July 2019

09/27/2019	Exceptions to Employment Restrictions Under Section 205(d) of the FCUA (“Second Chance IRPS”) (NCUA)	84 FR 36488	The NCUA Board (Board) is issuing for public comment a proposal to update and revise its Interpretive Ruling and Policy Statement (IRPS) regarding statutory prohibitions imposed by Section 205(d) of the Federal Credit Union Act (FCU Act). Section 205(d) prohibits, except with the prior written consent of the Board, any person who has been convicted of any criminal offense involving dishonesty or breach of trust, or who has entered into a pretrial diversion or similar program in connection with a prosecution for such offense, from participating in the affairs of an insured credit union. Based on its experience with IRPS 08-1 since its issuance in 2008, the Board is proposing to rescind current IRPS 08-1 and to issue a revised and updated IRPS to reduce regulatory burden. The Board is proposing to amend and expand the current de minimis exception to reduce the scope and number of offenses that would require an application to the Board. Specifically, the proposed IRPS would not require an application for insufficient funds checks of aggregate moderate value, small dollar simple theft, false identification, simple drug possession, and isolated minor offenses committed by covered persons as young adults.
------------	--	-----------------------------	--

July 1, 2019 – [Private Flood Insurance](#)
February 1, 2020 (permissible 07/01/2019) Uniform Residential Loan Application

RESOURCES/GUIDANCE

Guidance	Summary
Liquidity and Interest Rate Risk Webinar	The NCUA is providing a free Liquidity and Interest-Rate Risk Management webinar on Wednesday, August 14, at 11:00 PST. Topics will include: Interest-rate risk supervision; Management’s ability to meet current and prospective liquidity needs; Regulatory requirements for liquidity and contingency funding plans; and How different credit union business models require customized approaches towards achieving financial objectives while effectively managing risk. Registration is required.
Synthetic Identity Fraud in the U.S. Payment System & Manufacturing and Construction Top Targets for Business Email Compromise	The Federal Reserve and FinCEN both recently issued reports addressing trends in technology-assisted financial fraud. The reports seek to engage the financial services industry in partnering more closely to reduce associated losses. The Federal Reserve’s report is Synthetic Identity Fraud in the U.S. Payment System, and FinCEN’s report is Manufacturing and Construction Top Targets for Business Email Compromise. Both reports reflect how technology-driven fraud and identity theft schemes can target financial institutions, businesses and consumers alike, thereby impacting AML and related anti-fraud programs of the financial institutions implicated by such schemes.
Federal Bank Regulatory Agencies and FinCEN Improve Transparency of Risk-Focused BSA/AML	FinCEN issued a joint statement, with the FRB, FDIC, NCUA, and OCC, 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

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as “law related services” as defined by Rule 5.7 of the Rules of Professional Conduct (“RPC”) governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.

Regulatory and Legislative Recap
July 2019

Supervision	<p>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.</p>
TILA-RESPA Integrated Disclosure FAQs	<p>The CFPB has published a series of frequently asked questions on the TILA-RESPA Integrated Disclosure Rule. The FAQs address closing disclosures and the three-business day waiting period, model forms, construction loans and providing loan estimates to customers.</p>
Reporting of Suspected Elder Financial Exploitation by Financial Institutions (CFPB)	<p>In this updated advisory from the original advisory in 2016, the CFPB urges financial institutions 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.</p>
Business Email Compromise Scams Fin-2019-A005 (FinCEN)	<p>The advisory offers updated operational definitions, provides information on the targeting of non-business entities and data by email compromise schemes, highlights general trends in BEC schemes targeting sectors and jurisdictions, and alerts financial institutions to risks associated with the targeting of vulnerable business processes. The advisory also highlights the potential for financial institutions to share information about subjects and accounts affiliated with email compromise schemes in the interest of identifying risks of fraudulent transactions and money laundering.</p>
Jurisdictions with AML Deficiencies FIN-2019-A004 (FinCEN)	<p>The Financial Crimes Enforcement Network (FinCEN) has issued an advisory to financial institutions regarding the Financial Action Task Force’s (FATF) updated list of jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies and relevant actions by the U.S. Government. These changes may affect U.S. financial institutions’ obligations and risk-based approaches regarding relevant jurisdictions. The advisory also reminds financial institutions of the status and obligations involving these jurisdictions.</p>
Payday, Vehicle Title, and High-Cost Installment Lending Rule: Payment Related Requirements Small Entity Compliance Guide (CFPB)	<p>The CFPB updated the small entity compliance guide for its 2017 final rule governing short-term, small-dollar loans. The updated guide reflects the recent finalization of a delay in the compliance date for the mandatory underwriting provisions in the 2017 rule.</p>

No Legal Advice Intended

The information contained is provided as a service to our clients and visitors. The contents of this Recap may convey information that can be characterized as “law related services” as defined by Rule 5.7 of the Rules of Professional Conduct (“RPC”) governing lawyers, but should not be construed as, and is not intended to be legal services, legal advice, or forming a client-lawyer relationship. Since CSG is not engaged in the practice of law, neither our services nor our relationship will be governed by the RPCs governing lawyers including, but not limited to, specific RPC rules applicable to privileged communications and prohibitions of conflicts of interest.