

Regulatory and Legislative Recap  
May 2021

Sometimes life can come at you fast, especially when you are trying to keep up with all the regulatory changes that happen. To help, we have started publishing Weekly Rewinds. They contain the same information as our Monthly Recaps, plus news from regulatory agencies, new and proposed regulations, violations, and other information that may be helpful to your institution. Look for the Weekly Rewinds every Friday afternoon. Previous editions are available on our [Resources](#) page.



## COMPLIANCE SERVICES GROUP

Compliance Services Group, LLC is focused on meeting your financial services compliance needs at a value proposition. We can help you implement and maintain a high-quality compliance management program for less than it costs to maintain internal expertise. We also offer compliance audit services on an independent basis for board audit and supervisory committees or on behalf of the management team. We invite you to explore our service options by visiting our [website](#) to examine what we can do for the benefit of your institution.

Our team of auditing and consulting professionals, with decades of auditing, consulting, and financial institution experience, serves over 175 financial institutions throughout the nation.

If you have any question, please [contact us](#).

**No Legal Advice Intended**

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## FINAL REGULATIONS/RULES

Effective Date	Regulation	Citation	Summary
06/25/2021	Derivatives (NCUA)	<a href="#">86 FR 28241</a>	The NCUA is amending the NCUA's Derivatives rule. The NCUA issued a proposed Derivatives rule at its October 2020 meeting. This final rule will modernize the NCUA's Derivatives rule and make it more principles-based, while retaining key safety and soundness components. The changes contained herein will provide more flexibility for federal credit unions to manage Interest Rate Risk through the use of Derivatives.
05/26/2021	Collective Investment Funds: Prior Notice Period for Withdrawals (OCC)	<a href="#">86 FR 28238</a>	The OCC is adopting as final, with one minor change, the interim final rule published on August 13, 2020, that codifies and creates an exception to the standard withdrawal period for a bank administering a collective investment fund invested primarily in real estate or other assets that are not readily marketable (a covered CIF). Pursuant to the interim final rule, a bank administering a covered CIF may request OCC approval to extend the standard withdrawal period under limited circumstances and if certain conditions are met.

## PROPOSED REGULATIONS

Comments Due	Regulation	Citation	Summary
07/09/2021	False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC's Name or Logo (FDIC)	86 FR 24770	See <a href="https://conta.cc/3a4uEmy">https://conta.cc/3a4uEmy</a>
07/06/2021	Exchange of Coin (U.S. Treasury)	<a href="#">86 FR 23877</a>	The United States Mint proposes to revise its regulations relating to the exchange of uncurrent, bent, partial, fused, and mixed coins. The proposed revisions will enhance the integrity of the redemption process for bent and partial United States coins and prevent fraud.
07/12/2021	Debit Card Interchange Fees and Routing (FRB)	<a href="#">86 FR 26189</a>	The FRB is seeking comments on a proposal to amend Regulation II to clarify the requirement that each debit card transaction must be able to be processed on at least two unaffiliated payment card networks. This applies to card-not-present transactions and clarifies the requirements that Regulation II imposes on debit card issuers to ensure that at least two unaffiliated payment card networks have been enabled for debit card transactions. It also standardizes and clarifies the use

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			of certain terminology.
07/01/2021	Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence, Including Machine Learning (CFPB, FDIC, NCUA, OCC)	<a href="#">86 FR 27960</a>	On March 31, 2021, the Board, Bureau, FDIC, NCUA, and OCC (together, the agencies) published a document entitled "Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence, including Machine Learning" (RFI) and invited comments on financial institutions' use of artificial intelligence (AI), including machine learning (ML). In response to concerns raised by commenters that the current comment deadline may not provide sufficient time to analyze and respond to the RFI due to the complex technical nature and significance of the topic, the agencies have determined that an extension of the comment period until July 1, 2021, is appropriate.
07/09/2021	Tax Allocation Agreements (OCC, FRS, FDIC)	<a href="#">86 FR 24755</a>	The agencies are inviting comment on a proposed rule under section 39 of the Federal Deposit Insurance Act that would establish requirements for tax allocation agreements between institutions and their holding companies in a consolidated tax filing group. The proposal would promote safety and soundness by preserving depository institutions' ownership rights in tax refunds and ensuring equitable allocation of tax liabilities among entities in a holding company structure. Under the proposal, national banks, state banks, and savings associations that file tax returns as part of a consolidated tax filing group would be required to enter into tax allocation agreements with their holding companies and other members of the consolidated group that join in the filing of a consolidated group tax return. The proposal also would describe specific mandatory provisions in these tax allocation agreements, including provisions addressing the ownership of tax refunds received.

## RESOURCES/GUIDANCE

Guidance	Summary
HMDA Quarterly Reporting (FRS)	The Federal Reserve System released <a href="#">CA 21-8</a> directing institutions to restart HMDA quarterly reporting, for those institutions required to (>60,000 covered loans and applications) report quarterly.
<a href="#">Office of Servicemember Affairs Annual Report</a> (CFPB)	This annual report from the Office of Servicemember Affairs highlights the activities of the office as well as complaints and emerging issues facing the military community in the financial marketplace.
<a href="#">Complaint Bulletin: Mortgage forbearance issues described in consumer complaints</a>	The CFPB's Office of Consumer Response hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints. This Complaint Bulletin analyzes mortgage forbearance issues described in consumer complaints.

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(CFPB)	
<a href="#">2019 Interchange Fee Revenue, Covered Issuer Costs, and Covered Issuer and Merchant Fraud Losses Related to Debit Card Transactions</a> (FRS)	The Board published a report on debit card transactions in 2019, including information on volume and value, interchange fee revenue, certain issuer costs, and fraud losses. Key highlights include card usage; interchange fees, network fees, and incentives; fraud; and issuer costs.
<a href="#">TILA-RESPA Integrated Disclosure FAQs</a> (CFPB)	The CFPB issued additional TRID Rule Frequently Asked Questions addressing housing assistance loans, and how the BUILD Act impacts the TRID Rule requirements.
<a href="#">2021 Risk Review</a> (FDIC)	The report summarizes conditions in the U.S. economy, financial markets, and banking sector, and presents key credit and market risks to banks. It focuses on the effects of these risks for community banks in particular, as the FDIC is the primary federal regulator for the majority of community banks in the U.S. banking system.
<a href="#">Quarterly Report on Household Debt and Credit</a> (FRS)	Total household debt rose by \$85 billion (0.6 percent) to reach \$14.64 trillion in the first quarter of 2021. Mortgage balances—the largest component of household debt—rose by \$117 billion, while auto and student loan balances increased by \$8 billion and \$29 billion, respectively. Credit card balances declined by \$49 billion—the second largest quarterly decline in the history of the series (which dates back to 1999)
<a href="#">Letters to Credit Unions 21-CU-03</a> (NCUA)	The NCUA released the Letter to Credit Unions (21-CU-03) encouraging all federal credit unions to transition away from using the U.S. dollar LIBOR settings as soon as possible, but no later than December 31, 2021. The Letter to Credit Unions includes <a href="#">Supervisory Letter 21-01, Evaluating LIBOR Transition Plans</a> , which provides guidance to examiners on the discontinuance of the LIBOR. Examiners will use this as a basis to assess a credit union's preparations in transitioning away from LIBOR to an alternative reference rate or rates.
<a href="#">Regulatory Alert 21-RA-06</a> (NCUA)	The CFPB Delayed the mandatory compliance date of General Qualified Mortgage (QM) Final Rule Under Truth in Lending Act - This final rule extends the compliance date for two categories of QMs. General QMs: Extends the mandatory compliance date of General QM loans from July 1, 2021, to October 1, 2022, to preserve flexibility for consumers, particularly those affected by the COVID-19 pandemic. The final rule does not make other changes to the General QM loan definition. Temporary GSE QMs: Extends the termination date of new GSE QMs to October 1, 2022, or when the applicable GSE exits federal conservatorship, if occurring earlier. The provision that created this loan category is commonly known as the GSE Patch.

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**Oregon State Legislature: As of May 31, 2021**

<a href="#">Senate Bill 209</a> - Allows owner of interest held in financial institution or holder of traveler's check or money order to demonstrate lack of abandonment by electronic communication or other records by institution or issuer.	
House Standing: <b>Passed House</b>	Senate Standing: <b>Passed Senate</b>
<a href="#">Senate Bill 210</a> - Provides that certain banking institutions may pay dividend in amount greater than previous statutory maximum amount if such payment is approved by Director of Department of Consumer and Business Services.	
House Standing: <b>Passed House</b>	Senate Standing: <b>Passed Senate</b>
<a href="#">Senate Bill 339</a> - Establishes Bank of the State of Oregon. Specifies purposes of bank. Establishes Bank of the State of Oregon Board to operate and manage bank. Creates advisory board of directors to advise bank board and management on operation of bank.	
House Standing:	Senate Standing: In Senate Committee
<a href="#">House Bill 2268</a> - Exempts interest received on financial institution loans made to small business concerns from commercial activity subject to corporate activity tax.	
House Standing: In House Committee	Senate Standing:
<a href="#">House Bill 2356</a> - Prohibits certain financial institutions from charging fee to customer for cashing check drawn on account at financial institution, if check is presented in Oregon.	
House Standing: In House Committee	Senate Standing:
<a href="#">House Bill 2563</a> - Creates program through which certain lenders may receive award moneys to fund accounts out of which lenders may reimburse themselves for losses on certain loans to business owners and entrepreneurs who currently lack access to capital	
House Standing: In House Committee	Senate Standing:

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