

RKL Regulatory Compliance Report for Financial Institutions

March 2018



RKL's quarterly compliance report identifies proposed and finalized, federally issued consumer compliance/regulatory items.

JANUARY – FINAL ISSUANCES

Topic	Civil Penalty Inflation Adjustments
Date	January 12, 2018
Description	The CFPB made inflation adjustments to the maximum amount of each civil penalty within the Bureau's jurisdiction.
Links / Additional Details	https://www.federalregister.gov/documents/2018/01/12/2018-00399/civil-penalty-inflation-adjustments

Topic	CFPB Extends Overall Effective Date of Prepaid Rule
Date	January 25, 2018
Description	<p>The CFPB is making amendments to Regulations E and Z, regarding prepaid accounts. 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.</p> <p>The Bureau also released an unofficial redline to assist industry and other stakeholders in reviewing the changes that this final rule.</p>
Links / Additional Details	<p>Effective Date: April 1, 2019</p> <p>Rule: https://www.federalregister.gov/documents/2018/02/13/2018-01305/rules-concerning-prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth</p> <p>Redline: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_prepaid_unofficial-redline_2018-amendments.pdf</p>

Topic	FinCEN Updates the SAR and Filing Format
Date	January 28, 2018
Description	FinCEN's updated Suspicious Activity Report (SAR) will become available on the BSA E-Filing System in June 2018. Batch filers will be required to submit the updated FinCEN SAR data in an XML-based file, rather than the current ASCII based fixed-length delimited file. FinCEN provided the guide and file downloads in the its notice. The SAR Form has been modified to include additional fields and categories.
Links / Additional Details	Effective: June 2018 https://bsaefiling.fincen.treas.gov/docs/SARXMLAnnouncement_Jan2018.pdf

JANUARY – PROPOSED ISSUANCES

Topic	FRB Proposes Guidance on Supervision of Large Banks
Date	January 4, 2018
Description	<p>The Federal Reserve Board requested comment on proposed guidance that would clarify the Board's supervisory expectations related to risk management for large financial institutions. The guidance is part of a broader initiative to develop a new rating system for large financial institutions that will align with the post-crisis supervisory program.</p> <p>The proposed guidance identifies core principles for effective senior management, who are directly accountable to the firm's board of directors for the day-to-day management of the firm. The core principles include ensuring that the firm manages its risk in a way that is prudent and consistent with its business strategy and risk management capabilities.</p> <p>The proposed guidance also identifies core principles for a firm's business line management and independent risk management. Business line management is responsible for the day-to-day management of specific business lines, such as residential mortgage operations. Independent risk management is responsible for conducting ongoing objective and critical assessments of a firm's risks using personnel independent of the firm's business line managers.</p> <p>The proposed guidance would apply to large financial institutions, including: domestic bank holding companies and savings and loan holding companies with \$50 billion or more in total consolidated assets; foreign banks operating in the United States with \$50 billion or more in combined U.S. assets; and nonbank financial companies designated by the Financial Stability Oversight Council for supervision by the Board.</p>
Links / Additional Details	https://www.gpo.gov/fdsys/pkg/FR-2018-01-11/pdf/2018-00294.pdf

MARCH – FINAL ISSUANCES

Topic	CFPB Amends Servicing Rule Relating to Periodic Statements
Date	March 8, 2018
Description	The CFPB issued a rule amending certain aspects of the mortgage servicing rule issued in 2016 relating to periodic statements. These amendments revise the timing requirements for servicers transitioning between modified or unmodified periodic statements and coupon books when consumers enter or exit bankruptcy.
Links / Additional Details	https://www.federalregister.gov/documents/2018/03/12/2018-04823/mortgage-servicing-rules-under-the-truth-in-lending-act-regulation-z

MARCH – PROPOSED ISSUANCES

Topic	FRB Proposes Amendments to Reg J to Conform More Closely with Reg CC
Date	March 6, 2018
Description	<p>The proposed amendments are intended to align the rights and obligations of parties, including the Federal Reserve Banks, with the Board's 2017 amendments to Regulation CC, which reflected the evolution of the nation's check collection system from one that is largely paper-based to one that is virtually all electronic. The proposed amendments would clarify and simplify provisions of Regulation J, remove obsolete provisions and improve consistency between Regulation J and Regulation CC. The proposed amendments would also clarify that electronically created items (check-like items created in electronic form that never existed in paper form) are not "items" that the Reserve Banks are authorized to handle under Regulation J.</p> <p>The Board has also proposed amending Regulation J to clarify that financial messaging standards for Fedwire funds transfers, such as the international common format standard ISO 20022, do not confer or connote legal status or responsibilities with respect to Fedwire funds transfers.</p>
Links / Additional Details	<p>Comments Close: May 14, 2018</p> <p>https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180306a1.pdf</p>

COMPLIANCE CALENDAR

Effective Date	Implementing Rule / Regulation	Links to Information
January 1, 2018	Regulation C - HMDA	Rule: https://www.federalregister.gov/documents/2015/10/28/2015-26607/home-mortgage-disclosure-regulation-c Compliance Guide: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_hmda_small-entity-compliance-guide.pdf
April 9, 2018	Real Estate Appraisals	Joint Issuance: https://www.occ.treas.gov/news-issuances/federal-register/83fr15019.pdf
April 19, 2018	Regulations X and Z – Successors in Interest	Rule: https://www.federalregister.gov/documents/2018/03/12/2018-04823/mortgage-servicing-rules-under-the-truth-in-lending-act-regulation-z Rule: https://www.federalregister.gov/documents/2017/10/16/2017-21912/mortgage-servicing-rules-under-the-real-estate-settlement-procedures-act-regulation-x Compliance Guide: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_mortserv_guide_v3.1.pdf
April 19, 2018	Regulations X and Z – Bankruptcy Periodic Statements	Rule: https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing_final-rule_2018-amendments.pdf Compliance Guide: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_mortserv_guide_v3.1.pdf
May 11, 2018	FinCEN – Customer Due Diligence/Beneficial Ownership Rule	Rule: https://www.federalregister.gov/documents/2016/05/11/2016-10567/customer-due-diligence-requirements-for-financial-institutions FAQ's: https://www.fincen.gov/sites/default/files/2018-04/FinCEN_Guidance_CDD_FAQ_FINAL_508_2.pdf

June 1, 2018	FinCEN - Updates to SAR	Issuance: https://bsaefiling.fincen.treas.gov/docs/SARXMLAnnouncement_Jan2018.pdf
July 1, 2018	Regulation CC – Expedited Funds Availability	Rule: https://www.federalregister.gov/documents/2017/06/15/2017-11379/availability-of-funds-and-collection-of-checks
October 1, 2018	Amendments to Regulations X and Z - TRID	Rule: https://www.federalregister.gov/documents/2017/08/11/2017-15764/amendments-to-federal-mortgage-disclosure-requirements-under-the-truth-in-lending-act-regulation-z Compliance Guide: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_KBYO-Small-Entity-Compliance-Guide_v5.pdf
April 1, 2019	Regulation Z – Prepaid Rule	Rule: https://www.federalregister.gov/documents/2016/11/22/2016-24503/prepaid-accounts-under-the-electronic-fund-transfer-act-regulation-e-and-the-truth-in-lending-act Compliance Guide: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_prepaid_small-entity-compliance-guide.pdf
August 19, 2019	Payday Lending Rule	Rule: https://www.federalregister.gov/documents/2017/11/17/2017-21808/payday-vehicle-title-and-certain-high-cost-installment-loans Executive Summary: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_executive-summary_payday-loans-rule.pdf

Disclaimer: By issuing this report, RKL LLP is not providing legal or compliance advice on any specific regulation, or any corresponding legislation that affects financial institutions. We offer this information solely to provide industry insight and encourage financial institutions to internally review related compliance topics. If compliance advice is required, please [contact us](#) to discuss your specific needs. If legal advice is required, please contact your internal legal resource to determine how these proposed and/or finalized regulatory changes may affect your institution