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# RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

January 2024

## Financial Innovation: Loan Participations, Eligible Obligations, and Notes of Liquidating Credit Unions

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September 29, 2023

- The NCUA Board (Board) is amending the NCUA's regulations regarding the purchase of loan participations and the purchase, sale and pledge of eligible obligations and other loans (including notes of liquidating credit unions). The final rule clarifies the NCUA's current regulations and provides additional flexibility for federally insured credit unions (FICUs) to make use of advanced technologies and opportunities offered by the financial technology (fintech) sector. The final rule also amends the NCUA's rule regarding loans to members and lines of credit to members by adding new provisions about indirect lending arrangements and indirect leasing arrangements. Finally, the final rule makes certain conforming changes and technical amendments to the NCUA's regulations. The Board does not view the conforming changes and technical amendments as substantive.
- This final rule is effective October 30, 2023.

### [Additional Information](#)

## Reserve Requirements of Depository Institutions

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November 29, 2023

- The Board is amending Regulation D, Reserve Requirements of Depository Institutions, to reflect the annual indexing of the reserve requirement exemption amount and the low reserve tranche for 2024. The annual indexation of these amounts is required notwithstanding the Board's action in March 2020 of setting all reserve requirement ratios to zero. The reserve requirement exemption amount for 2023 will remain \$36.1 million, unchanged for 2024, consistent with the Federal Reserve Act (the "Act"). The Board is amending Regulation D to set the amount of the low reserve tranche at \$644.0 million (decreased from \$691.7 million in 2023). The adjustment to the low reserve tranche is derived using a statutory formula specified in the Act. The annual indexation of the reserve requirement exemption amount and low reserve tranche is required by statute but will not affect depository institutions' reserve requirements, which will remain zero.
- This rule is effective December 29, 2023.

### [Additional Information](#)

## **Beneficial Ownership Information Reporting Deadline Extension for Reporting Companies Created or Registered in 2024**

November 30, 2023

- FinCEN is amending the beneficial ownership information (BOI) reporting rule (the “Reporting Rule”) to extend the filing deadline for certain BOI reports. Under the Reporting Rule prior to this amendment, entities created or registered on or after the rule's effective date of January 1, 2024, had to file initial BOI reports with FinCEN within 30 calendar days of notice of their creation or registration. This amendment extends that filing deadline from 30 calendar days to 90 calendar days for entities created or registered on or after January 1, 2024, and before January 1, 2025, to give those entities additional time to understand the new reporting obligation and collect the necessary information to complete their filings. Entities created or registered on or after January 1, 2025, will continue to have 30 calendar days to file their BOI reports with FinCEN.
- This rule is effective January 1, 2024.

### **[Additional Information](#)**

## Community Reinvestment Act Regulations Asset-Size Thresholds

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December 20, 2023

- The Board and the FDIC (collectively, the Agencies) are amending their Community Reinvestment Act (CRA) regulations to adjust the asset-size thresholds used to define “small bank” and “intermediate small bank.” As required by the CRA regulations, the adjustment to the threshold amount is based on the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W).
- This rule is effective January 1, 2024.

### [Additional Information](#)

## Truth in Lending Act (Regulation Z) Adjustment to Asset-Size Exemption Threshold

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December 21, 2023

- The Consumer Financial Protection Bureau (CFPB) is amending the official commentary to its Regulation Z in order to make annual adjustments to the asset-size thresholds exempting certain creditors from the requirement to establish an escrow account for a higher-priced mortgage loan (HPML). These changes reflect updates to the exemption from the escrow requirement in the Truth in Lending Act (TILA) for creditors that, together with their affiliates that regularly extended covered transactions secured by first liens, had total assets of less than \$2 billion (adjusted annually for inflation). They also reflect updates to the exemption the CFPB added, by implementing section 108 of the Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA), for certain insured depository institutions and insured credit unions with assets of \$10 billion or less (adjusted annually for inflation). These amendments are based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W). Based on the 4.1 percent increase in the average of the CPI–W for the 12-month period ending in November 2023, the exemption threshold for creditors and their affiliates that regularly extended covered transactions secured by first liens is adjusted to \$2.640 billion from \$2.537 billion, and the exemption threshold for certain insured depository institutions and insured credit unions with assets of \$10 billion or less is adjusted to \$11.835 billion from \$11.374 billion.
- This rule is effective January 1, 2024.

### [Additional Information](#)

## Home Mortgage Disclosure (Regulation C) Adjustment to Asset-Size Exemption Threshold

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December 21, 2023

- The Consumer Financial Protection Bureau (CFPB) is amending the official commentary that interprets the requirements of the CFPB's Regulation C (Home Mortgage Disclosure) to reflect the asset-size exemption threshold for banks, savings associations and credit unions based on the annual percentage change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Based on the 4.1 percent increase in the average of the CPI-W for the 12-month period ending in November 2023, the exemption threshold is adjusted to \$56 million from \$54 million. Therefore, banks, savings associations and credit unions with assets of \$56 million or less as of December 31, 2023, are exempt from collecting data in 2024.
- This rule is effective January 1, 2024.

### [Additional Information](#)

## Beneficial Ownership Information Access and Safeguards

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December 22, 2023

- FinCEN is promulgating regulations regarding access by authorized recipients to beneficial ownership information (BOI) that will be reported to FinCEN pursuant to section 6403 of the Corporate Transparency Act (CTA), enacted into law as part of the Anti-Money Laundering Act of 2020 (AML Act), which is itself part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA). The regulations implement the strict protocols required by the CTA to protect sensitive personally identifiable information (PII) reported to FinCEN and establish the circumstances in which specified recipients have access to BOI, along with data protection protocols and oversight mechanisms applicable to each recipient category. The disclosure of BOI to authorized recipients in accordance with appropriate protocols and oversight will help law enforcement and national security agencies prevent and combat money laundering, terrorist financing, tax fraud and other illicit activity, as well as protect national security.
- This rule is effective February 20, 2024.

### [Additional Information](#)



## Rules of Practice and Procedure

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December 28, 2023

- The Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) (collectively, the Agencies) are adopting final changes to the Uniform Rules of Practice and Procedure (Uniform Rules) to recognize the use of electronic communications in all aspects of administrative hearings and to otherwise increase the efficiency and fairness of administrative adjudications. The OCC, Board and FDIC are also modifying their agency-specific rules of administrative practice and procedure (Local Rules). The OCC is also integrating its Uniform Rules and Local Rules so that one set of rules applies to both national banks and Federal savings associations and amending its rules on organization and functions to address service of process.
- This rule is effective April 1, 2024.

### [Additional Information](#)

## Proposal of Special Measure Regarding Convertible Virtual Currency Mixing, as a Class of Transactions of Primary Money Laundering Concern

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June 9, 2023

- The Board, FDIC and OCC (collectively, the agencies) are issuing final guidance on managing risks associated with third-party relationships. The final guidance offers the agencies' views on sound risk management principles for banking organizations when developing and implementing risk management practices for all stages in the life cycle of third-party relationships. The final guidance states that sound third-party risk management takes into account the level of risk, complexity and size of the banking organization and the nature of the third-party relationship. The agencies are issuing this joint guidance to promote consistency in supervisory approaches; it replaces each agency's existing general guidance on this topic and is directed to all banking organizations supervised by the agencies.
- This guidance is final as of June 6, 2023.

### [Additional Information](#)

## Announcement of Financial Sector Liabilities

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June 12, 2023

- The Board's Regulation XX prohibits a merger or acquisition that would result in a financial company that controls more than 10 percent of the aggregate consolidated liabilities of all financial companies (“aggregate financial sector liabilities”). Specifically, an insured depository institution, a bank holding company, a savings and loan holding company, a foreign banking organization, any other company that controls an insured depository institution, and a nonbank financial company designated by the Financial Stability Oversight Council (each, a “financial company”) is prohibited from merging or consolidating with, acquiring all or substantially all of the assets of, or acquiring control of, another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate financial sector liabilities.
- Under Regulation XX, the Federal Reserve will publish the aggregate financial sector liabilities by July 1 of each year. Aggregate financial sector liabilities are equal to the average of the year-end financial sector liabilities figure (as of December 31) of each of the preceding two calendar years.

### [Additional Information](#)

## Fair Lending Report of the Consumer Financial Protection Bureau, June 2023

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July 6, 2023

- The Consumer Financial Protection Bureau (CFPB) is issuing its eleventh Fair Lending Report of the Consumer Financial Protection Bureau (Fair Lending Report) to Congress. The CFPB is committed to ensuring fair, equitable and nondiscriminatory access to credit for both individuals and communities. This report describes our fair lending activities in supervision and enforcement, guidance and rulemaking, interagency coordination, and outreach and education for calendar year 2022.
- The CFPB released the 2022 Fair Lending Report on its website on June 28, 2023.

[Additional Information](#)

## Policy Statement on Prudent Commercial Real Estate Loan Accommodations and Workouts

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July 6, 2023

- The Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) (the agencies), in consultation with state bank and credit union regulators, are issuing a final policy statement for prudent commercial real estate loan accommodations and workouts. The statement is relevant to all financial institutions supervised by the agencies. This updated policy statement builds on existing supervisory guidance calling for financial institutions to work prudently and constructively with creditworthy borrowers during times of financial stress, updates existing interagency supervisory guidance on commercial real estate loan workouts and adds a section on short-term loan accommodations. The updated statement also addresses relevant accounting standard changes on estimating loan losses and provides updated examples of classifying and accounting for loans modified or affected by loan accommodations or loan workout activity.
- The final policy statement was available on July 6, 2023.

### [Additional Information](#)

## CFPB and Justice Department Issue Joint Statement Cautioning that Financial Institutions May Not Use Immigration Status to Illegally Discriminate Against Credit Applicants

October 12, 2023

- The Consumer Financial Protection Bureau (CFPB) and Justice Department today issued a joint statement that reminds financial institutions that all credit applicants are protected from discrimination on the basis of their national origin, race and other characteristics covered by the Equal Credit Opportunity Act, regardless of their immigration status. The CFPB and Justice Department are issuing this statement because consumers have reported being rejected for credit cards as well as for auto, student, personal and equipment loans because of their immigration status, even when they have strong credit histories and ties to the United States and are otherwise qualified to receive the loans.
- “Fair access to credit is crucially important for building wealth and strengthening household financial stability,” said CFPB Director Rohit Chopra. “The CFPB will not allow companies to use immigration status as an excuse for illegal discrimination.”
- The joint statement explains that while the Equal Credit Opportunity Act allows creditors to consider immigration status when necessary to ascertain the creditor’s rights regarding repayment, unnecessary or overbroad reliance on immigration status may violate the Act’s prohibition of discrimination on the basis of national origin, race or another prohibited basis. The joint statement also confirms that neither the Equal Credit Opportunity Act nor its regulations provide companies a safe harbor with respect to other laws barring discrimination on the basis of immigration status.

[Additional Information](#)

## Proposal of Special Measure Regarding Convertible Virtual Currency Mixing, as a Class of Transactions of Primary Money Laundering Concern

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October 23, 2023

- FinCEN is issuing a notice of proposed rulemaking (NPRM), pursuant to section 311 of the USA PATRIOT Act, that proposes requiring domestic financial institutions and domestic financial agencies to implement certain recordkeeping and reporting requirements relating to transactions involving convertible virtual currency (CVC) mixing.
- Written comments on the notice of proposed rulemaking must be submitted on or before January 22, 2024.

[Additional Information](#)

## Texas Court Issues Stay for the CFPB 1071 Rule

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October 26, 2023

- After seven months of pushback and more than two months after filing an emergency motion, credit union leaders have received some regulatory and compliance breathing room in the form of a court-ordered nationwide stay of the CFPB's controversial 1071 rule.
- The 1071 rule, which was finalized in March, requires financial institutions to collect and report specific data on applications for credit for small businesses. Financial organizations have argued the rule is an unnecessary regulatory burden, especially for smaller institutions like credit unions.
- CUNA President/CEO Jim Nussle said, "Today's decision levels the playing field when it comes to implementing the CFPB's rule, which is very important for credit unions facing large compliance costs due to this rule, while also working to serve members. The burdensome requirements of this rule — combined with the significant questions about the constitutionality of the CFPB's funding — created too much uncertainty in the marketplace, especially when credit union products and services are needed by members and businesses more than ever. Thank you to the Cornerstone League and Rally Credit Union for joining us in this victory for all credit unions that lend to small businesses."

### [Additional Information](#)



## Principles for Climate-Related Financial Risk Management for Large Financial Institutions

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October 30, 2023

- The OCC, Board and FDIC (together, the agencies) are jointly issuing principles that provide a high-level framework for the safe and sound management of exposures to climate-related financial risks (principles). Although all financial institutions, regardless of size, may have material exposures to climate-related financial risks, these principles are intended for the largest financial institutions, those with over \$100 billion in total consolidated assets. The principles are intended to support efforts by large financial institutions to focus on key aspects of climate-related financial risk management.
- The final interagency guidance is available on October 30, 2023.

### [Additional Information](#)

## Required Rulemaking on Personal Financial Data Rights

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October 31, 2023

- The Consumer Financial Protection Bureau (CFPB) is proposing a rule to implement personal financial data rights under the Consumer Financial Protection Act of 2010 (CFPA). The proposed rule would require depository and non-depository entities to make available to consumers and authorized third parties certain data relating to consumers' transactions and accounts; establish obligations for third parties accessing a consumer's data, including important privacy protections for that data; provide basic standards for data access; and promote fair, open and inclusive industry standards.

[Additional Information](#)

## Debit Card Interchange Fees and Routing

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November 14, 2023

- Regulation II implements a provision of the Dodd-Frank Act that requires the Board to establish standards for assessing whether the amount of any interchange fee received by a debit card issuer is reasonable and proportional to the cost incurred by the issuer with respect to the transaction. Under the current rule, for a debit card transaction that does not qualify for a statutory exemption, the interchange fee can be no more than the sum of a base component of 21 cents, an *ad valorem* component of five basis points multiplied by the value of the transaction, and a fraud-prevention adjustment of one cent if the issuer meets certain fraud-prevention-standards. The Board developed the current interchange fee cap in 2011 using data voluntarily reported to the Board by large debit card issuers concerning transactions performed in 2009. Since that time, data collected by the Board every other year on a mandatory basis from large debit card issuers show that certain costs incurred by these issuers have declined significantly; however, the interchange fee cap has remained the same. For this reason, the Board proposes to update all three components of the interchange fee cap based on the latest data reported to the Board by large debit card issuers. Further, the Board proposes to update the interchange fee cap every other year going forward by directly linking the interchange fee cap to data from the Board's biennial survey of large debit card issuers. Initially, under the proposal, the base component would be 14.4 cents, the *ad valorem* component would be 4.0 basis points (multiplied by the value of the transaction), and the fraud-prevention adjustment would be 1.3 cents for debit card transactions performed from the effective date of the final rule to June 30, 2025. The Board also proposes a set of technical revisions to Regulation II.
- Comments must be received on or before February 12, 2024.

### [Additional Information](#)

## Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications

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November 17, 2023

- The Consumer Financial Protection Bureau (CFPB) proposes a rule to define a market for general-use digital consumer payment applications. The proposed market would cover providers of funds transfer and wallet functionalities through digital applications for consumers' general use in making payments to other persons for personal, family or household purposes. Larger participants in this market would be subject to the CFPB's supervisory authority under the Consumer Financial Protection Act (CFPA).
- Comments must be received on or before January 8, 2024.

[Additional Information](#)

## Message to the Senate on the President's Veto of S.J.Res. 32

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December 19, 2023

- The CFPB's final rule would provide small business owners, lenders and the public with critical information about the \$1.7 trillion small business financing market. It would bring much needed transparency to small business lending and improve the ability of lenders and community organizations to meet the most critical needs of America's small businesses. This rule implements a long-overdue piece of the Dodd-Frank Wall Street Reform and Consumer Protection Act. It is also central to the effective implementation of the Community Reinvestment Act, which helps ensure that the needs of all borrowers — including low- and moderate-income borrowers — are met. But this Republican-led resolution would hinder the Government's ability to conduct oversight of abusive and predatory lenders, make it harder for 33 million small businesses across the country to assess lending opportunities and access capital, and make it more difficult for lenders and community groups to address the most acute gaps in capital access for minority- and women-owned businesses.
- If enacted, this resolution would harm all those who stand to benefit from expanded transparency and accountability. By hampering efforts to promote transparency and accountability in small business lending, Republicans are siding with big banks and corporations over the needs of small business owners. Small businesses are the engines of our economy, and my Administration will not support policies that hurt their ability to thrive and grow.

### [Additional Information](#)

## Proposed Agency Information Collection Activities; Comment Request

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December 27, 2023

- In accordance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the OCC, the Board and the FDIC (the agencies) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The Federal Financial Institutions Examination Council (FFIEC), of which the agencies are members, has approved the agencies' publication for public comment of a proposal to revise and extend for three years the Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031, FFIEC 041 and FFIEC 051), which are currently approved collections of information. The FFIEC has also approved the Board's publication for public comment, on behalf of the agencies, of a proposal to revise and extend for three years the Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), and the Report of Assets and Liabilities of a Non-U.S. Branch that is Managed or Controlled by a U.S. Branch or Agency of a Foreign (Non-U.S.) Bank (FFIEC 002S), which are also currently approved collections of information. The agencies are requesting comment on proposed revisions to the Call Report forms and instructions, and the FFIEC 002, as applicable, that include the revision and addition of certain new data items related to the reporting on loans to nondepository financial institutions (NDFIs) and other loans, guaranteed structured financial products and proposed long-term debt requirements. In addition, the agencies are seeking comment on a proposal to adopt ongoing standards for electronic signatures to comply with the Call Report signature and attestation requirement. The revisions are proposed to take effect with the June 30, 2024, report date, except for those related to the proposed long-term debt requirements, which would take effect for the first report date at or following the effective date of any final rule.
- Comments must be submitted on or before February 26, 2024.

### [Additional Information](#)



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