

Compliance Journal

Special Focus

FFIEC Revises Uniform Interagency Consumer Compliance Rating System

Notice 2017-2

The Federal Financial Institutions Examination Council (FFIEC) has revised the Uniform Interagency Consumer Compliance Rating System (CC Rating System) to align the rating system with its current risk-based, tailored examination processes. The CC Rating System revisions reflect the regulatory, examination (supervisory), technological, and market changes that have occurred in the years since the original rating system was established in 1980. The revisions to the CC Rating System were not developed to set new or higher supervisory expectations for financial institutions and their adoption will represent no additional regulatory burden. WBA commented on the revisions while in the proposal stage. The revisions are effective **March 31, 2017**. This article provides an overview of the revisions.

The CC Rating System is composed of guidance and definitions. The guidance provides examiners with direction on how to use the definitions when assigning a consumer compliance rating to a financial institution. The definitions consist of qualitative descriptions for each rating category and include compliance management system (CMS) elements reflecting risk control processes designed to manage consumer compliance risk and considerations regarding violations of laws, consumer harm, and the size,

complexity, and risk profile of an institution. The consumer compliance rating reflects the effectiveness of an institution's CMS to ensure compliance with consumer protection laws and regulations and reduce the risk of harm to consumers.

Principles of the CC Rating System

FFIEC developed the following four principles to serve as a foundation for creation of the CC Rating System.

1. Risk-based: recognize and communicate clearly that CMS vary based on the size, complexity, and risk profile of supervised institutions.
2. Transparent: provide clear distinctions between rating categories to support consistent application by the Agencies across supervised institutions. Reflect the scope of the review that formed the basis of the overall rating.
3. Actionable: identify areas of strength and direct appropriate attention to specific areas of weakness, reflecting a risk-based supervisory approach. Convey examiners' assessment of the effectiveness of an institution's CMS, including its ability to prevent consumer harm and ensure compliance with consumer protection laws and regulations.

4. Incent Compliance: incent the institution to establish an effective consumer compliance system across the institution and to identify and address issues promptly, including self-identification and correction of consumer compliance weaknesses. Reflect the potential impact of any consumer harm identified in examination findings.

Rating Scale

The CC Rating System is based upon a numeric scale of 1 through 5 in increasing order of supervisory concern. Thus, 1 represents the highest rating and consequently the lowest degree of supervisory concern, while 5 represents the lowest rating and the most critically deficient level of performance, and therefore, the highest degree of supervisory concern. The following represents the classification of each level in the CC Rating System's numeric scale:

1. A rating of 1 is assigned to a financial institution that maintains a strong CMS and takes action to prevent violations of law and consumer harm.
2. A rating of 2 is assigned to a financial institution that maintains a CMS that is satisfactory at managing consumer compliance risk in the institution's products and services and at substantially limiting violations of law and consumer harm.

3. A rating of 3 reflects a CMS deficient at managing consumer compliance risk in the institution's products and services and at limiting violations of law and consumer harm.
4. A rating of 4 reflects a CMS seriously deficient at managing consumer compliance risk in the institution's products and services and/or at preventing violations of law and consumer harm. "Seriously deficient" indicates fundamental and persistent weaknesses in crucial CMS elements and severe inadequacies in core compliance areas necessary to operate within the scope of statutory and regulatory consumer protection requirements and to prevent consumer harm.
5. A rating of 5 reflects a CMS critically deficient at managing consumer compliance risk in the institution's products and services and/or at preventing violations of law and consumer harm. "Critically deficient" indicates an absence of crucial CMS elements and a demonstrated lack of willingness or capability to take the appropriate steps necessary to operate within the scope of statutory and regulatory consumer protection requirements and to prevent consumer harm.

Rating Categories and Assessment Factors

The CC Rating System is organized under three categories, each with a set of four assessment factors. The first two categories, Board and Management Oversight and Compliance Program, are used to assess a financial institution's CMS. Examiners evaluate the assessment factors within those two categories commensurate with the institution's size, complexity, and risk profile. Meaning, while all financial institutions should maintain an effective CMS, the sophistication and formality of the CMS typically will increase commensurate with the size, complexity, and risk profile of the entity. Additionally, compliance expectations contained within the narrative descriptions of those two categories extend to third-party relationships into which the financial institution has entered. Examiners evaluate activities conducted through third-party relationships as though the activities were performed by the institution itself. Thus, examiners will review a financial institution's management of third-party relationships and servicers as part of its overall compliance program.

The third category, Violations of Law and Consumer Harm, includes assessment factors that evaluate the dimensions of any identified violation or consumer harm. Examiners weigh each

of these four factors – root cause, severity, duration, and pervasiveness – in evaluating relevant violations of law and any resulting consumer harm. These categories and corresponding assessment factors are discussed more specifically below.

1. Board and Management Oversight. The examiner should assess the financial institution's board of directors and management, as appropriate for their respective roles and responsibilities, based on the following assessment factors:
 - i. Oversight of and commitment to the institution's CMS;
 - ii. Effectiveness of the institution's change management processes, including responding timely and satisfactorily to any variety of change, internal or external, to the institution;
 - iii. Comprehension, identification, and management of risks arising from the institution's products, services, or activities; and
 - iv. Self-identification of consumer compliance issues and corrective action undertaken as such issues are identified.

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2. **Compliance Program.** The examiner should assess other elements of an effective CMS, based on the following assessment factors:
 - i. Whether the institution's policies and procedures are appropriate to the risk in the products, services, and activities of the institution;
 - ii. The degree to which compliance training is current and tailored to risk and staff responsibilities;
 - iii. The sufficiency of the monitoring and, if applicable, audit to encompass compliance risks throughout the institution; and
 - iv. The responsiveness and effectiveness of the consumer complaint resolution process.
3. **Violations of Law and Consumer Harm.** As a result of a violation of law, consumer harm may occur. While many instances of consumer harm can be quantified as a dollar amount associated with financial loss, such as charging higher fees for a product than was initially disclosed, consumer harm may also result from a denial of an opportunity. For example, a consumer could be harmed when a financial institution denies the consumer credit or discourages an application in violation of the Equal Credit Opportunity Act, whether or not there is resulting financial harm. Examiners should analyze the following assessment factors:
 - i. The root cause, or causes, of any violations of law identified during the examination;
 - The Root Cause assessment factor analyzes the degree to which weaknesses in the CMS gave rise to the violations. In many instances, the root cause of a violation is tied to a weakness in one or more elements of the CMS. Violations that result from critical deficiencies in the CMS evidence a critical absence of management oversight and are of the highest supervisory concern.
 - ii. The severity of any consumer harm resulting from violations;
 - The Severity assessment factor of the Consumer Compliance Rating Definitions weighs the type of consumer harm, if any, that resulted from violations of law. More severe harm results in a higher level of supervisory concern under this factor. For example, some consumer protection violations may cause significant financial harm to a consumer, while other violations may cause negligible harm, based on the specific facts involved.
 - iii. The duration of time over which the violations occurred;
 - The Duration assessment factor considers the length of time over which the violations occurred. Violations that persist over an extended period of time will raise greater supervisory concerns than violations that occur for only a brief period of time. When violations are brought to the attention of an institution's management and management allows those violations to remain unaddressed, such violations are of the highest supervisory concern.
 - iv. The pervasiveness of the violations.
 - The Pervasiveness assessment factor evaluates the extent of the violation(s) and resulting consumer harm, if any. Violations that affect a large number of consumers will raise greater supervisory concern than violations that impact a limited number of consumers. If violations become so pervasive that they are considered to be widespread or present in multiple products or services, the institution's performance under this factor is of the highest supervisory concern.

Self-Identification of Violations of Law and Consumer Harm

The CC Rating System requires proactive, preventative, self-identifying, and corrective practices to achieve a 1 rating. FFIEC believes that self-identification and prompt correction of violations of law reflect strengths in an institution's CMS. The CC Rating System contemplates a strong compliance program as one that will prevent violations, facilitate early detection and prompt correction, including correction of programmatic weaknesses and full redress for injured parties to limit consumer harm and prevent future violations.



Evaluating Performance Using the CC Rating Definitions

The consumer compliance rating is derived through an evaluation of a financial institution's performance under each of the assessment factors described above. It is not based on a numeric average or any other quantitative calculation. Specific numeric ratings will not be assigned to any of the 12 assessment factors. Thus, an institution need not achieve a satisfactory assessment in all categories in order to be assigned an overall satisfactory rating. Conversely, an institution may be assigned a less than satisfactory rating even if some of its assessments were satisfactory. The relative importance of each category or assessment factor may differ based on the size, complexity, and risk profile of an individual institution. Accordingly, one or more category or assessment factor may be more or less relevant at one financial institution as compared to another institution. While the expectations for compliance with consumer protection laws and regulations are the same across institutions of varying sizes, the methods for accomplishing an effective CMS may differ across institutions.

In arriving at the final rating, examiners will balance potentially differing conclusions about the effectiveness of the financial institution's CMS over the individual products, services, and activities of the organization. Depending on the relative materiality of a product line to the institution, an observed weakness in the management of that product line may or may not impact the conclusion about the institution's overall performance in the associated assessment factor(s). For example, serious weaknesses in the policies and procedures or audit program of the mortgage department at a mortgage lender would be of greater supervisory concern than those same gaps at an

institution that makes very few mortgage loans and strictly as an accommodation. Greater weight should apply to the financial institution's management of material products with significant potential consumer compliance risk.

An institution may receive a less than satisfactory rating even when no violations were identified, based on deficiencies or weaknesses identified in the institution's CMS. For example, examiners may identify weaknesses in elements of the CMS in a new loan product. Because the presence of those weaknesses left unaddressed could result in future violations of law and consumer harm, the CMS deficiencies could impact the overall consumer compliance rating, even if no violations were identified.

Similarly, an institution may receive a 1 or 2 rating even when violations were present, if the CMS is commensurate with the risk profile and complexity of the institution. For example, when violations involve limited impact on consumers, were self-identified, and resolved promptly, the evaluation may result in a 1 or 2 rating. After evaluating the institution's performance in the two CMS categories, Board and Management Oversight, and Compliance Program, and the severity dimensions of the Violations of Law and Consumer Harm category, the examiner may conclude that the overall strength of the CMS and the nature of observed violations viewed together do not present significant supervisory concerns.

Assignment of Ratings by Prudential Regulators, CFPB, and State Regulators

The prudential regulators will continue to assign and update, as appropriate, consumer compliance ratings for institutions they supervise, including those with total assets of more than \$10 billion. As a member of the FFIEC, the Consumer

Protection Financial Bureau (CFPB) will also use the CC Rating System to assign a consumer compliance rating, as appropriate, for institutions with total assets of more than \$10 billion. The prudential regulators will take into consideration any material supervisory information provided by the CFPB, as that information relates to covered supervisory activities or covered examinations. Similarly, the CFPB will take into consideration any material supervisory information provided by prudential regulators in appropriate supervisory situations.

State regulators maintain supervisory authority to conduct examinations of state chartered depository institutions and licensed entities. As such, states may assign consumer compliance ratings to evaluate compliance with both state and federal laws and regulations. FFIEC expects States will collaborate and consider material supervisory information from other state and federal regulatory agencies during the course of examinations.

Conclusion

The Consumer Compliance Rating System is a supervisory policy for evaluating financial institutions' adherence to consumer compliance requirements. The revisions are designed to reflect FFIEC's current consumer compliance supervisory approaches and thus, do not present any additional regulatory burden. The revisions acknowledge that compliance management programs vary based on the size, complexity, and risk profile of supervised institutions. The new rating system also establishes incentives for institutions to promote consumer protection by preventing, self-identifying, and addressing compliance issues in a proactive manner. Additional information may be found in the final guidance at: <https://www.gpo.gov/fdsys/pkg/FR-2016-11-14/pdf/2016-27226.pdf>. ■



Regulatory Spotlight

Agencies Finalize Rule on CRA.

The Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System (FRB), and Office of the Comptroller of the Currency (OCC) are amending their Community Reinvestment Act (CRA) regulations to adjust the asset-size thresholds used to define small bank or small savings association and intermediate small bank or intermediate small savings association. 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. FDIC is also amending its CRA Notice requirements to reflect two technical changes concerning the manner in which it will receive public comments considered in the CRA examination process. The final rule is effective **01/18/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2016-31928.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5354-5356.

Agencies Issue FAQs on CECL Standards and Implementation Process.

The Federal Deposit Insurance Corporation (FDIC), Board of Governors of the Federal Reserve System (FRB), National Credit Union Administration (NCUA), and Office of the Comptroller of the Currency (OCC) have issued a frequently asked questions document on the Financial Accounting Standards Board's Current Expected Credit Loss (CECL) standard and the implementation process. The FAQs summarize the new standard, provide initial supervisory views regarding the implementation of the new accounting standard, and outline steps banks can take to prepare for implementation. CECL will be effective in 2020 for Securities and Exchange

Commission registrants and in 2021 for all others. The FAQs may be viewed at: <https://www.occ.gov/news-issuances/bulletins/2016/bulletin-2016-45a.pdf>

Agencies Extend Comment Period on Enhanced Cyber Risk Management Standards.

The Federal Deposit Insurance Corporation (FDIC), The Board of Governors of the Federal Reserve System (FRB), and the Office of the Comptroller of the Currency (OCC) have extended the comment period on their joint notice of proposed rulemaking regarding enhanced cyber risk management standards for large and interconnected entities. The public comment period has been extended until **02/17/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-24/pdf/2017-01539.pdf>. *Federal Register*, Vol. 82, No. 14, 01/24/2017, 8172.

CFPB Finalizes Rule Adjusting Civil Monetary Penalties for Inflation.

The Bureau of Consumer Financial Protection (CFPB) is adjusting for inflation the maximum amount of each civil monetary penalty within CFPB's jurisdiction. The final rule is effective **01/15/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-12/pdf/2017-00521.pdf>. *Federal Register*, Vol. 82, No. 8, 01/12/2017, 3601-3603.

CFPB Issues Compliance Bulletin on Detecting and Preventing Consumer Harm from Production Incentives.

CFPB has published a bulletin compiling guidance that has previously been given by CFPB in other contexts and highlights examples from its supervisory and enforcement experience in which

incentives contributed to substantial consumer harm. It also describes compliance management steps supervised entities should take to mitigate risks posed by production incentive programs. The bulletin may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-01021.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5541-5543.

FRB Finalizes Rule on Regulation A.

The Board of Governors of the Federal Reserve System (FRB) has issued a final rule on Regulation A to reflect FRB's approval of an increase in the rate for primary credit at each Federal Reserve Bank. The secondary credit rate at each Reserve Bank automatically increased by formula as a result of FRB's primary credit rate action. The final rule is effective **01/23/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-00612.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7635-7636.

FRB Finalizes Rule on Regulation D.

FRB has issued a final rule amending Regulation D to revise the rate of interest paid on balances maintained to satisfy reserve balance requirements (IORR) and the rate of interest paid on excess balances (IOER) maintained at Federal Reserve Banks by or on behalf of eligible institutions. The final amendments specify that IORR is 0.75 percent and IOER is 0.75 percent, a 0.25 percentage point increase from their prior levels. The amendments are intended to enhance the role of such rates of interest in moving the Federal funds rate into the target range established by the Federal Open Market Committee. The final rule is effective **01/23/2017**. The final rule may be viewed



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at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-00613.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7636-7637.

FRB Finalizes Rule on Regulations Y and YY.

FRB has issued a final rule that revises the capital plan and stress test rules for bank holding companies with \$50 billion or more in total consolidated assets and U.S. intermediate holding companies of foreign banking organizations. Under the final rule, large and noncomplex firms (those with total consolidated assets of at least \$50 billion but less than \$250 billion, nonbank assets of less than \$75 billion, and that are not U.S. global-systemically important banks) are no longer subject to the provisions of FRB's capital plan rule whereby FRB may object to a capital plan on the basis of qualitative deficiencies in the firm's capital planning process. Accordingly, these firms will no longer be subject to the qualitative component of the annual Comprehensive Capital Analysis and Review. The final rule also modifies certain regulatory reports to collect additional information on nonbank assets and to reduce reporting burdens for large and noncomplex firms. For all bank holding companies subject to the capital plan rule, the final rule simplifies the initial applicability provisions of both the capital plan and the stress test rules, reduces the amount of additional capital distributions that a bank holding company may make during a capital plan cycle without seeking FRB's prior approval, and extends the range of potential as-of dates FRB may use for the trading and counterparty scenario component used in the stress test rules. The final rule does not apply to bank holding companies with total consolidated assets of less than \$50 billion or to any state member bank or

savings and loan holding company. The final rule is effective **03/06/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-03/pdf/2017-02257.pdf>. *Federal Register*, Vol. 82, No. 22 02/03/2017, 9308-9330.

FRB Finalizes Rule on Total Loss-Absorbing Capacity, Long-Term Debt, and Clean Holding Requirements.

FRB is adopting a final rule to require a U.S. top-tier bank holding company identified under its rules as a global systemically important bank holding company (covered BHC) to maintain outstanding a minimum amount of loss-absorbing instruments, including a minimum amount of unsecured long-term debt. In addition, the final rule prescribes certain additional buffers, the breach of which would result in limitations on the capital distributions and discretionary bonus payments of a covered BHC. The final rule applies similar requirements to the top-tier U.S. intermediate holding company of a global systemically important foreign banking organization with \$50 billion or more in U.S. non-branch assets (covered IHC). The final rule also imposes restrictions on other liabilities that a covered BHC or covered IHC may have outstanding in order to improve their resolvability and resiliency. The final rule is effective **03/27/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-24/pdf/2017-00431.pdf>. *Federal Register*, Vol. 82, No. 14, 01/24/2017, 8266-8315.

FRB Finalizes Rule on Civil Monetary Penalties.

FRB has issued a final rule amending its rules of practice and procedure to adjust the amount of each civil monetary penalty (CMP) provided by law within

its jurisdiction to account for inflation as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The final rule is effective **01/25/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-25/pdf/2017-00595.pdf>. *Federal Register*, Vol. 82, No. 15, 01/25/2017, 8360-8362.

FDIC Issues Updated Listing of Financial Institutions in Liquidation.

The Federal Deposit Insurance Corporation (FDIC) has issued a notice to announce it has been appointed the sole receiver for Seaway Bank and Trust Company, Chicago, **Illinois**. The appointment is effective as of the date closed indicated in the listing. The list (as updated from time to time in the *Federal Register*) may be relied upon as of record notice that FDIC has been appointed receiver for purposes of the statement policy published in the **07/02/1992**, issue of the *Federal Register*. For further information concerning the identification of any institutions which have been placed in liquidation, please visit FDIC's website at: www.fdic.gov/bank/individual/failed/banklist.html or contact the Manager of Receivership Oversight in the appropriate service center. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-09/pdf/2017-02633.pdf>. *Federal Register*, Vol. 82, No. 26 02/09/2017, 10007-10008.

FDIC Issues Notices of Terminations of Receiverships.

- FDIC has issued a notice to announce it intends to terminate the receivership of Community Central Bank, Mount Clemens, **Michigan**. FDIC was appointed receiver of



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First National Bank on **04/29/2011**. The liquidation of the receivership assets has been completed. To the extent permitted by available funds and in accordance with law, the Receiver will be making a final dividend payment to proven creditors. The Receiver has determined that the continued existence of the receivership will serve no useful purpose. Consequently, notice is given that the receivership shall be terminated, to be effective no sooner than thirty days after the date of the notice. If any person wishes to comment concerning the termination of the receivership, such comment must be made in writing and sent within thirty days of the date of the notice to: Federal Deposit Insurance Corporation, Division of Resolutions and Receiverships, Attention: Receivership Oversight Department 32.1, 1601 Bryan Street, Dallas, TX 75201. No comments concerning the termination of this receivership will be considered which are not sent within this timeframe. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-17/pdf/2017-00767.pdf>. *Federal Register*, Vol. 82, No. 10, 01/17/2017, 4880.

- FDIC has issued a notice to announce it intends to terminate the receivership of Fidelity Bank, Dearborn, **Michigan**. FDIC was appointed receiver of Fidelity Bank on **03/30/2012**. The liquidation of the receivership assets has been completed. To the extent permitted by available funds and in accordance with law, the Receiver will be making a final dividend payment to proven creditors. The Receiver has determined that the continued

existence of the receivership will serve no useful purpose. Consequently, notice is given that the receivership shall be terminated, to be effective no sooner than thirty days after the date of the notice. If any person wishes to comment concerning the termination of the receivership, such comment must be made in writing and sent within thirty days of the date of the notice to: Federal Deposit Insurance Corporation, Division of Resolutions and Receiverships, Attention: Receivership Oversight Department 32.1, 1601 Bryan Street, Dallas, TX 75201. No comments concerning the termination of this receivership will be considered which are not sent within this timeframe. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-25/pdf/2017-01659.pdf>. *Federal Register*, Vol. 82, No. 15, 01/25/2017, 8424.

OCC Finalizes Rule on Economic Growth.

The Office of the Comptroller of the Currency (OCC) has issued a final rule revising certain of its rules to remove outdated or otherwise unnecessary provisions. Specifically, OCC is: revising certain licensing rules related to chartering applications, business combinations involving Federal mutual savings associations, and notices for changes in permanent capital; clarifying national bank director oath requirements; revising certain fiduciary activity requirements for national banks and Federal savings associations; removing certain financial disclosure regulations for national banks; removing certain unnecessary regulatory reporting, accounting, and management policy regulations for Federal savings associations; updating the electronic activities regula-

tion for Federal savings associations; integrating and updating OCC regulations for national banks and Federal savings associations relating to municipal securities dealers, Securities Exchange Act disclosure rules, and securities offering disclosure rules; updating and revising recordkeeping and confirmation requirements for national banks' and Federal savings associations' securities transactions; integrating and updating regulations relating to insider and affiliate transactions; and making other technical and clarifying changes. The final rule is effective **04/01/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2016-30502.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 8082-8111.

OCC Finalizes Rule on Adjudicatory Proceedings.

OCC has issued a final rule amending its rules of practice and procedure for national banks and its rules of practice and procedure in adjudicatory proceedings for Federal savings associations to adjust the maximum amount of each civil money penalty within its jurisdiction to administer to account for inflation. These actions implement the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The final rule is effective **02/13/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-12/pdf/2017-00178.pdf>. *Federal Register*, Vol. 82, No. 8, 01/12/2017, 3619-3623.

OCC Adjusts Civil Monetary Penalties.

OCC has issued a final rule amending its rules of practice and procedure for national banks and its rules of practice and procedure in adjudicatory proceedings



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for Federal savings associations to adjust the maximum amount of each civil money penalty within its jurisdiction to administer to account for inflation. The final rule is effective **01/27/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-12/pdf/2017-00178.pdf>. *Federal Register*, Vol. 82, No. 8, 01/12/2017, 3619-3623.

OCC Requests Comment on Stress Test Reporting Template.

OCC has issued a notice to announce it seeks comment on the information collection Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act. OCC is also giving notice that it has sent the collection to OMB for review. Comments are due **03/06/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-03/pdf/2017-02255.pdf>. *Federal Register*, Vol. 82, No. 22, 02/03/2017, 9273-9277.

HUD Finalizes Rule on Home Equity Conversion Mortgage Program.

The Department of Housing and Urban Development (HUD) has issued a final rule codifying several significant changes to FHA's Home Equity Conversion Mortgage program that were previously issued under the authority granted to HUD in the Housing and Economic Recovery Act of 2008 and the Reverse Mortgage Stabilization Act of 2013, and makes additional regulatory changes. The HECM program is FHA's reverse mortgage program that enables seniors who have equity in their homes to withdraw a portion of the accumulated

equity. The intent of the Home Equity Conversion Mortgage program is to ease the financial burden on elderly homeowners facing increased health, housing, and subsistence costs at a time of reduced income. FHA's mission is to serve underserved markets, which must be balanced with HUD's inherent, as well as, statutory obligation under the National Housing Act to protect the FHA insurance funds. This rulemaking strengthens the FHA Home Equity Conversion Mortgage program and codifies changes that reduce risk to the Mutual Mortgage Insurance Fund and increase the sustainability of this important program for seniors. This final rule follows publication of a May 19, 2016, proposed rule and takes into consideration the public comments received on the proposed rule. The final rule is effective **09/19/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-19/pdf/2017-01044.pdf>. *Federal Register*, Vol. 82, No. 12, 01/19/2017, 7094-7146.

HUD Issues Correction to Final Rule on Housing Counseling.

HUD has issued a correction to its final rule implementing changes to its housing counseling statute regarding an incorrect amendatory instruction. The correction is effective **01/31/2017**. The correction may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-31/pdf/2017-00255.pdf>. *Federal Register*, Vol. 82, No. 19, 01/31/2017, 8811.

HUD Announces Funding Awards for Rural Capacity Building for Community Development and Affordable Housing Program.

HUD has issued a notice announcing the funding decisions made by HUD in a competition for funding under the

FY 2016 Notice of Funding Availability (NOFA) for the Rural Capacity Building for Community Development and Affordable Housing Program. The notice contains the names and addresses of the award recipients under the NOFA. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-11/pdf/2017-00432.pdf>. *Federal Register*, Vol. 82, No. 7, 01/11/2017, 3348.

HUD Announces Debenture Interest Rates.

HUD has issued a notice announcing changes in the interest rates to be paid on debentures issued with respect to a loan or mortgage insured by the Federal Housing Administration under the provisions of the National Housing Act (the Act). The interest rate for debentures issued under Section 221(g)(4) of the Act during the 6-month period beginning **01/01/2017** is 2 1/8 percent. The interest rate for debentures issued under any other provision of the Act is the rate in effect on the date that the commitment to insure the loan or mortgage was issued, or the date that the loan or mortgage was endorsed (or initially endorsed if there are two or more endorsements) for insurance, whichever rate is higher. The interest rate for debentures issued under these other provisions with respect to a loan or mortgage committed or endorsed during the 6-month period beginning **01/01/2017**, is 2 3/4 percent. However, as a result of an amendment to Section 224 of the Act, if an insurance claim relating to a mortgage insured under Sections 203 or 234 of the Act and endorsed for insurance after January 23, 2004, is paid in cash, the debenture interest rate for purposes of calculating a claim shall be the monthly average yield, for the month in which the default on the mortgage occurred, on United States Treasury Securities adjusted



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to a constant maturity of 10 years. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-24/pdf/2017-01547.pdf>. *Federal Register*, Vol. 82, No. 14, 01/24/2017, 8201-8202.

FEMA Issues Final Flood Hazard Determinations.

- The Federal Emergency Management Agency (FEMA) has issued a final notice which identifies communities in the states of **Iowa**, and **Minnesota**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA's National Flood Insurance Program (NFIP). The final notice is effective **04/19/2017**. Copies of the final notice may be obtained from the Association office or viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-01372.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7850-7851.
- FEMA has issued a final notice which identifies communities in the state of **Iowa**, where flood hazard determinations, which may include additions or modifications of Base Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, or regulatory floodways

on the Flood Insurance Rate Maps (FIRMs) and where applicable, in the supporting Flood Insurance Study (FIS) reports have been made final. The FIRM and FIS report are the basis of the floodplain management measures that a community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in FEMA's National Flood Insurance Program (NFIP). The final notice is effective **04/05/2017**. Copies of the final notice may be obtained from the Association office or viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-01374.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7846-7847.

FEMA Issues Final Notices of Changes in Flood Hazard Determinations.

FEMA has issued new or modified Base (1% annual-chance) Flood Elevations (BFEs), base flood depths, Special Flood Hazard Area (SFHA) boundaries or zone designations, and/or regulatory floodways (hereinafter referred to as flood hazard determinations) as shown on the indicated Letter of Map Revision (LOMR) for communities in the states of **Illinois**, and **Wisconsin**. Each LOMR revises the Flood Insurance Rate Maps (FIRMs), and in some cases the Flood Insurance Study (FIS) reports, currently in effect for the listed communities. The flood hazard determinations modified by each LOMR will be used to calculate flood insurance premium rates for new buildings and their contents. The effective date for each LOMR is indicated in the table in the final notice. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-19/pdf/2017-01262.pdf>. *Federal Register*, Vol. 82, No. 12, 01/12/2017, 6597-6601.

FEMA Issues Proposed Flood Hazard Determinations.

- FEMA has requested comments on proposed flood hazard determinations, which may include additions or modifications of any Base Flood Elevation (BFE), base flood depth, Special Flood Hazard Area (SFHA) boundary or zone designation, or regulatory floodway on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports for communities in the states of **Iowa**, and **Minnesota**. The FIRM and FIS report are the basis of the floodplain management measures that the community is required either to adopt or to show evidence of having in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). Comments are due **04/19/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-19/pdf/2017-01264.pdf>. *Federal Register*, Vol. 81, No. 12, 01/12/2017, 6601-6602.
- FEMA has requested comments on proposed flood hazard determinations, which may include additions or modifications of any Base Flood Elevation (BFE), base flood depth, Special Flood Hazard Area (SFHA) boundary or zone designation, or regulatory floodway on the Flood Insurance Rate Maps (FIRMs), and where applicable, in the supporting Flood Insurance Study (FIS) reports for communities in the state of **Illinois**. The FIRM and FIS report are the basis of the floodplain management measures that the community is required either to adopt or to show evidence of



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having in effect in order to qualify or remain qualified for participation in the National Flood Insurance Program (NFIP). Comments are due **04/24/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-01373.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7848-7850.

FEMA Requests Comment on National Flood Insurance Program Claims Forms.

FEMA has issued a notice to announce it seeks comment on the information collection titled National Flood Insurance Program Claims Forms. FEMA is also giving notice that it has sent the collection to OMB for review. Comments are due **03/14/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-13/pdf/2017-00673.pdf>. *Federal Register*, Vol. 82, No. 9, 01/13/2017, 4372-4373.

FinCEN Requests Comment on FinCEN Suspicious Activity Report by Financial Institutions.

The Financial Crimes Enforcement Network (FinCEN) has issued a notice to announce it seeks comment on the information collection titled FinCEN Suspicious Activity Report by Financial Institutions. Comments are due **04/03/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-02/pdf/2017-02235.pdf>. *Federal Register*, Vol. 82, No. 21, 02/02/2017, 9109-9114.

OFAC Makes Changes to Lists.

The Office of Foreign Assets Control (OFAC) has amended its lists of Specially Designated Global Terrorists, Specially Designated Nationals and Blocked Persons, and Specially Designated Narcotics Trafficker Kingpins. The

documents listing these changes may be viewed at: www.treas.gov/offices/enforcement/ofac/actions.

Treasury Finalizes Regulation on Certain Transfers of Property to RICs and REITs.

The Department of the Treasury (Treasury) has issued final regulations effecting the repeal of the General Utilities doctrine by the Tax Reform Act of 1986. The final regulations address the length of time during which a Regulated Investment Company or a Real Estate Investment Trust may be subject to corporate level tax on certain dispositions of property. The regulations are effective **01/18/2017**. The final regulations may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-00479.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5387-5388.

Treasury Finalizes Rule Adjusting Civil Monetary Penalties for Inflation.

Treasury has issued a final rule to adjust its civil monetary penalties for inflation. The final rule is effective **02/10/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-10/pdf/2017-01637.pdf>. *Federal Register*, Vol. 82, No. 27, 02/10/2017, 10434-10440.

Treasury Issues Corrections.

- Treasury has issued corrections to the final and temporary regulations that were published in the *Federal Register* on Friday, October 21, 2016. The regulations relate to the determination of whether an interest in a corporation is treated as stock or indebtedness for all purposes of the Internal Revenue Code. The corrections are effective **01/23/2017**. The corrections may be viewed at:

<https://www.gpo.gov/fdsys/pkg/FR-2017-01-24/pdf/2017-00497.pdf>. *Federal Register*, Vol. 82, No. 24, 01/24/2017, 8169-8170.

- Treasury has issued corrections to the final and temporary regulations that were published in the *Federal Register* on Friday, October 21, 2016. The regulations relate to the determination of whether an interest in a corporation is treated as stock or indebtedness for all purposes of the Internal Revenue Code. The corrections are effective **01/23/2017**. The corrections may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-24/pdf/2017-00498.pdf>. *Federal Register*, Vol. 82, No. 24, 01/24/2017, 8165-8169.

FHFA Requests Comment on Community Support Requirements.

The Federal Housing Finance Agency (FHFA) has issued a notice to announce it seeks comment on the information collection titled Community Support Requirements. FHFA is also giving notice that it has sent the collection to OMB for review. Comments are due **02/10/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-11/pdf/2017-00435.pdf>. *Federal Register*, Vol. 82, No. 7, 01/11/2017, 3320-3324.

FHFA Issues Notice of Adjustment of Cap on Average Total Assets that Defines Community Financial Institutions.

FHFA has adjusted the cap on average total assets that is used in determining whether a Federal Home Loan Bank member qualifies as a community financial institution to \$1,148,000,000, based on the annual percentage increase in the Consumer Price Index for all



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urban consumers, as published by the Department of Labor. The adjustment is effective **01/01/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-19/pdf/2017-01104.pdf>. *Federal Register*, Vol. 82, No. 12, 01/19/2017, 6551.

SBA Issues Interim Final Rule Adjusting Civil Monetary Penalties for Inflation.

The Small Business Administration (SBA) has issued an interim final rule amending its regulations to adjust for inflation the amount of certain civil monetary penalties that are within the jurisdiction of the agency. The interim final rule is effective **02/09/2017**. Comments are due **04/10/2017**. The interim final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-09/pdf/2017-02657.pdf>. *Federal Register*, Vol. 82, No. 26, 02/09/2017, 9967-9969.

SBA Issues Peg Rate.

SBA publishes an interest rate called the optional peg rate on a quarterly basis. The rate is a weighted average cost of money to the government for maturities similar to the average SBA direct loan. The rate may be used as a base rate for guaranteed fluctuating interest rate SBA loans. The rate will be **2.00** percent for the January-March quarter of FY 2017. Pursuant to 13 CFR 120.921(b), the maximum legal interest rate for any third party lender's commercial loan which funds any portion of the cost of a 504 project shall be 6% over the New York Prime rate or, if that exceeds the maximum interest rate permitted by the constitution or laws of a given state, the maximum interest rate will be the rate permitted by the constitution or laws of the given state. Copies of the notice may be obtained from the

Association office or viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-00973.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5627.

FCA Adjusts Civil Monetary Penalties.

The Farm Credit Administration (FCA) has issued a final rule implementing inflation adjustments to civil monetary penalties. The final rule is effective **01/31/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-31/pdf/2017-01065.pdf>. *Federal Register*, Vol. 82, No. 19, 01/31/2017, 8807-8809.

FCA Issues Market Access Agreement.

FCA has announced that it has approved the Draft Third Amended and Restated Market Access Agreement (Draft Third Restated MAA) proposed to be entered into by all of the banks of the Farm Credit System (System or FCS) and the Federal Farm Credit Banks Funding Corporation. The Draft Third Restated MAA sets forth the rights and responsibilities of each of the parties when the condition of a System bank falls below pre-established financial thresholds. The revisions are minor, consisting primarily of replacing references to the previous FCA regulatory capital standards with references to the new FCA regulatory capital standards that became effective on January 1, 2017, as well as updating addresses. Therefore, FCA has determined to approve the Draft Third Restated MAA without a request for comments prior to approval; FCA will, however, review and consider any subsequent comments it receives. Comments are due **02/17/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-01054.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5565-5576.

FCA Issues Correction to Market Access Agreement.

FCA has issued a correction to its notice appearing in the *Federal Register* on January 18, 2017 by inserting a minor term and phrase that were inadvertently omitted in the Draft Third Restated Market Access Agreement which was included in the notice. The correction may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-26/pdf/2017-01760.pdf>. *Federal Register*, Vol. 82, No. 16, 01/26/2017, 8519.

FCSIC Adjusts Civil Monetary Penalties.

The Farm Credit System Insurance Corporation (FCSIC) has issued a final rule implementing inflation adjustments to civil monetary penalties (CMPs) that the Farm Credit System Insurance Corporation (FCSIC) may impose under the Farm Credit Act of 1971, as amended. These adjustments are required by 2015 amendments to the Federal Civil Penalties Inflation Adjustment Act of 1990. The final rule is effective **01/30/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-30/pdf/2017-01033.pdf>. *Federal Register*, Vol. 82, No. 18, 01/30/2017, 8670-8671.

SEC Finalizes Rule Adjusting Civil Monetary Penalties.

The Securities and Exchange Commission (SEC) has adopted a final rule to adjust the maximum amount of civil monetary penalties for inflation. This adjustment will apply to all penalties imposed after the effective date of this final rule for violations that occur after **11/02/2015**. For violations that occurred on or before **11/02/2015**, SEC is reinstating the penalty amounts in its prior penalty adjustments. The final rule is effective **01/18/2017**.



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The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-00421.pdf>. *Federal Register*, Vol. 82, No. 11, 01/18/2017, 5367-5373.

SEC Finalizes Rule Updating EDGAR Filer Manual.

SEC has issued a final rule adopting revisions to the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) Filer Manual and related rules to reflect updates to the EDGAR system. The updates are being made primarily to support an upgrade to the passphrase authentication process; and update the recommended Internet browser language for all EDGAR Web sites. The final rule is effective **02/08/2017**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-08/pdf/2017-02455.pdf>. *Federal Register*, Vol. 82, No. 25, 02/08/2017, 9680-9681.

FASB Issues Notice of Federal Financial Accounting Standards on Insurance Programs.

The Financial Accounting Standards Board (FASB) has issued a notice of its Statement of Federal Financial Accounting Standards 51, Insurance Programs. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-31/pdf/2017-02028.pdf>. *Federal Register*, Vol. 82, No. 19, 01/31/2017, 8830-8831.

VA Announces Availability of Funds.

The Department of Veterans Affairs (VA) has announced the availability of funds for the Specially Adapted Housing Assistive Technology (SAHAT) Grant Program for fiscal year (FY) 2017. The objective of the grant is to encourage the development of new assistive technologies for specially adapted housing. Registration

will be available at www.Grants.gov. VA strongly recommends referring to the Loan Guaranty—Specially Adapted Housing Assistive Technology Grant Program final rule (38 CFR 36.4412). Comments are due **03/14/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-17/pdf/2017-00797.pdf>. *Federal Register*, Vol. 82, No. 10, 01/17/2017, 4967-4971.

NCUA Issues Interim Final Rule Adjusting Civil Monetary Penalties.

The National Credit Union Administration (NCUA) has issued an interim final rule amending its regulations to adjust the maximum amount of each civil monetary penalty within its jurisdiction to account for inflation. Comments are due **02/22/2017**. The interim final rule is effective **01/23/2017**. The interim final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-23/pdf/2017-00473.pdf>. *Federal Register*, Vol. 82, No. 13, 01/23/2017, 7637-7641.

NCUA Issues Advanced Notice of Proposed Rulemaking on Alternative Capital.

NCUA has issued advanced notice of proposed rulemaking to solicit comments on alternative forms of capital federally insured credit unions could use in meeting capital standards required by statute and regulation. Alternative capital includes two different categories: Secondary capital and supplemental capital. Secondary capital is currently permissible under the Federal Credit Union Act only for low-income designated credit unions to issue and to be counted toward both the net worth ratio and the risk-based net worth requirement of NCUA's prompt corrective action standards. NCUA is considering

changes to the secondary capital regulation for low-income designated credit unions. There are no other forms of alternative capital currently authorized. However, NCUA is also considering whether or not to authorize credit unions to issue supplemental capital instruments that would only count toward the risk-based net worth requirement. Comments are due **05/09/2017**. The notice may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-02-08/pdf/2017-01713.pdf>. *Federal Register*, Vol. 82, No. 25, 02/08/2017, 9691-9702.

ATBCB Finalizes Rule on Information and Communication Technology Standards and Guidelines.

The Architectural and Transportation Barriers Compliance Board (ATBCB) has issued a final rule revising and updating its standards for electronic and information technology developed, procured, maintained, or used by Federal agencies covered by section 508 of the Rehabilitation Act of 1973, as well as its guidelines for telecommunications equipment and customer premises equipment covered by Section 255 of the Communications Act of 1934. The revisions and updates to the section 508-based standards and section 255-based guidelines are intended to ensure that information and communication technology covered by the respective statutes is accessible to and usable by individuals with disabilities. The final rule is effective **03/20/2017**. Section 508-based standards are effective **01/18/2018**. The final rule may be viewed at: <https://www.gpo.gov/fdsys/pkg/FR-2017-01-18/pdf/2017-00395.pdf>. *Federal Register*, Vol. 82, No. 11 01/18/2017, 5790-5841. ■



Compliance Notes

▲ On February 3, 2017, President Trump issued an Executive Order on “Core Principles For Regulating The United States Financial System” which specifies: promoting independent consumer choices, preventing bailouts, fostering economic growth, promoting international competitiveness, advancing U.S. interests in international negotiations, tailoring regulations and ensuring regulatory accountability. The Secretary of the Treasury shall consult with the heads of the member agencies of the Financial Stability Oversight Council and shall report to the President within 120 days of the date of this order (and periodically thereafter) on the extent to which existing laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies promote the Core Principles and what actions have been taken, and are currently being taken, to promote and support the Core Principles. That report, and all subsequent reports, shall identify any laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies that inhibit Federal regulation of the United States financial system in a manner consistent with the Core Principles.

While the order does not list specific laws to review, there is wide speculation the Dodd-Frank Act will be among them. The Executive order may be found at: www.whitehouse.gov/the-press-office/2017/02/03/presidential-executive-order-core-principles-regulating-united-states.

▲ Also on February 3, 2017, President Trump issued an Executive Memorandum to the Secretary of the Department of Labor to examine the Fiduciary Duty Rule to determine whether it may adversely affect the ability of

Americans to gain access to retirement information and financial advice. The review must consider, among other things, the following:

(i) Whether the anticipated applicability of the Fiduciary Duty Rule has harmed or is likely to harm investors due to a reduction of Americans’ access to certain retirement savings offerings, retirement product structures, retirement savings information, or related financial advice;

(ii) Whether the anticipated applicability of the Fiduciary Duty Rule has resulted in dislocations or disruptions within the retirement services industry that may adversely affect investors or retirees; and

(iii) Whether the Fiduciary Duty Rule is likely to cause an increase in litigation, and an increase in the prices that investors and retirees must pay to gain access to retirement services.

The Executive Memorandum may be found at: www.whitehouse.gov/the-press-office/2017/02/03/presidential-memorandum-fiduciary-duty-rule.

In response to the Executive Memorandum mentioned above, the Secretary of DOL, has indicated the Department will consider all it legal options to comply with the Memorandum. Whether the Rule’s published April 01, 2017, effective date will be affected by these events remains to be seen.

▲ Prior to the Executive Memorandum, the Department of Labor (DOL) had posted its second set of FAQs on the Fiduciary Rule (Rule). Since the publication of the Rule last April, DOL held many meetings with stakeholders to assist in their compliance efforts. Many of the questions they raised related to

the various Rule provisions that draw lines between fiduciary and non-fiduciary communications. Like the FAQs DOL issued on October 27, 2016, on the Prohibited Transaction Exemptions, these FAQs focus particularly on specific technical questions raised by financial service providers. These FAQs are generally limited to investment advice concerning ERISA-covered plans, IRAs, and other plans covered by section 4975(e)(1) of the Internal Revenue Code (Code). The FAQs may be viewed at: www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/faqs/coi-rules-and-exemptions-part-2.pdf.

▲ On January 20, 2017, HUD issued Mortgagee Letter 2017-07 to announce the immediate and indefinite suspension of Mortgagee Letter 2017-01. Letter 2017-01 announced a reduction in mortgage insurance premiums (MIPs) for loans with a closing or disbursement date on or after January 27, 2017. Mortgagee Letter 2017-07 may be found at: <https://portal.hud.gov/hudportal/documents/huddoc?id=17-07ml.pdf>.

▲ FFIEC posted a notice on the “What’s New” area of its website indicating that it published incorrect APOR values for the dates of January 9 and January 16, 2017, which have now been corrected. Lenders should review transaction for which the January 9 and 16 APOR values would apply to determine if rate spreads for any such transactions were effected.

In addition, FFIEC also recently posted in the “What’s New” area 2017 Census Information, Geocoding information and other HMDA related information. The “What’s New” area may be viewed at: www.ffiec.gov/hmda/default.htm.



Compliance Notes

▲ CFPB has posted to its HMDA implementation page a link to a webinar on the 2015 HMDA Rule. To access the webinar and other HMDA resources, visit: www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/hmda-implementation/.

▲ CFPB has posted version 4.0 of the Small Entity Compliance Guide for the Remittance Transfer Rule. The revised guide may be found at: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Intl_Money_Transfer_Small_Entity_Compliance_Guide.pdf.

▲ OCC has issued Alerts 2017-1 regarding a fictitious notification regarding the release of funds supposedly under the agency's control. Consumers have reported fictitious text messages and telephone calls, allegedly initiated by OCC or other government entities, regarding funds purportedly under the control of OCC.

Any communication claiming that OCC is involved in holding any funds for the benefit of any individual or entity is fraudulent. OCC does not participate in the transfer of funds for, or on behalf of, individuals, business enterprises, or governmental entities. For additional information, please read the Alert which may be found at: www.occ.gov/news-issuances/alerts/2017/alert-2017-1.html.

▲ OCC has issued Bulletin 2017-7 regarding examination procedures to supplement OCC Bulletin 2013-29, "Third-Party Relationships: Risk Management Guidance," issued October 30, 2013. The supplemental procedures promote consistency when examining national banks and federal savings associations' (collectively, banks) risk management of third-party

relationships. These procedures expand on the core assessment contained in the "Community Bank Supervision," "Large Bank Supervision," and "Federal Branches and Agencies Supervision" booklets of the *Comptroller's Handbook*. These procedures use the concepts and definitions contained in OCC Bulletin 2013-29, including appendix A. Appendix B of OCC Bulletin 2013-29 provides additional guidance about third-party risk management practices in specific areas. The Bulletin may be viewed at: www.occ.gov/news-issuances/bulletins/2017/bulletin-2017-7.html.

▲ OCC has issued Bulletin 2017-5 to announce it has issued the revised "Conversions to Federal Charter" booklet of the *Comptroller's Licensing Manual*. This revised booklet replaces the booklet titled "Conversions" issued in April 2010. The revised booklet incorporates conversion procedures and requirements updated after the Office of Thrift Supervision's integration with the OCC on July 21, 2011, and revised regulations (12 CFR 5) that became effective July 1, 2015, addressing conversions to both national banks and federal savings associations. The Bulletin may be found at: www.occ.gov/news-issuances/bulletins/2017/bulletin-2017-5.html.

▲ OCC has issued the revised "Management Interlocks" booklet of the *Comptroller's Licensing Manual*, which replaces the booklet of the same title issued in October 2009. The revised booklet incorporates updated requirements following the integration of the Office of Thrift Supervision into the OCC in 2011 and clarifies guidance for both national banks and federal savings associations. The Bulletin may be viewed at: www.occ.gov/news-issuances/bulletins/2017/bulletin-2017-4.html.

▲ The Winter 2017 issue of *FDIC Consumer News* has been posted on FDIC's website. Among the topics addressed are common financial questions the FDIC receives and guidance on handling deposit account errors. The latest issue may be viewed at: www.fdic.gov/consumers/consumer/news/cnwin17/.

▲ The January 2017 issue of *FedFocus* has been posted on the FRFS website. Among the topics covered is a progress report on strategies for improving the U.S. payment system. The *FedFocus* may be viewed at: www.frbservices.org/fedfocus/index.html. In addition, FRFS has posted the January 2017 issue of *FedFlash*, which may be viewed at: www.frbservices.org/fedflash/index.html.

▲ In response to customer feedback, the FRFS updated its procedures for submitting deposits of contaminated currency. The updated procedures, which are effective as of January 30, 2017, are available on the Contaminated Currency and Coin page of FRBservices.org. In addition, the FedCash® Services Contaminated Currency Notification Form (CASH-04) and Deposit Visual Reference Guide were updated to reflect the changes. If you have questions, please contact your local FedCash Services District Contacts. Resource concerning these changes may be found at: www.frbservices.org/files/communications/pdf/fedcash/013017-contaminated-currency-revision.pdf. ■



Compliance Calendar

March 2017 – September 2017

Advocacy

WBA/ABA Washington Visit
March 20-22 | Washington, DC

ICBA 2017 Washington
Policy Summit
April 30-May 3 | Washington, DC

WBA Capitol Day
May 10 | Madison

Conferences

WBA Agricultural
Bankers Conference
April 5-6 | Wisconsin Dells

WBA 2017 Women in
Banking Conference
April 12 | Wisconsin Dells

WBA 2017 Management
Conference & Expo
Sept. 12-13 | Wisconsin Dells

FIPCO Events

Threat Intelligence Briefings
March 16 | Oakfield
April 12 | Hudson
May 18 | Wisconsin Dells

FIPCO Compliance & Software
Forum – Deposit
May 11 | Stevens Point

(Visit www.fipco.com/events.)

Summit

WBA 2017 BOLT Summer
Leadership Summit
June 12-13 | Wisconsin Dells

Schools

WBA Real Estate
Compliance School
March 13-15 | Wisconsin Dells

WBA Introduction to
Commercial Lending School
March 21-23 | Wisconsin Dells

WBA Compliance
Officer School
May 2-4 | Wisconsin Dells

WBA School of Bank
Management
May 7-12 | Madison

Seminars/Workshops

Call Report Review Workshop
March 9 | Wisconsin Dells

Advanced IRA Workshops
March 15 | Wausau
March 16 | Madison

Security Officer Workshops
March 21 | Neenah
March 22 | Eau Claire
March 23 | Wisconsin Dells

Train the Trainer Workshop:
Listening for Opportunities
April 6 | Madison

HSA Workshops
April 27 | Wisconsin Dells

Analyzing Personal
Financial Statements & Tax
Returns Seminar
April 28 | Wisconsin Dells

Lending Boot Camp
May 15 | Wisconsin Dells

Webinars (online training)

FCRA Review and
Update Webinar
March 2 | 10 a.m.-Noon

UCC Rules: How to Comply
to Attach and Perfect Secured
Transactions Webinar
March 3 | 10 a.m.-Noon

Compliance 101: Rules
for Consumer & Mortgage
Lenders Webinar
March 7 | 1:30-3:30 p.m.

EBC Webinar: Using Risk
Management to Increase
Your Bottom Line
March 7 | 2-3 p.m.

Health Savings
Accounts Webinar
March 7 | 10 a.m.-Noon

Best-Ever Compliance
Checklists for Commercial
Loans Webinar
March 8 | 1:30-3:30 p.m.

Regulation E Final Changes
on Prepaid Cards Webinar
March 9 | 1:30-3:30 p.m.

Legal Liabilities When Check
Fraud Occurs Webinar
March 9 | 10 a.m.-Noon

Regulation E. Final Changes
on Prepaid Cards Webinar
March 9 | 1:30-3:30 p.m.

BSA Emerging Issues
2017 Webinar
March 9 | 10 a.m.-Noon

Regulation E Series: Reg. E
Requirements for Debit Card Error
Resolution: Processing, Dis-
closure & Investigation Webinar
March 9 | 2-3:30 p.m.

(Register online at www.wisbank.com/education.)