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# RKL REGULATORY COMPLIANCE FOR FINANCIAL INSTITUTIONS >

June 2024

## Agencies Issued Notice of Proposed Rulemaking on Incentive-Based Compensation Arrangements

May 3, 2024

- The OCC, FDIC, FHA and NCUA issued a notice of proposed rulemaking and request for public comment on Incentive-Based Compensation Arrangements.
- This issuance re-proposes previous text from June 2016, along with alternatives and questions for public comment.
- The proposal includes a three-tiered approach based on an institution's average total consolidated assets.
- The proposal includes, among other requirements, Board or committee oversight, recordkeeping, disclosures and other prohibitions based on tier.
- Comments are due 60 days after the date of publication in the Federal Register.

### [Additional Information](#)

## CFPB — Regulation CC Threshold Adjustment

May 13, 2024

- As a result of the 21.8 percent increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers between July 2018 and July 2023, the following thresholds are effective from July 1, 2025, for five years:

Section	Threshold
Minimum Amount, 12 CFR 229.10(c)(1)(vii).	\$275
Cash Withdrawal Amount, 12 CFR 229.12(d).	\$550
New-Account Amount, 12 CFR 229.13(a)(1)(ii).	\$6,725
Large-Deposit Threshold, 12 CFR 229.13(b).	\$6,725
Repeatedly Overdrawn Threshold, 12 CFR 229.13(d)(2).	\$6,725
Civil Liability Minimum and Maximum for Individual Action, 12 CFR 229.21(a)(2)(i).	\$125 \$1,350
Civil Liability Maximum for Class Action, 12 CFR 229.21(a)(2)(ii)(B).	\$672,950

[Additional Information](#)

## CFPB Launches Process to Recognize Open Banking Standards

June 5, 2024

- The Consumer Financial Protection Bureau (CFPB) finalized a rule outlining the qualifications to become a recognized industry standard setting body, which can issue standards that companies can use to help them comply with the CFPB's upcoming Personal Financial Data Rights Rule.
- This rule identifies the attributes that standard setting bodies must demonstrate in order to be recognized by the CFPB. The rule also includes a step-by-step guide for how standard setters can apply for recognition and how the CFPB will evaluate applications.
- The CFPB is working to accelerate the shift to open banking in the United States. In 2010, Congress passed into law new personal financial data rights for consumers. Guaranteeing a consumer's right to their data will open up more opportunities for smaller financial institutions and startups offering products and services. However, these new rights have not taken full effect, because the CFPB never issued a rule. In October 2023, the CFPB proposed a rule to implement these rights and will finalize it in the coming months.
- This final rule kicks off the process for standard-setting organizations to seek formal recognition. It also includes a mechanism for the CFPB to revoke the recognition of standard setters and a maximum recognition duration of five years, after which recognized standard setters will have to apply for re-recognition. These protections will ensure recognized standard setters' ongoing adherence to the attributes codified in the rule.

[Additional Information](#)

## Supplemental Rulemaking Related to Community Reinvestment Act (CRA)

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March 21, 2024

- The FDIC, the Board of Governors of the Federal Reserve System (Federal Reserve), and the Office of the Comptroller of the Currency (the Agencies), issued an interim final rule and a final rule (together, supplemental rulemaking) related to the Agencies' Community Reinvestment Act (CRA) final rule issued on October 24, 2023, and published in the Federal Register on February 1, 2024, (89 FR 6574) (2023 CRA Final Rule).
- The interim final rule makes the following change: Revises the applicability date of two provisions in the 2023 CRA Final Rule, the facility-based assessment areas provision and the content and availability of public file provision from April 1, 2024, to January 1, 2026. The revisions will, among other things, make the provisions applicable concurrent with the definition of key terms, as well as reduce uncertainty and ensure consistency of the requirements, applicable as of January 1, 2026.
- Other technical corrections are also included in this issuance.

### [Additional Information](#)

## PA Department of Banking and Securities — Virtual Currency Policy Statement

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April 20, 2024

- The issuance clarifies the Department's interpretation of the term "money" in the Money Transmitter Act to include virtual currency.
- This means that the Department expects that all persons engaged in the business of transmitting virtual currency by means of a transmittal instrument for a fee or other consideration will obtain a license from the Department if they have not yet done so. Applications for licenses to transmit virtual currency may be completed through the National Multistate Licensing System and Registry in the same manner as all other money transmitter licenses.
- This statement of policy shall take effect on October 15, 2024.

### [Additional Information](#)

## FinCEN Request for Information and Comment on CIP Rule TIN Collection Requirement

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March 29, 2024

- In consultation with the OCC, FDIC, NCUA and Board of Governors of the Federal Reserve System (Board), FinCEN seeks information and comment from interested parties regarding CIP's requirement to collect a TIN, among other information, from a customer.
- FinCEN specifically seeks information to understand the potential risks and benefits, as well as safeguards that could be established, if banks were permitted to collect partial SSN information directly from the customer for U.S. individuals and subsequently use reputable third-party sources to obtain the full SSN prior to account opening.
- FinCEN seeks this information to evaluate and enhance its understanding of current industry practices and perspectives related to the CIP Rule's TIN collection requirement, and to assess the potential risks and benefits associated with a change to that requirement.
- Written comments on this RFI are welcome and must be received on or before May 28, 2024.

### [Additional Information](#)

## Agencies Issue Third-Party Risk Management: A Guide for Community Banks

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May 3, 2024

- The Board, FDIC and OCC (collectively, the agencies) issued the resource, Third-Party Risk Management: A Guide for Community Banks, to help banks develop and implement their third-party risk management programs, policies and practices.
- This guide is in addition and not a substitute for the Interagency Guidance on Third-Party Relationships: Risk Management.

[Additional Information](#)



## CFPB Pushes Back Section 1071 Compliance Deadlines

May 17, 2024

- The Consumer Financial Protection Bureau announced that it had pushed back the compliance deadlines by several months for its Section 1071 small-business data collection rule in response to litigation by the American Bankers Association and other plaintiffs.

Compliance Tier	Original Compliance Date	New Compliance Date	First Filing Deadline
Tier 1 Institutions (highest volume lenders)	October 1, 2024	July 18, 2025	June 1, 2026
Tier 2 Institutions (moderate volume lenders)	April 1, 2025	January 16, 2026	June 1, 2027
Tier 3 Institutions (smallest volume lenders)	January 1, 2026	October 18, 2026	June 1, 2027

### [Additional Information](#)

## CFPB to Define Buy Now, Pay Later Providers as Credit Card Providers

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May 22, 2024

- The Consumer Financial Protection Bureau issued an interpretive rule to define lenders who provide buy now, pay later products (BNPL) as credit card providers under the Truth in Lending Act. As a result, BNPL lenders will be required to provide consumers with options currently available to credit card holders, such as the ability to dispute merchant charges through the creditor.
- The buy now, pay later industry has expanded rapidly in recent years. A Federal Reserve survey released Tuesday found that 14% of U.S. adults last year said they had used a BNPL product in the past 12 months.
- BNPL lenders typically meet criteria under existing law and regulation as traditional credit card providers. The CFPB explains that BNPL lenders need to extend many of the same rights and protections as classic credit card providers.
- Per the CFPB and this interpretative rule, BNPL lenders must investigate disputes that consumers initiate, refund returned products or canceled services, and provide billing statements.
- **The CFPB is accepting public comments on the rule through August 1, 2024.**

### [Additional Information](#)

## CFPB Launches Public Inquiry into Mortgage Closing Costs

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May 30, 2024

- The Consumer Financial Protection Bureau launched a public inquiry into so-called “junk fees” associated with mortgage closing costs to “understand why closing costs are increasing, who is benefiting and how costs for borrowers and lenders could be lowered.”
- The closing costs that borrowers pay in connection with a mortgage have risen steeply in recent years. From 2021 to 2023, median total loan costs for home mortgages increased by over 36%. According to the CFPB, these unavoidable fees that borrowers must pay at closing can strain household budgets and families’ ability to afford a down payment. The CFPB stated it is looking for ways to reduce anti-competitive fees that harm both homebuyers and lenders.
- The CFPB encourages comments and data from the public and all interested stakeholders. Comments must be received within 60 days of the request for information being published in the Federal Register.

### [Additional Information](#)

## CFPB Releases Issue Spotlight on Credit Card Rewards

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May 2024

- The CFPB recently put out an “Issue Spotlight” on Credit Card Rewards which warned that rewards programs are promoted in such a way that is too good to be true.
- The CFPB has seen more than a 70% increase in the number of complaints specific to credit card rewards programs. In reviewing these complaints, the CFPB noticed some consistent themes:
  - Unexpected promotional conditions
  - Devaluation
  - Redemption Problems
  - Revocation

[Additional Information](#)

## CFPB Issues UDAAP Guidance on Contracts for Consumer Financial Products and Services

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June 4, 2024

- The Consumer Financial Protection Bureau (CFPB) today issued a circular warning against the use of unlawful or unenforceable terms and conditions in contracts for consumer financial products or services. Companies use this fine print tactic to try to trick consumers into believing they have given up certain legal rights or protections. When financial institutions take these types of actions, they risk violating the Consumer Financial Protection Act.
- The warning is part of the CFPB's broader efforts to ensure freedom and fairness in people's interactions with financial institutions.
- Many consumer contracts include terms and conditions that claim to limit consumer rights and protections. This fine print may just be an attempt to confuse people about their rights. A common example is the general liability waiver, which purports to fully insulate companies from suits even though most states have laws that create hosts of exemptions to these waivers.

### [Additional Information](#)



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