

Regulatory Dispatch

Timely news and resources community bankers can use

to better stay on top of a rapidly changing world.

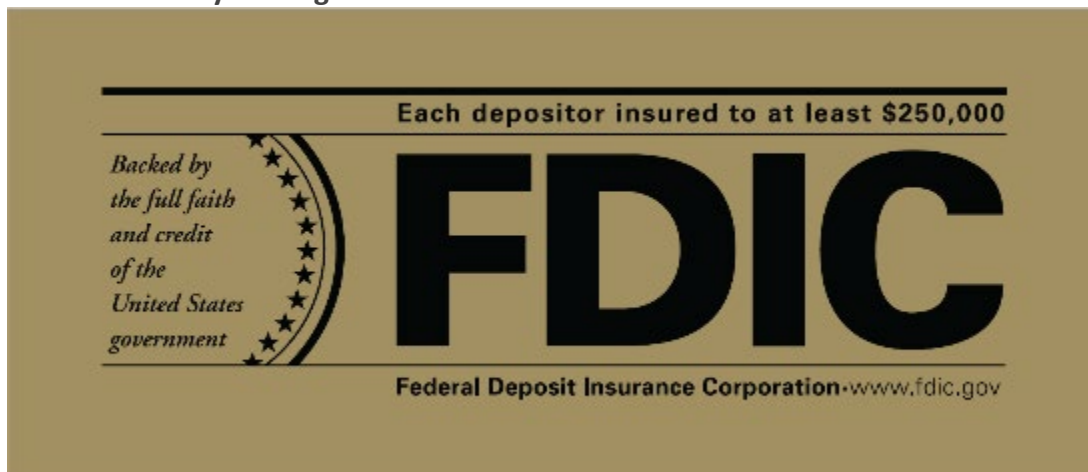
FDIC [Extends Compliance Date](#) for Subpart A of the FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC’s Name or Logo

WASHINGTON – The Federal Deposit Insurance Corporation announced that it is providing financial institutions additional time to get new process and systems in place by extending the compliance date for the new FDIC signage and advertising rule from January 1, 2025, to May 1, 2025. **The extension applies only to a portion of the final rule designed to modernize the rules governing use of the official FDIC signs and advertising statements – Part 328, subpart A.**

The compliance date related to misrepresentations of deposit insurance coverage, subpart B of Part 328, remains January 1, 2025. The final rule, “FDIC Official Signs and Advertising Requirements, False Advertising, Misrepresentation of Insured Status, and Misuse of the FDIC’s Name or Logo,” was approved by the FDIC Board in December 2023.

Based upon feedback from banks and other banking industry participants, the FDIC understands that some financial institutions would find it beneficial to have additional time to implement the new regulatory requirements under subpart A. The extension applies to the provisions requiring (1) the use of the FDIC official sign, official digital sign, and other signs differentiating deposits and non-deposit products across all banking channels, including physical premises, automated teller machines (ATMs) and digital channels, and (2) the establishment and maintenance of written policies and procedures to achieve compliance with Part 328.

FDIC Official Physical Sign:



The final rule establishes a new black and navy-blue FDIC official digital sign. Banks will be required to display the FDIC official digital sign near the name of the bank on all bank websites and mobile applications. Banks also will be required to display the FDIC official digital sign on certain automated teller machines.

In addition, the final rule modernizes requirements for display of the FDIC official sign in bank branches and other physical premises to account for evolving designs of bank branches and other physical bank locations where customers make deposits.

Comment: “This extension will provide additional opportunity for IDIs to establish processes and systems, and make technological updates, necessary to implement the new regulatory requirements” under 12 C.F.R. Part 328, subpart A, the FDIC said in a [Financial Institution Letter](#).

CFPB Issues Final Rule Implementing Section 1033 of Dodd-Frank Act

Earlier this week, the Consumer Financial Protection Bureau (CFPB) issued the long-awaited final rule implementing Section 1033 of the Dodd-Frank Act.

While Section 1033 is a brief section of the law, containing just 337 words, its ramifications for the banking industry are significant. In short, Section 1033 seeks to create a European-style open banking future in which banking data is more portable and more commoditized. It does so by creating a regulatory and operational framework whereby consumers can request that their data be transferred from your bank to any other bank or fintech company at no cost to the consumer or the receiving party.

Following more than a year of advocacy, in which ICBA and its state association partners have argued for an exemption for the smallest financial institutions, **we are pleased to report that the final rule exempts depository institutions of less than \$850MM in assets.** The rule further increases data security standards for fintech companies and other non-depositories, which may receive consumer data.

The final rule also provides banks with more time to comply with the rule. The new compliance dates are:

- **April 1, 2030** for banks with assets between \$850mm and \$1.5 billion.
- **April 1, 2029** for banks with assets between \$1.5 billion and \$3 billion in assets.
- **April 1, 2028** for banks with assets between \$3 billion and \$10 billion in assets.
- **April 1, 2027** for banks with \$10 billion to \$250 billion in assets.

Items of Interest

Bank Management

[FDIC Board of Directors Releases Semiannual Update on Deposit Insurance Fund Restoration Plan](#) (10/17/2024) – WASHINGTON – The Federal Deposit Insurance

Corporation (FDIC) Board of Directors released the latest semiannual update on the Restoration Plan for the agency's Deposit Insurance Fund (DIF). FDIC staff projects that the reserve ratio remains on track to reach the statutory minimum of 1.35 percent ahead of the statutory deadline of September 30, 2028.

Since the previous semiannual update, the DIF reserve ratio increased by 6 basis points—from 1.15 percent as of December 31, 2023, to 1.21 percent as of June 30, 2024, due to growth in the DIF balance and slower-than-average insured deposit growth.

"The increase in the DIF balance was primarily driven by assessments earned, which reflect the 2 basis point increase in initial base assessment rate schedules that became effective at the beginning of 2023," said FDIC Chairman Martin J. Gruenberg. "Had this rate increase not been in effect prior to the failure of three large regional banks in 2023, which resulted in \$19.6 billion in losses to the DIF, the Board likely would have had to consider a more sizeable rate increase in order to restore the reserve ratio to 1.35 percent with less time remaining before the statutory deadline."

Background

The Federal Deposit Insurance Act (FDI Act) requires the FDIC Board to adopt a restoration plan when the DIF's reserve ratio—the ratio of the fund balance relative to insured deposits—falls below 1.35 percent. On September 15, 2020, the FDIC established the Restoration Plan (the Plan) to restore the DIF reserve ratio to at least 1.35 percent by the statutory deadline, after extraordinary deposit growth during the first half of 2020 caused the DIF reserve ratio to decline below the statutory minimum. The Plan maintained the assessment rate schedules in place at the time.

On June 21, 2022, the FDIC Board amended the Plan following staff projections the reserve ratio was at risk of not reaching the required minimum by the statutory deadline. In conjunction with the Amended Restoration Plan, the FDIC Board increased deposit insurance assessment rates by 2 basis points for all insured depository institutions (IDIs), effective the first quarterly assessment period of 2023.

The FDIC Board also maintained the designated reserve ratio for the DIF at 2 percent for 2025. The FDIC is required to designate a reserve ratio for the DIF each year, based on an analysis of statutory factors. This long-range, minimum goal is designed to increase the likelihood that the DIF will remain positive throughout periods of significant losses due to bank failures and reduce the risk that the FDIC might need to consider a pro-cyclical assessment rate increase when IDIs can least afford to pay higher assessment rates.

Comment: "While the number of problem institutions increased in the first half of 2024, the share of problem banks to total banks remained in the normal range for non-crisis periods," Dan Hoople of the FDIC's Division of Insurance Research said in a periodic

	<p><i>update to the agency's board of directors. "Despite this resilience, segments of the industry face elevated and rising non-current ratios, particularly in commercial real estate and consumer portfolios."</i></p>
	<p>OCC Announces Enforcement Actions for October 2024 (10/17/2024) – WASHINGTON— The Office of the Comptroller of the Currency (OCC) released enforcement actions taken against national banks and federal savings associations (banks), and individuals currently and formerly affiliated with banks the OCC supervises.</p> <p>The OCC uses enforcement actions against banks to require the board of directors and management to take timely actions to correct the deficient practices or violations identified. Actions taken against banks are:</p> <p>Formal Agreement with Axiom Bank, N.A., Maitland, Florida, for unsafe or unsound practices, including those related to the bank’s Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance program and violations of 12 CFR 21.21(d)(1) and (d)(3) (BSA/AML internal controls and BSA officer). (Docket No. AA-SO-2024-83)</p> <p>Formal Agreement with First National Bank of Dennison, Dennison, Ohio, for unsafe or unsound practices, including those related to board and management oversight, credit underwriting, and credit administration. (Docket No. AA-CE-2024-49)</p> <p>Formal Agreement with First National Bank of Lake Jackson, Lake Jackson, Texas, for unsafe or unsound practices, including those related to strategic and capital planning, liquidity risk management, and interest rate risk management. (Docket No. AA-SO-2024-70)</p> <p>Formal Agreement with The First National Bank of Waverly, Waverly, Ohio, for unsafe or unsound practices, including those relating to strategic planning, capital planning, and liquidity risk management. (Docket No. AA-CE-2024-64)</p> <p>Cease and Desist Order and Civil Money Penalty against TD Bank, N.A., Wilmington, Delaware, and TD Bank USA, N.A., Wilmington, Delaware, for deficiencies in the banks’ BSA/AML compliance program. The assessed civil money penalty is \$450 million. Refer to OCC News Release 2024-116. (Docket No. AA-ENF-2024-77 and AA-ENF-2024-78)</p> <p><i>Comment: Again, these actions are frequently citing strategic planning and board oversight.</i></p>
	<p>FDIC Statement by Vice Chairman Travis Hill on Board Merger and Deposit Insurance Application Review Process (10/17/2024) – <i>On June 20, 2024, the FDIC Board approved a resolution I proposed to require recurring briefings to the full Board on any merger or deposit insurance application (“covered application”) outstanding for more than nine</i></p>

	<p>months. This requirement became effective this month, with the first set of required briefings held during the closed session of our Board meeting today.</p> <p>Leading up to the June Board meeting, there were 11 covered applications pending that had been outstanding for more than nine months, with a dozen more poised to cross the 9-month threshold between the June and October Board meetings if not resolved sooner. Over the last 2½ years, the number of covered applications outstanding for more than nine months at any given time has consistently hovered around 10, and several of these applications have lingered significantly longer than nine months.</p>
	<p>FRB Industrial Production and Capacity Utilization - G.17 (10/17/2024) – Release Date: October 17, 2024 - Industrial production (IP) decreased 0.3 percent in September after advancing 0.3 percent in August. A strike at a major producer of civilian aircraft held down total IP growth by an estimated 0.3 percent in September, and the effects of two hurricanes subtracted an estimated 0.3 percent. For the third quarter as a whole, industrial production declined at an annual rate of 0.6 percent. Manufacturing output moved down 0.4 percent in September, and the index for mining fell 0.6 percent. The index for utilities gained 0.7 percent. At 102.6 percent of its 2017 average, total industrial production in September was 0.6 percent below its year-earlier level. Capacity utilization edged down to 77.5 percent in September, a rate that is 2.2 percentage points below its long-run (1972–2023) average.</p>

BSA / AML

	<p>FinCEN Updates: FinCEN Renews Real Estate Geographic Targeting Orders (10/15/2024) – The Financial Crimes Enforcement Network (FinCEN) announced the renewal of its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate. The terms of the GTOs are effective beginning October 16, 2024, and ending on April 14, 2025. FinCEN renewed the GTOs that cover certain counties and major U.S. metropolitan areas in California, Colorado, Connecticut, Florida, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New York, Texas, Washington, Virginia, and the District of Columbia.</p> <p>In August 2024, FinCEN issued a final rule requiring certain industry professionals to report information to FinCEN about non-financed transfers of residential real estate to a legal entity or trust. This nationwide reporting framework will replace the GTOs and goes into effect on December 1, 2025.</p>
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Deposit / Retail Operations

	<p>FTC New FTC Report to Congress on Scams and Older Adults (10/18/2024) – Every year, the FTC reports to Congress on the agency’s recent efforts to protect older adults. Check</p>
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	<p>out this year’s report for new scam and fraud trends, FTC cases and rulemakings that impacted older adults, and updates on Pass It On and other outreach programs. What else is new?</p>
	<p>FRB New U.S. Faster Payments Council Study Forecasts Instant Payment Adoption (10/17/2024) – The U.S. Faster Payments Council is shedding light on factors shaping the growth and future of instant payments.</p> <p>Explore the recently released 2024 U.S. Instant Payments Adoption Quantitative Study that highlights projected growth of instant payment send and receive enablement, use case drivers, adoption opportunities and challenges, and industry expectations for instant payments by 2028.</p>

Lending

	<p>CFPB 2025 Beta HMDA Platform (10/15/2024) – The Bureau is pleased to announce the beta release of the HMDA Platform for data that will be collected in 2025 (2025 Beta Platform). The 2025 Beta Platform provides financial institutions and vendors an opportunity to test whether their sample loan/application register (LAR) data comply with the reporting requirements outlined in the Filing Instructions Guide for HMDA data collected in 2025.</p> <p>Please note that the 2025 Beta Platform is for testing purposes only and the Bureau will continue to add functionality. No data submitted on the Beta Platform will be considered for compliance with HMDA data reporting requirements; we encourage financial institutions to maintain their own system of record. During the beta period, financial institutions may test and retest HMDA data files as often as desired.</p> <p>Visit the 2025 Beta Platform (https://ffiec.beta.cfpb.gov/filing/) to login and select ‘2025’ from the dropdown to start testing. Financial institutions can use their log-in credentials from the previous filing periods or, if they have not previously filed data, establish log-in credentials and upload sample 2025 HMDA files to perform validation on their data. Use of this platform (and compliance with HMDA) requires financial institutions to have a Legal Entity Identifier (LEI) which uniquely identifies the institution, and that LEI must be recognized by the HMDA Platform. If your institution has not registered for an LEI and intends to file HMDA data, visit the Global LEI Foundation for information on obtaining an LEI.</p> <p>For questions and feedback regarding the Beta Platform, contact HMDAHelp@cfpb.gov or visit https://hmdahelp.consumerfinance.gov/.</p> <p><i>Comment: HMDA reporting lenders can submit data to the beta testing version of the platform to determine if their data is appropriate for a formal submission of the data to the actual platform.</i></p>
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	<p>CFPB Issuance of Annual Threshold Adjustments Related to HPML Transactions and Consumer Credit and Lease Transactions (10/15/2024) – The CFPB has announced three rulemakings related to threshold adjustments.</p> <p>The first rule is a joint rulemaking between the CFPB, the Federal Reserve Board, and the Office of the Comptroller of the Currency to adjust the threshold for exempting loans from special appraisal requirements under the TILA Higher Priced Mortgage Loan Appraisal rule. This adjustment is effective January 1, 2025.</p> <p>The second and third rules are joint rulemakings between the CFPB and the Federal Reserve Board to adjust the thresholds in Regulation Z and Regulation M for determining the exempt consumer credit transactions under TILA and the exempt consumer lease transactions under the Consumer Leasing Act. These adjustments are effective January 1, 2025.</p> <p>You can read more about the HPML threshold adjustment here:</p> <p>https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/appraisals-higher-priced-mortgage-loans-exemption-threshold-adjustments/.</p> <p>You can read more about the Regulation Z threshold adjustment here:</p> <p>https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/truth-lending-regulation-z-threshold-adjustments/.</p> <p>You can read more about the Regulation M threshold adjustment here:</p> <p>https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/consumer-leasing-regulation-m-adjustments/.</p> <p><i>Comment: Routine annual adjustments. Update your policy and procedures accordingly.</i></p>

Technology / Security

	<p>CISA Oracle Releases Quarterly Critical Patch Update Advisory for October 2024 (10/17/2024) – Oracle released its quarterly Critical Patch Update Advisory for October 2024 to address vulnerabilities in multiple products. A cyber threat actor could exploit some of these vulnerabilities to take control of an affected system.</p> <p>CISA encourages users and administrators to review the following Oracle Critical Patch Update Advisory and apply the necessary updates:</p> <ul style="list-style-type: none"> • Oracle Critical Patch Update Advisory – October 2024
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Selected federal rules – proposed

Proposed rules are included only when community banks may want to comment. Date posted may not be the same as the Federal Register Date.

- 07.30.2024 **FDIC [Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions](#)** SUMMARY: The FDIC is inviting comment on proposed revisions to its regulations relating to the brokered deposits restrictions that apply to less than well-capitalized insured depository institutions. The proposed rule would revise the "deposit broker" definition and would amend the analysis of the "primary purpose" exception to the "deposit broker" definition. The proposed rule would also amend two of the designated business relationships under the primary purpose exception and make changes to the notice and application process for the primary purpose exception. In addition, the proposed rule would clarify when an insured depository institution can regain status as an "agent institution" under the limited exception for a capped amount of reciprocal deposits. **DATES: Comments must be received by the FDIC no later than November 21, 2024 (extended by the FDIC from the original October 22, 2024 deadline.)**
- 07.30.2024 **Joint [Financial Data Transparency Act Joint Data Standards](#)** SUMMARY: The Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, Federal Housing Finance Agency, Commodity Futures Trading Commission, Securities and Exchange Commission, and Department of the Treasury invite public comment on a proposed rule to establish data standards to promote interoperability of financial regulatory data across these agencies. Final standards established pursuant to this rulemaking will later be adopted for certain collections of information in separate rulemakings by the agencies or through other actions taken by the agencies. The agencies are proposing this rule as required by the Financial Data Transparency Act of 2022. **DATES: Comments must be received by October 21, 2024.**
- 07.31.2024 **Joint [Request for Information on Bank-Fintech Arrangements Involving Banking Products and Services Distributed to Consumers and Businesses](#)** SUMMARY: Over the past several years, the Office of the Comptroller of the Currency (OCC), Treasury; the Board of Governors of the Federal Reserve System (Board); and the Federal Deposit Insurance Corporation (FDIC) (collectively, "the agencies" or "agency" when referencing the singular) have observed and reviewed arrangements between banks and financial technology (fintech) companies. The agencies support responsible innovation and banks pursuing bank-fintech arrangements in a manner consistent with safe and sound banking practices, and with applicable laws and regulations, including consumer protection requirements and those addressing financial crimes. Bank-fintech arrangements can provide benefits; however, supervisory experience has highlighted a range of potential risks with these bank-fintech arrangements. This request solicits input

on the nature of bank-fintech arrangements, effective risk management practices regarding bank-fintech arrangements, and the implications of such arrangements, including whether enhancements to existing supervisory guidance may be helpful in addressing risks associated with these arrangements. **Dates: Comments must be received on or before October 30, 2024 (extended by the agencies from the initial September 30, 2024 deadline.)**

- 08.08.2024 **FDIC [Request for Information on Deposits](#)** SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is soliciting comments from interested parties on deposit data that is not currently reported in the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports of Condition and Income (Call Report) or other regulatory reports, including for uninsured deposits. The FDIC seeks information on the characteristics that affect the stability and franchise value of different types of deposits and whether more detailed or more frequent reporting on these characteristics or types of deposits could enhance offsite risk and liquidity monitoring, inform analysis of the benefits and costs associated with additional deposit insurance coverage for certain types of deposits, improve risk sensitivity in deposit insurance pricing, and provide analysts and the general public with accurate and transparent data. **DATES: Comments must be received on or before December 6, 2024 (extended by the FDIC from the original October 7, 2024 deadline.)**
- 09.17.2024 **FDIC [Recordkeeping for Custodial Accounts](#)** Summary: SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is proposing requirements that would strengthen FDIC-insured depository institutions' (IDI) recordkeeping for custodial deposit accounts with transactional features and preserve beneficial owners' and depositors' entitlement to the protections afforded by Federal deposit insurance. The proposal is intended to promote the FDIC's ability to promptly make deposit insurance determinations and, if necessary, pay deposit insurance claims "as soon as possible" in the event of the failure of an IDI holding custodial accounts with transactional features. The proposed requirements also are expected to result in depositor and consumer protection benefits, such as promoting timely access by consumers to their funds, even in the absence of the failure of an IDI. The requirements described in this document would only apply to IDIs offering custodial accounts with transactional features and that are not specifically exempted as provided in this NPR. **DATES: Comments must be received on or before December 2, 2024.**
- 09.20.2024 **CFPB [Remittance Transfers Under the Electronic Fund Transfer Act \(Regulation E\)](#)** SUMMARY: The Consumer Financial Protection Bureau (CFPB) proposes a narrowly tailored amendment to certain remittance transfer disclosure requirements in the remittance rule in Regulation E (Remittance Rule or Rule), which implements the Electronic Fund Transfer Act, and certain accompanying model forms, to ensure that consumers sending a remittance transfer have information about the types of inquiries that may be most efficient to direct to the CFPB and the State agency that licenses or charters their remittance transfer provider. **DATES: Comments must be received on or before November 4, 2024.**