

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

### **12 CFR Ch. III**

#### **Semiannual Agenda of Regulations**

**AGENCY:** Federal Deposit Insurance Corporation.

**ACTION:** Semiannual regulatory agenda.

**SUMMARY:** The Federal Deposit Insurance Corporation (FDIC) is hereby publishing items for the Fall 2020 Unified Agenda of Federal Regulatory and Deregulatory Actions. The agenda contains information about FDIC's current and projected rulemakings, existing regulations under review, and completed rulemakings.

**FOR FURTHER INFORMATION CONTACT:** James P. Sheesley, Acting Assistant Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

**SUPPLEMENTARY INFORMATION:** Twice each year, the FDIC publishes an agenda of regulations to inform the public of its regulatory actions and to enhance public participation in the rulemaking process. Publication of the agenda is in accordance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). The FDIC amends its regulations under the general rulemaking authority prescribed in section 9 of the Federal Deposit Insurance Act (12 U.S.C. 1819) and under specific authority granted by the Act and other statutes.

#### **Prerule Stage:**

*\* Activities of Insured State Banks and Insured Savings Associations (RIN 3064-AF58)*

The FDIC is seeking comment from interested parties regarding the FDIC's rules and regulations for activities of insured state banks and insured savings associations.

#### **Proposed Rule Stage:**

*Quality Control Standards for Automated Valuation Models (3064-AE68)*

The FRB, OCC, FDIC, NCUA, FHFA, and CFPB are developing a rule to implement section 1473 of the Dodd-Frank Act concerning quality control standards for automated valuation models.

*Market Risk Rule-Fundamental Review of the Trading Book (3064-AF01)*

The OCC, Board, and FDIC intend to publish a notice of proposed rulemaking to make revisions to their respective capital rule provisions related to market risk.

*Resolution Plans Required for Certain Insured Depository Institutions (3064-AF05)*

The FDIC is issuing a notice of proposed rulemaking to solicit comment on whether and, if so, how to further tailor or improve its rule requiring certain insured depository institutions to submit resolution plans.

*Uniform Rules of Practice and Procedure (3064-AF10)*

The OCC, Board, FDIC, and NCUA will seek comment on amendments to the Uniform Rules of Practice and Procedure applicable to adjudicatory proceedings before the Office of Financial Institution Adjudication. The existing regulations have not been updated in nearly 25 years. The goal of the rulemaking is to update the regulations to conform with current practice and technology. The FDIC also seeks comments on revisions and additions to its General Rules of Procedure, which will update and modernize administrative proceedings rules related to discovery practices and disclosure of expert witness testimony.

*Simplification of Deposit Insurance Rules (3064-AF27)*

The FDIC plans to seek comment on proposed amendments to its regulations governing deposit insurance. These changes are intended to assist bankers and depositors in understanding the deposit insurance rules.

*Credit Risk Transfer for Consolidated Traditional Securitization (3064-AF28)*

The OCC, FRB, and FDIC (collectively, the agencies) are requesting comment on a proposal to recognize, for risk-based capital purposes, credit risk transfer for consolidated traditional securitization transactions that is reported on the banking organization's balance sheet under GAAP provided that the transaction meets certain operational requirements. These requirements are intended to ensure that the banking organization has effectively transferred credit risk and is not obligated or allowed to provide credit support to third-party investors, particularly in the event of credit deterioration in the underlying exposures.

*Basel III Capital Rule Revisions (3064-AF29)*

The OCC, FRB, and FDIC (collectively, the agencies) are requesting comment on a proposal to comprehensively revise the agencies' risk-based capital rules, including revisions to the current standardized and advanced approaches capital rules.

*Removal of OTS Regulations Regarding Definitions for Regulations Affecting All State Savings Associations (3064-AF30)*

The FDIC proposes to rescind and remove 12 CFR part 390, subpart Q, entitled Definitions for Regulations Affecting All State Savings Associations. This subpart was included in the regulations that were transferred to the FDIC from the OTS on July 21, 2011, in connection with the implementation of applicable provisions of Title III of the Dodd-Frank Act. Upon removal of 12 CFR part 390, subpart Q, the definitions for regulations affecting all state savings associations for which the FDIC has been designated the appropriate federal banking agency will be found at 12 CFR part 362, subpart C, entitled Activities of Insured State Savings Associations. The proposed rule would not change 12 CFR part 336, subpart C.

*Role of Supervisory Guidance (3064-AF32)*

The FDIC, OCC, FR, CFPB and NCUA (the agencies) are inviting comment on a proposed rule that would codify the Interagency Statement Clarifying the Role of Supervisory Guidance issued by the Agencies on September 11, 2018 (2018 Statement). The 2018 Statement reiterated well-established law

by stating that, unlike a law or regulation, supervisory guidance does not have the force and effect of law. As such, supervisory guidance does not create binding legal obligations for the public.

*Removal of OTS Regulations Regarding Securities Offerings and Amendment of Statement of Policy on Use of Offering Circulars (3064-AF33)*

FDIC proposes to remove the OTS Regulations at part 390, subpart W, regarding securities offerings and the use of offering circulars

*Annual Audit and Reporting Required for Insured Depository Institutions with \$500 Million or More in Total Consolidated Assets (3064-AF39)*

The FDIC is seeking comment on a proposed rule to revise 12 CFR part 363 which implements Section 36 of the Federal Deposit Insurance Act. Part 363 requires annual independent audits and reporting requirements for insured depository institutions with total consolidated assets of \$500 million or more.

*\* Exemptions to Suspicious Activity Report Requirements (3064-AF56)*

The FDIC is proposing a rule that would modify the requirements for FDIC-supervised institutions to file Suspicious Activity Reports. The proposed rule would amend the FDIC's Suspicious Activity Report regulations to allow the FDIC to issue exemptions from the requirements of those regulations. The proposed rule makes it possible for the FDIC to grant relief to FDIC-supervised institutions that develop innovative solutions to meet Bank Secrecy Act requirements more efficiently and effectively.

*\* Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (3064-AF57)*

The OCC, FRB, and FDIC are issuing this notice of proposed rulemaking to make corrections to certain provisions of the capital rule related to the standardized approach for counterparty credit risk, which is used for calculating the exposure amount of derivative contracts under the regulatory capital rule and was adopted in a final rule published on January 24, 2020.

*\* Computer-Security Incident Notification (3064-AF59)*

The OCC, FRB, and FDIC are developing a proposed rule that would require a banking organization to report significant computer-security incidents to its primary regulator on a timely basis.

**Final Rule Stage:**

*Net Stable Funding Ratio: Liquidity Risk Measurement Standards and Disclosure Requirements (3064-AE44)*

The OCC, FRB, and the FDIC (together, the agencies) invited comment on a proposed rule that would implement a stable funding requirement, the net stable funding ratio (NSFR), for large and internationally active banking organizations. The NSFR requirement is designed to reduce the likelihood that disruptions to a banking organization's regular sources of funding will compromise its liquidity position, as well as to promote improvements in the measurement and management of liquidity risk. The rule also amended certain definitions in the liquidity coverage ratio rule that are also applicable to the NSFR. A bank holding company or savings and loan holding company subject to the proposed NSFR requirement or modified NSFR requirement would be required to publicly disclose the company's NSFR and the components of its NSFR each calendar quarter. The agencies intend to issue a final rule.

*Regulatory Capital Treatment for Investments in Long-Term Debt Instruments (3064-AE79)*

The OCC, FRB, and FDIC (together, the agencies) invited comment on revisions to the regulatory capital rule to require Advanced Approaches banking organizations to deduct certain total loss-absorbing capacity instruments from tier 2 capital, including any significant investments in covered debt instruments, a reciprocal cross-holding, or a direct, indirect, or synthetic investment in the banking organization's own covered debt instrument. The agencies intend to issue a final rule.

*Brokered Deposits (3064-AE94)*

The FDIC invited comment on possible changes to the FDIC's rule on brokered deposits. The FDIC intends to issue a final rule.

*Interest Rate Restrictions on Insured Depository Institutions That Are Not Well Capitalized (3064-AF02)*

The FDIC invited comment on interest rate restrictions that apply to less than well capitalized insured depository institutions. The FDIC intends to issue a final rule.

*Collection of Civil Money Penalty Debt (3064-AF25)*

The FDIC proposes to revise 12 CFR Part 313 through a final rule to further implement the Debt Collection Improvement Act of 1996 (DICA), in relation to the collection of civil money penalty debt that is debt from either stipulated civil money penalties or final judgments on civil money penalties. The final rule would improve the effectiveness of the FDIC's debt-collection efforts, primarily by allowing the FDIC to refer debts arising from its enforcement-related activities to the U.S. Department of the Treasury (Treasury) for collection.

*Requirements for Certain Applications (3064-AF31)*

The FDIC invited comment on a proposed rule that would require certain conditions and commitments in connection with FDIC determinations on certain filings and notices by, or in relation to, certain institutions. The FDIC intends to issue a final rule.

*Removal of OTS Regulations Regarding Nondiscrimination Requirements (3064-AF35)*

The FDIC proposes to seek comment on removing 12 CFR part 390, subpart G, entitled Nondiscrimination Requirements, and incorporating certain provisions of part 390, subpart G into existing FDIC regulations. Subpart G was included in the regulations that were transferred to the FDIC from the Office of Thrift Supervision (OTS) on July 11, 2011, in connection with the implementation of applicable provisions of Title III of the Dodd-Frank Act.

*Removal of OTS Regulations Regarding Application Processing Procedures (3064-AF36)*

The FDIC proposes removal of the OTS Regulation at 12 CFR part 390, subpart F, regarding application processing procedures. Subpart F was included in the regulations that were transferred to the FDIC from

the Office of Thrift Supervision (OTS) on July 11, 2011, in connection with the implementation of applicable provisions of Title III of the Dodd-Frank Act.

*Removal of OTS Regulations Regarding Subordinate Organizations (3064-AF37)*

The FDIC proposes to rescind and remove from the Code of Federal Regulations 12 CFR part 390, subpart O, entitled Subordinate Organizations. This subpart was included in the regulations that were transferred to the FDIC from the Office of Thrift Supervision (OTS) on July 21, 2011, in connection with the implementation of applicable provisions of Title III of the Dodd-Frank Act.

*Removal of OTS Regulations Regarding Prompt Corrective Action and Conforming the FDIC PCA Regulations to Encompass State Savings Associations (3064-AF38)*

The FDIC proposes to eliminate the former OTS regulations related to Prompt Corrective Action Directives and Enforcement relating to State Savings Associations found at 12 CFR 390.456-459. The FDIC will conform the existing procedures under its own regulations to apply to state savings associations, 12 CFR 308.321-204. The FDIC regulations and the former OTS regulations are significantly similar and should be combined into the same procedural rules to avoid confusion.

*\* Branch Application Procedures (3064-AF54)*

The FDIC invited comment on a proposal to: (1) amend the FDIC's branch application filing procedures set forth in 12 CFR 303.42(b), 12 CFR 303.182, and 12 CFR 303.184 by deleting the requirements related to the National Historic Preservation Act of 1966 (NHPA) and/or the National Environmental Policy Act of 1969 (NEPA), and (2) rescind two related Statements of Policy regarding the NHPA and the NEPA. The FDIC intends to issue a final rule.

*\* Margin and Capital Requirements for Covered Swap Entities (3064-AF55)*

The OCC, FRB, FDIC, FCA, and FHFA (each an Agency and, collectively, the Agencies) adopted and invited comment on an interim final rule amending the Agencies' regulations that require swap dealers, security-based swap dealers, major swap participants, and major security-based swap participants under

the Agencies' respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (non-cleared swaps) (Swap Margin Rule). Under the Swap Margin Rule, as amended, initial margin requirements will take effect under a phased compliance schedule spanning from 2016 through 2020, and in a Federal Register notice published, the Agencies have extended the phase-in period to 2021. Due to the COVID-19 pandemic, the Agencies are extending by one year the Phases 5 and 6 implementation deadlines for initial margin requirements from September 1, 2020, to September 1, 2021 (for phase 5) and from September 1, 2021, to September 1, 2022 (for phase 6). The Agencies' objective is to give covered swap entities additional time to meet their initial margin requirements under the rule so as not to hamper any efforts underway to address exigent circumstances caused by COVID-19. The agencies intend to adopt as final the interim final rule.

**Completed Actions:**

*Covered Broker-Dealer Provisions Under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (3064-AE39)*

The FDIC and the SEC, in accordance with section 205(h) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, jointly issued a rule to implement provisions applicable to the orderly liquidation of covered brokers and dealers under Title II of the Dodd-Frank Act.

*Margin and Capital Requirements for Covered Swap Entities Agencies (3064-AF00)*

The OCC, Board, FDIC, FCA, and FHFA (collectively, the Agencies) issued a final rule amending the Agencies' regulations that require swap dealers and security-based swap dealers under the Agencies' respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Swap Margin Rule). The Swap Margin Rule takes effect under a phased compliance schedule stretching from 2016 through 2020, and the dealers covered by them continue to hold swaps in their portfolios that were entered into before the effective dates of the rule. These swaps are grandfathered from the Swap Margin Rule's requirements until they expire according to their terms. There are currently banking entities located within the United Kingdom (UK) that conduct swap dealing activities subject to the Swap Margin Rule. The UK has provided formal notice of its intention to withdraw from the European

Union (EU), absent a negotiated agreement that would allow these swap dealers located in the UK to continue to be authorized to provide full-scope financial services to swap counterparties located in the EU. The Agencies' final rule is designed to address the scenario likely to ensue, whereby swap dealers located in the UK might choose to transfer their existing swap portfolios that face counterparties located in the EU over to an affiliate or other related establishment located within the EU. Such transfers, if carried out in accordance with the conditions of the final rule, will not trigger the application of the Swap Margin Rule to swaps that are grandfathered from the rule. Accordingly, the transferred swaps would continue to be grandfathered under the Swap Margin Rule as they are applied to the EU establishments of the swap dealers receiving the transferred swap portfolios.

*Margin and Capital Requirements for Covered Swap Entities Agencies (3064-AF08)*

The OCC, FRB, FDIC, FCA, and FHFA (collectively, the Agencies) issued a final rule amending the Agencies' regulations that require swap dealers and security-based swap dealers under the Agencies' respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Swap Margin Rule). The Swap Margin Rule takes effect under a phased compliance schedule currently stretching from 2016 through 2020, and the dealers covered by the rule continue to hold swaps in their portfolios that were entered into before the effective dates of the rule. Those swaps are grandfathered from the Swap Margin Rule's requirements until they expire according to their terms. The Agencies' policy objective in developing the final rule is to (i) address the status of grandfathered swaps in the event of amendments resulting from a possible discontinuation of an interbank offered rate, (ii) remove the inter-affiliate initial margin provisions, (iii) clarify the point in time at which trading documentation must be in place, (iv) potentially introduce an additional compliance date for initial margin requirements, and (v) consider other technical amendments to the final rule.

*Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds (3064-AF17)*

The OCC, Board, FDIC, SEC, and CFTC (individually, an Agency, and collectively, the Agencies) amended the regulations implementing section 13 of the Bank Holding Company Act. Section 13 contains

certain restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. The amendments address covered funds and certain other matters.

*Incorporation of Statement of Policy on Section 19 of FDI Act (3064-AF19)*

The FDIC issued a rulemaking that incorporates into the FDIC's Procedure and Rules of Practice at Part 303, subpart L, its existing Statement of Policy for Section 19 of the FDI Act by rescinding in its entirety the existing subpart L and enacting a new subpart L. Part 303 addresses filing procedures for the filing of an application with the FDIC. Part 308, subpart M was amended by rescinding certain sections that address the application process and amend and renumber the remaining sections of the subpart.

*Federal Interest Rate Authority (3064-AF21)*

The FDIC issued regulations clarifying the law that governs the interest rates State banks may charge. The regulations provide that State banks are authorized to charge interest at the rate permitted by the State in which the State bank is located. The regulations also provide that whether interest on a loan is permissible under section 27 of the Federal Deposit Insurance Act would be determined at the time the loan is made, and the permissibility of interest under section 27 would not be affected by subsequent events, such as a change in State law, a change in the relevant commercial paper rate, or the sale, assignment, or other transfer of the loan.

*\* Revision to the Definition of Eligible Retained Income under the Regulatory Capital Rule (3064-AF40)*

In light of recent significant disruptions in economic conditions and U.S. financial markets caused by the spread of the coronavirus disease (COVID-19), FRB, OCC, and FDIC (together, the agencies) issued an interim final rule that revised the definition of eligible retained income for all depository institutions, bank holding companies, and savings and loan holding companies subject to the agencies' capital rules (together, a firm or firms). The revised definition of eligible retained income will make more gradual any automatic limitations on capital distributions that could apply under the agencies' capital rule so that firms

can use their existing capital buffers to continue to lend during stress periods. The agencies adopted as final the interim final rule.

*\* Regulatory Capital Rule: Money Market Mutual Fund Liquidity Facility (3064-AF41)*

To provide liquidity to the money market sector to help stabilize the financial system, the Board of Governors of the Federal Reserve System on March 19, 2020, authorized the Federal Reserve Bank of Boston to establish the Money Market Mutual Fund Liquidity Facility (MMLF), pursuant to section 13(3) of the Federal Reserve Act. Under the MMLF, the Federal Reserve Bank of Boston will extend nonrecourse loans to eligible financial institutions to purchase certain types of assets from money market mutual funds (MMFs). To facilitate this Federal Reserve lending program, the agencies adopted this interim final rule to allow banking organizations to neutralize the regulatory capital effects of participating in the program. The final rules for RINs 3064-AF41, 3064-AF49, and 3064-AF51 were issued together.

*\* Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances (3064-AF42)*

OCC, FRB, and FDIC (collectively, the agencies) invited comment on an interim final rule that modifies the regulatory capital phase-in associated with the adoption of changes to credit loss accounting under U.S. generally accepted accounting principles, including banking organizations' implementation of the current expected credit losses methodology (CECL). The interim final rule allows eligible banking organizations to phase in the provision expense from the first full calendar quarter in which a banking organization adopts CECL. This amount would be in addition to the existing phase-in of the day-one effects as a result of adopting CECL. The agencies adopted as final the interim final rule.

*\* Standardized Approach for Calculating the Exposure Amount of Derivative Contracts (3064-AF43)*

In light of recent economic disruptions caused by the COVID-19 virus and recent volatility in U.S. financial markets, OCC, FRB, and FDIC (collectively, the agencies) issued a notice that permits insured depository institutions and depository institution holding companies to implement for the first quarter of 2020, rather than April 1, 2020, as initially provided, the final rule titled Standardized Approach for Calculating the

Exposure Amount of Derivative Contracts (SA-CCR rule). As a result, and as applicable, a banking organization may choose to adopt the SA-CCR rule immediately.

*\* Revisions to the Supplementary Leverage Ratio (3064-AF44)*

The OCC, FRB, and FDIC issued an interim final rule to temporarily exclude certain items from the denominator of the supplementary leverage ratio under the capital rule.

*\* Community Bank Leverage Ratio Provision of the CARES Act (3064-AF45)*

This is an interagency interim final rule (IFR) to implement section 4012 of the CARES Act. In accordance with section 4012, the IFR implemented an 8% community bank leverage ratio (CBLR) effective immediately. Under section 4012, the IFR would terminate on the earlier of: (1) the termination date of the COVID-19 national emergency declaration or (2) December 31, 2020. Consistent with section 4012, the IFR provided a two-quarter grace period for qualifying community banks that fall below the temporary 8% CBLR to satisfy the 8% CBLR. The IFR also provided a graduated increase to the 9% CBLR over an 8-quarter period (8% in 2020, 8.5% in 2021, and 9% in 2022 and thereafter) pursuant to the agencies' authority under section 201(b) of the EGRRCPA. There would be one interagency IFR and final rule, respectively, to cover both the 8% CBLR immediate implementation for purposes of section 4012 of the CARES Act and the subsequent graduated phase-in period pursuant to the agencies' authority under section 201(b) of EGRRCPA.

*\* Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances; Correction (3064-AF46)*

OCC, FRB, and FDIC (collectively, the Agencies) published an interim final rule in the *Federal Register* on March 31, 2020, that delays the estimated impact on regulatory capital stemming from the implementation of Accounting Standards Update No. 2016-13, Financial Instruments Credit Losses, Topic 326, Measurement of Credit Losses on Financial Instruments (CECL). This document corrects errors in and supplements the March 31, 2020, interim final rule.

*\* Regulatory Capital Rule: Transition for the Community Bank Leverage Ratio Framework (3064-AF47)*

This interim final rule (the transition interim final rule) provides a graduated increase transition to a community bank leverage ratio of 9 percent from the temporary 8 percent community bank leverage ratio requirement, mandated under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and implemented by OCC, FRB, and FDIC (together, the agencies) in an interim final rule concurrently issued by the agencies. Specifically, starting January 1, 2021, the community bank leverage ratio will be 8.5 percent, and starting January 1, 2022, the community bank leverage ratio will revert to 9 percent. The agencies issued this transition interim final rule to provide community banking organizations with sufficient time and certainty to meet the requirements under the community bank leverage ratio framework while they also focus on supporting lending to creditworthy households and businesses. The final rules for RINs 3064-AF47 and 3064-AF45 were issued together.

*\* Real Estate Appraisals (3064-AF48)*

OCC, FRB, and FDIC (collectively, the agencies) adopted an interim final rule to amend the agencies' regulations requiring appraisals of real estate for certain transactions. The interim final rule deferred the requirement to obtain an appraisal or evaluation for up to 120 days following the closing of a transaction for certain residential and commercial real estate transactions. The agencies adopted as final the interim final rule.

*\* Regulatory Capital Rule: Payment Protection Program Lending Facility and Payment Protection Program Loans (3064-AF49)*

To provide liquidity to small business lenders and the broader credit markets, to help stabilize the financial system, and to provide economic relief to small businesses nationwide, the FRB authorized the Federal Reserve Banks to establish the Payment Protection Program Lending Facility (PPPL Facility), pursuant to section 13(3) of the Federal Reserve Act. Under the PPPL Facility, the Federal Reserve Banks will extend non-recourse loans to eligible financial institutions to purchase loans guaranteed by the Small Business Administration under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To facilitate use of this Federal

Reserve facility, FRB, OCC, and FDIC adopted the interim final rule to allow banking organizations to neutralize the regulatory capital effects of participating in the facility. The final rules for RINs 3064-AF41, 3064-AF49, and 3064-AF51 were issued together.

*\* Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances; Correction (3064-AF50)*

RIN 3064-AF50 was closed because it was a duplicate of RIN 3064-AF46.

*\* Liquidity Coverage Ratio Rule: Treatment of Certain Emergency Facilities (3064-AF51)*

To provide liquidity to the money market sector, small business lenders, and the broader credit markets in order to stabilize the financial system, the FRB authorized the establishment of the Money Market Mutual Fund Liquidity Facility (MMLF) and the Paycheck Protection Program Lending Facility (PPPLF), pursuant to section 13(3) of the Federal Reserve Act. Under the MMLF, the Federal Reserve Bank of Boston extends non-recourse loans to eligible financial institutions to purchase certain types of assets from money market mutual funds. Under the PPPLF, each of the Federal Reserve Banks extends non-recourse loans to eligible financial institutions to fund loans guaranteed by the Small Business Administration under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). To facilitate use of those Federal Reserve facilities, and to ensure such use is consistent and predictable under the Liquidity Coverage Ratio (LCR) rule, the OCC, the FRB and the FDIC (the Agencies) adopted and published in the Federal Register an interim final rule that required banking organizations to neutralize the effect under the LCR rule of participating in facilities such as the MMLF and the PPPLF established pursuant to section 13(3) of the Federal Reserve Act that provide non-recourse, maturity-matched advances. The interim final rule solicited public comment. The final rules for RINs 3064-AF41, 3064-AF49, and 3064-AF51 were issued together.

*\* Standardized Approach for Calculating the Exposure Amount of Derivative Contracts; Correction (3064-AF52)*

OCC, FRB, and FDIC issued this final rule to make technical corrections to certain provisions of the capital rule related to the Standardized Approach for Calculating the Exposure Amount of Derivative Contracts, which was adopted in a final rule published on January 24, 2020 (85 FR 4362) (SA-CCR final rule).

*\* Assessments, Mitigating the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program, the PPP Liquidity Facility, and the Money Market Mutual Fund Liquidity Facility (3064-AF53)*

The FDIC solicited comments and issued a rule that mitigates the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) established by the Small Business Administration (SBA), and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System. The changes (1) removed the effect of participation in the PPP, PPPLF, and MMLF programs on various risk measures used to calculate an insured depository institution's assessment rate, (2) provided an offset to an insured depository institution's assessment for the increase to its assessment base attributable to participation in the MMLF and PPPLF, and (3) removed the effect of participation in the PPPLF and MMLF programs when classifying insured depository institutions as small, large, or highly complex for assessment purposes.

#### **Long-Term Actions:**

*Incentive-Based Compensation Arrangements (3064-AD86)*

The OCC, Board, FDIC, FHFA, NCUA, and SEC (the Agencies) previously sought comment on a joint proposed rule to revise the proposed rule the Agencies published in the Federal Register on April 14, 2011, and June 10, 2016, and to implement section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 956 generally requires that the Agencies jointly issue regulations or guidelines: (1) prohibiting incentive-based payment arrangements that the Agencies determine encourage inappropriate risks by certain financial institutions by providing excessive compensation or that could lead

to material financial loss; and (2) requiring those financial institutions to disclose information concerning incentive-based compensation arrangements to the appropriate Federal regulator.

*Source of Strength (3064-AE61)*

The OCC, FRB, and FDIC (the appropriate Federal banking agencies) are developing a joint Notice of Proposed Rulemaking which will be published in the *Federal Register*. The rule, when finalized, will implement section 616(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). That section of the Dodd-Frank Act requires the appropriate Federal banking agencies to jointly issue final rules that ensure that parent companies of subsidiary insured depository institutions serve as a source of financial strength for such institutions.

*Appraisal Independence (3064-AE95)*

The FDIC plans to develop a joint notice of proposed rulemaking with the OCC, FRB, FHFA, CFPB, and NCUA to implement section 129E of the Truth in Lending Act, which was enacted as section 1472 of the Dodd-Frank Act. Section 129E establishes that real estate appraisals used to support creditors' underwriting decisions should be based on the appraiser's independent professional judgment. The rule also seeks to ensure that appraisers receive customary and reasonable payments for their services.

*Community Reinvestment Act Regulations (3064-AF22)*

The FDIC and OCC invited comment on a proposal to modernize the Community Reinvestment Act regulatory framework to better achieve the underlying statutory purpose of encouraging banks to help serve their communities. To accomplish these goals, the proposed rule seeks to strengthen the CRA regulation in four key areas by (1) clarifying which activities qualify for CRA credit; (2) updating where activities count for CRA credit; (3) creating a more transparent and objective method for measuring CRA performance; and (4) providing for more transparent, consistent, and timely CRA-related data collection.

*Assessments; Large Bank Pricing (3064-AF24)*

The FDIC proposes to amend its deposit insurance assessment regulations to revise measures used in the assessment system for large insured depository institutions.

*FDIC Official Sign and Advertising Statement Requirements (3064-AF26)*

The FDIC is issuing proposed amendments to its regulation on Advertisement of Membership to align its policies and keep pace with how today's banks offer products/accept deposits and how consumers connect with banks, including through evolving channels.

*Procedures for Monitoring Bank Secrecy Act Compliance (3064-AF34)*

The FDIC, FRB, OCC, and FinCEN plan to seek comment on a Notice of Proposed Rulemaking to define an effective Bank Secrecy Act compliance program in the Procedures for Monitoring Bank Secrecy Act Compliance regulations.

*\* True Lender Doctrine (3064-AF60)*

The FDIC seeks comment on a proposed rule defining when a state bank is the true lender in the context of a lending partnership between a bank and a non-bank entity.

*\* Interagency Guidelines Establishing Standards for Tax Allocation Agreements (3064-AF62)*

The federal banking agencies intend to issue a notice of proposed rulemaking to amend their safety and soundness rules that would add an appendix to require the preservation of an insured depository institution (IDI)'s ownership in and timely receipt of tax refunds, and the equitable allocation of tax liability within a holding company structure. This appendix would incorporate the agencies' outstanding statements of policy covering requirements under tax allocation agreements between an IDI and its holding company.

Federal Deposit Insurance Corporation.

**NAME: James P. Sheesley,**

*Assistant Executive Secretary.*