



COMPLIANCE MONTHLY

March 2018

Compliance Monthly is intended to keep you informed of regulatory changes in advance of their effective date so your institution can have the necessary policies, procedures and processes in place to be compliant at the time of enactment. Information contained in Compliance Monthly is not intended to provide specific advice and guidance. You should consult your own professional services provider in connection with matters affecting your own interests.

Finalized Rules:

FinCEN Updates SAR Format

FinCEN is updating the Suspicious Activity Report (SAR) filing format, which goes live in June 2018. Beginning with the new SAR filings, batch submissions will have to be made in an XML-based file, rather than in the current ASCII fixed-length delimited file format. Other notable changes:

- A new text field to alert FinCEN that a SAR is being filed in response to a geographic targeting order, an advisory or other activity
- A new "Cyber Event" suspicious activity type category
- New or modified subtype selections associate with Structuring, Fraud, Gaming activities, Money laundering, Identification/Documentation, Other suspicious activities, Securities/Futures/Options, and Mortgage fraud
- New text fields with the IP Address field to record the date and/or timestamp of the first instance of the reported IP address
- New category of fields to record up to 99 cyber events associated with the suspicious activity
- New product type selections
- New subtype selections for securities and futures institutions

Batch filers may start sending XML-format files with the revised fields beginning in June, but must complete their changeover to the new format within 6 months of the June "go-live" date. ASCII batch files will be accepted until January 1, 2019.

Proposed Rules:

None.

Other Compliance News:

2018 HMDA Guide to Getting It Right is Now Available and Other Resources

The CFPB has published the 2018 edition of the *Guide To HMDA Reporting: Getting It Right!* On the FFIEC HMDA website. This is the first full rewrite of the Guide since 2013, and it includes all the changes to Regulation C. It covers 2018 HMDA submissions due March 1, 2019. The new Guide was developed by the FFIEC agencies, and includes as appendices several other HMDA resources that are also available individually. The Guide does not replace the CFPB's Filing Instructions Guide, which remains the definitive source for information regarding the filing requirements.

The CFPB has also updated its Resources for HMDA filers page, adding a 2018 LAR Formatting Tool, and making minor updates to the 2018 Filing Instructions. The LAR Formatting Tool is intended to help financial institutions, typically those with small volumes of covered loans and applications, to create an electronic file that can be submitted to the HMDA Platform. The 2018 LAR Formatting Tool should be used for data collected in 2018 and reported in 2019.

The CFPB also updated its "Reportable HMDA Data: A regulatory and reporting overview" reference chart.

For more information, call

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Modified CFPB Strategic Plan Released

The CFPB has released its modified five-year Strategic Plan that establishes its mission, strategic goals, and strategic objectives. The plan draws directly from the Dodd-Frank Act and refocuses the CFPB's mission on regulating consumer financial products or services under existing federal consumer financial laws, enforcing those laws judiciously, and educating and empowering consumers to make better informed financial decisions. Among changes from the prior Strategic Plan, the CFPB will now focus on equally protecting the legal rights of all, including those regulated by the CFPB, and will engage in rulemaking where appropriate to address unwarranted regulatory burdens and to implement federal consumer financial law and will operate more efficiently, effectively, and transparently.

CFPB Requests Feedback on Supervision Process

The CFPB has released the fourth and fifth series of Requests for Information (RFIs) as part of Acting Director Mick Mulvaney's call for evidence to ensure the CFPB is fulfilling its proper and appropriate functions to best protect consumers. The fourth RFI is about the CFPB's supervision processes. Comments are due by May 21, 2018. The fifth RFI relates to the CFPB's external engagements, including but not limited to field hearings, town halls, roundtables, and meetings of its Advisory Board and Councils. Comments are due by May 29th. There are seven additional RFIs planned for release in the coming weeks.

CFPB Creates Romance Scam Placemat

The CFPB has created a new romance scam protection placemat to help older adults who might fall under the spell of a scam artist. The placemat is part of a series of consumer education placemats that meal service providers deliver to homebound seniors and senior meal sites.

Treasury Adds North Korea-Related Targets to Sanctions Lists

OFAC announced the largest group of North Korea-related sanctions targets to date, aimed at disrupting North Korean shipping and trading companies and vessels to further isolate the regime and advance the U.S. maximum pressure campaign. Treasury, along with the U.S. Department of State and U.S. Coast Guard, also issued an advisory alerting the public to the significant sanctions risks to those continuing to enable shipments of goods to and from North Korea. As a result of the sanctions, any property or interests in property of the designated persons in the possession or control of U.S. persons or within the United States must be blocked, and U.S. persons are prohibited from dealing with any of the designated parties.