



# COMMUNITY REINVESTMENT ACT IN THE NEWS

## Two CRA News Items

While two recent news items related to the **Community Reinvestment Act** (CRA) were rather short in their message, they provided great insight for the future of CRA.

First, a joint issuance was released by the **Federal Reserve, the FDIC and the OCC** on July 20, 2021. This issuance conveyed that the three agencies are committed to working together **jointly to strengthen and modernize regulations implementing CRA**. As no particular timeframe was mentioned for developing the new regulations, the industry will need to take a “wait and see” approach as to when and how things will progress.

Second, a separate news release was issued by the **OCC** on the same date. As most of our readers are aware, the OCC published their own final rule amending their CRA regulations, 12 CFR Parts 25 and 195, in June 2020. However, the OCC has now announced that it will propose **rescinding** that rule, as it is committed to working with the Federal Reserve and FDIC for joint CRA rulemaking. The Acting Comptroller noted that while the OCC deserves credit for taking the action they did, upon further review, they believe it was a false start and looks forward to a more orderly transition to a new rule.

Interested persons may find the joint issuance [here](#) and the OCC’s issuance [here](#).

## Attention BSA Officers - National Priorities Announced

At the end of last month, FinCEN issued their first **government-wide priorities for anti-money laundering and countering the financing of terrorism (AML/CFT)**. Of note, these **national priorities** were issued after consultation with the Department of the Treasury, OFAC, Intelligence and Analysis, the Attorney

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General, Federal functional regulators and other relevant state and law enforcement and security agencies. The priorities were issued as required by the **Bank Secrecy Act**, as amended by the **Anti-Money Laundering Act of 2020 (AMLA)**.

Financial institutions should be aware that **FinCEN will issue regulations at a later date** that will specify how financial institutions should incorporate these priorities into their AML programs.

**FinCEN's issuance provides detailed information related to the following 8 AML/CFT priorities:**

- **Corruption** – This priority is related to activities fueling instability and conflict. It can include the misappropriation of public assets, bribery and human rights abuses. It threatens the global financial system.
- **Cybercrime** – This activity covers a wide range of actions and generally refers to illegal activity involving a computer, digital device, or network, and includes relevant cybersecurity and virtual currency considerations.
- **Terrorist financing** – This priority generally refers to foreign and domestic threats and the financing that supports related efforts, such as recruitment of members, funding logistics, and conducting operations.
- **Fraud** – Fraudulent activity is believed to generate the largest share of illicit proceeds in the U.S. and infiltrates various aspects of society, such as fraud involving banks; consumers; health care; securities; investments; and taxes.
- **Transnational criminal organization activity** – This activity covers transnational criminal organizations operating in the U.S., including drug trafficking organizations. It was noted that such organizations increasingly seek the help of professional money laundering networks.
- **Drug trafficking organization activity** – This priority is tied to criminal organizations and the distribution of illicit drugs. Increases in complex schemes to launder related proceeds have been observed.
- **Human trafficking and human smuggling** – Financial activity related to this priority can involve the financial system. While recent advisories have addressed this criminal activity, institutions are reminded that perpetrators move illicit proceeds in a variety of ways, including the use of shell companies and funnel accounts.
- **Proliferation financing** – This priority refers to exploiting the financial system to move funds to either acquire weapons of mass destruction or activities that further the development of state-sponsored weapons programs.

### *So, what should we do right now?*

While the industry will look for regulations to be issued in support of these priorities, other interagency guidance has been provided in regard to the applicability of the priorities before regulations are promulgated. To clarify; however, the publication of priorities **does not create an immediate change** to BSA requirements or expectations for banks. Regardless, banks **may take steps now to prepare for any new requirements**. For example, a bank may start to consider how it will incorporate the AML/CFT priorities into their risk-based BSA program. This could include the assessment of potential risks associated with products and services, the customers that are served, and the geographic areas where they operate.

Interested persons are encouraged to review the statement of AML/CFT national priorities, which may be found [here](#). Also, the interagency statement that provides clarity for banks may be found [here](#).

## Calendar Reminders

- **7/30** – Reg. C HMDA LAR Update
- **8/29** – Reg. C HMDA Quarterly LAR Submission
- **8/31** – 2021 Mortgage Servicing Rule Effective



Our next **Be Prepared!** Compliance Update webinar is scheduled for **September 30, 2021**. When available, details will be provided.

## ICYMI...AMLA Resource

Just in case you missed it, we wanted to share that FinCEN has a webpage dedicated to the **Anti-Money Laundering Act** of 2020 (AMLA). Anyone looking for information on implementation of the AMLA and FinCEN's achievements to date may find it [here](#).

## Taking A Fresh Look at Third-Party Relationships

Earlier this month, the **Federal Reserve, FDIC, and OCC** issued proposed guidance on the **risk management of third-party relationships**. At a high level, the interagency issuance outlines a framework of principals to assess risk management of third parties and helps institutions manage such relationships and promote compliance.

The intent is to use the proposed guidance to replace each agency's existing guidance on the topic, which is somewhat dated. For example, the FDIC's existing guidance was previously issued in a 2008 financial institution letter.

Interested persons are encouraged to **review the guidance** and **provide comments**. The guidance was published in the Federal Register on July 19, 2021, and may be found [here](#). Any comments must be received by September 17, 2021.

## IT Examination Handbook Update

**IT-related staff** should be made aware that the FFIEC issued a **new booklet** entitled **Architecture, Infrastructure, and Operations** that is part of the FFIEC's Information Technology Examination Handbook series.

This booklet **replaces the previous Operations booklet from 2004** and provides expanded guidance to assist with risk assessment, as well as determining the adequacy of an institution's information technology architecture, infrastructure, and operations.

Interested persons may find the complete FFIEC handbook [here](#).

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