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Deposit Accounts Electronic Book 2019.1

This package contains materials required to update your Wolters Kluwer Deposit Account Manual (*Laws & Regulations Affecting Deposit Accounts*). Please update promptly, following the installation instructions below.

Wolters Kluwer is committed to keeping you informed on all the latest regulatory changes. Wolters Kluwer will continue to distribute one update each year, usually in November or December.

Summary of Changes

General Review

Last year we made revisions for one significant compliance change, introduced a new topic of interest for financial institutions, and conducted a general overview of the entire manual. This year we focused on two significant compliance changes, introduced another new topic of interest for financial institutions, and made other notable revisions to select sections. We also made some general, non-substantive revisions, such as deleting text we consider to be obsolete or of limited usefulness and updating form examples. This summary will describe the most significant changes we have made, including the compliance changes, the new topic, and some of the non-compliance changes we believe deserve special attention.

Significant Compliance Change:

Title V of the Gramm-Leach-Bliley Act (Title V, GLBA)

Effective September 17, 2018, the CFPB amended Regulation P, 12 CFR Part 1016, which requires among other things that financial institutions provide an annual notice describing their privacy policies and practices to their customers. The Regulation P amendment implements a statutory amendment to the GLBA (Section 503(f)), that provides an exception to this annual notice requirement for financial institutions that meet certain conditions.

As part of its implementation, the CFPB also amended Regulation P to provide timing requirements for delivery of the annual privacy notices if a financial institution that qualified for the notice exception later changes its policies or practices in a way that it now no longer qualifies for the exception. The CFPB further removed the Regulation P provision that allowed for use of the alternative delivery method for the annual privacy notices.

We have updated the "Notice requirements" sub-section to reflect the amendments to Regulation P in the Federal Financial Privacy Laws chapter in the Ongoing Responsibilities section of the Manual.

CFPB Final Rule Amending Regulation CC

On June 24, 2019, the CFPB and the Federal Reserve Board jointly announced a final rule amending Regulation CC. The Final Rule implements changes based on their 2018 proposal, which includes the five (5) year periodic COLA adjustments required by the Dodd-Frank Act, as well as certain amendments made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).

The non-EGRRCPA changes include the adjustments of several dollar amounts incorporated into Subpart B of Regulation CC that go into effect July 1, 2020. The changes also include a schedule for future COLA adjustments. The second round of COLA changes will be effective July 1, 2025 and they will re-occur every five (5) years thereafter. The dollar amounts for the changes effective July 1, 2020, are: the \$200 rule (formerly the \$100 rule) under Sec. 229.10(c) - changing to \$225; the \$400 cash-withdrawal rule under Sec. 229.12(d) - changing to \$450; the \$5,000 new account threshold under Sec. 229.13(a) - changing to \$5,525; the \$5,000 large deposit threshold under Sec. 229.13(b) - changing to \$5,525; and the \$5,000 threshold for determining a repeat overdraft under Sec. 229.13(d) (2) - changing to \$5,525.

The EGRRCPA amendments made to Regulation CC include extending coverage of the Expedited Funds Availability Act, which is implemented by Regulation CC, to American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam. These changes became effective September 3, 2019.

The details of the Final Rule have been incorporated into the Introduction, Availability Time Limitations, Section 13 Safeguard Exceptions, Case-By-Case Exceptions, and Regulation CC Exercises sections in the Ongoing Responsibilities Toward The Account Holder Under Regulation CC (Funds Availability) chapter in the Ongoing Responsibilities section of the Manual. The details of the Final Rule have also been incorporated into the Regulation CC - Funds Availability Disclosures chapter in the Account-Opening Responsibilities section of the Manual.

New Topic of Interest:

Notable New State Privacy Law

Under this new topic we have provided a general overview of the California Consumer Privacy Act of 2018 and indicated some of the Act's provisions you may find particularly notable. This law's requirements are effective January 1, 2020. This new topic is found in "The relationship between the privacy regulations and other laws" section in the Federal Financial Privacy Laws chapter in the Ongoing Responsibilities section of the Manual.

Notable Section Revisions:

Agency Guidance Regarding Informal Overdraft Protection

Due to recent litigation trends and marketplace regulatory reports, we have expanded our coverage of federal agency guidance regarding informal overdraft payment programs, including best practices. The FDIC is particularly concerned about risks posed by automated overdraft payment programs that are used by supervised institutions to determine whether non-sufficient fund transactions qualify for overdraft coverage based on pre-determined criteria. On June 13, 2019, the FDIC issued a new publication, Consumer Compliance Supervisory Highlights. In this publication the issue of "Overdraft Programs: Debit Cards Holds and Transaction Processing" was among the most salient issues the FDIC had observed in their 2018 examinations. Particular concern was expressed about overdraft programs that used an "available balance" method to determine when overdraft fees could be assessed instead of using a "ledger balance" method. The concerns raised by the FDIC are also consistent with articles released by the Consumer Financial Protection Bureau and the Federal Reserve. In addition to expanding our agency guidance, we have also included reference to recent case law you may want to review. This expanded coverage is found in the Overdraft Protection section in the Postdated Checks and Overdraft Protection chapter in the Ongoing Responsibilities section of the Manual.

Elder Financial Exploitation (EFE)

Subsequent to the 2017 FinCEN and CFPB Memorandum on Financial Institution and Law Enforcement Efforts to Combat EFE, in February 2019 the CFPB's Office of Financial Protection for Older Americans released a report on a study of EFE-specific SAR filings. Also, on July 17, 2019, the CFPB released an Update to their 2016 Advisory. We have provided details from those releases in the update to this subsection in the "The relationship between the privacy regulations and other laws" section in the Federal Financial Privacy Laws chapter in the Ongoing Responsibilities section of the Manual.

Authorized Multiple-Party Accounts

A few states have revised their statutes or renumbered or otherwise amended the cited statutes. One state, Maine, adopted the Uniform Probate Code, and changed the way Maine refers to accounts from "individual/joint accounts" to "single/multiple party accounts". These Maine accounts may be with or without a POD or agency designation, and multiple party accounts may be with or without the right of survivorship. We have made changes to the corresponding states and provided the new or updated citations in this chapter in the Account-Opening Responsibilities section of the Manual.

Installation Instructions

Refer to the Deposit Accounts Electronic Book 2019.1 Installation Instructions and Users Guide for detailed instructions on installing the application.

Product Support

If you need technical support or have any questions about the content of the *Deposit Accounts Electronic Book*, contact SupportLine Monday through Friday from 7:00 a.m. to 7:00 p.m. Central Standard Time.

SupportLine

1-800-274-2711, extension 1124030

Email: WKFSOnlineSupport@wolterskluwer.com

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For easy reference in the future, you may want to record your **customer number** here:

Comments

We encourage you to comment on this Installation Instructions and User's Guide and the *Deposit Accounts Electronic Book*. Please email your comments to WKFSOnlineSupport@wolterskluwer.com.

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