

FinReg Round-Up

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Happy Spring! As we welcome warmer weather, the FinReg Round-Up looks at new guidance addressing the rescission of the Community Reinvestment Act rule and a new bill to help strengthen federal money-laundering, terrorist financing and counterfeiting regulations.



We also note the latest in the London Interbank Offered Rate (LIBOR) legislation—Congress just passed a measure to replace LIBOR as the international benchmark interest rate in “tough legacy” financial contracts.

OCC Responds to FAQs About Rescission of CRA Rule

The Office of the Comptroller of the Currency (OCC) issued a [bulletin](#) on Feb. 22 with responses to frequently asked questions about the December 2021 final rule rescinding the OCC’s Community Reinvestment Act (CRA) rule. The FAQs apply to banks, including community banks, subject to the CRA.

The December 2021 final rule took effect on Jan. 1, 2022. It replaces the 2020 CRA rule with provisions based on rules adopted jointly in 1995 by the OCC, the Federal

Reserve System Board of Governors and the Federal Deposit Insurance Corporation. The FAQs address questions related to the impact of the final rule on CRA bank type, qualifying activities and the qualifying activity confirmation request system, the transition period, examination administration, assessment areas, targeted geographic areas, data reporting, changes to public notices and public files, and strategic plans.

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Congress Passes LIBOR Legislation for ‘Tough Legacy’ Financial Contracts

Omnibus bipartisan legislation recently passed by Congress and a bill pending in the U.S. Senate will help smooth the transition from LIBOR as the international benchmark interest rate for financing agreements.

The Senate passed omnibus bipartisan legislation, known as the [Consolidated Appropriations Act 2022](#), on March 10 provides \$1.5 trillion to keep the federal government running through Sept. 30. The sprawling legislation includes a measure establishing a mechanism to replace LIBOR as the international benchmark interest rate in tough legacy financial contracts. Until now, these older contracts did not have viable, built-in fallback plans to

handle the discontinuation of the benchmark in mid-2023. The U.S. House of Representatives passed the legislation on March 9. President Joseph Biden is expected to sign the 2,741-page bill.

In other LIBOR news, the U.S. House of Representatives passed [H.R. 4616](#), the Adjustable Interest Rate Act of 2021, on Dec. 8. The bill would help facilitate a fair transition for financial contracts that do not contemplate the permanent cessation of US dollar LIBOR or have a replacement rate provision in effect when LIBOR ends. The Senate is now considering the bill.

Bill Introduced to Fight Money Laundering, Terrorist Financing and Counterfeiting

Proposed legislation to strengthen money-laundering statutes was introduced in the U.S. Senate on Feb. 17. S.B. 3697, also known as the [Combating Money Laundering, Terrorist Financing, and Counterfeiting Act of 2022](#), would ensure that money laundering laws apply to hawalas and other informal value transfer systems used by drug traffickers and terrorists. It also would update federal regulations to prohibit sophisticated counterfeiting methods, increase penalties for bulk cash smuggling and bar the cross-border shipment of blank checks for the purpose of evading reporting requirements of monetary instruments.

Introduced by a bipartisan group of senators, the proposed law would additionally direct the secretary of the U.S. Treasury, in consultation with federal law enforcement agencies, to draft and submit to the appropriate congressional committees a threat and operational analysis. The report would address the use of remittances by drug kingpins, crime syndicates and others to finance terrorism, narcotics trafficking, human trafficking, money laundering and other forms of illicit financing, both domestically and internationally.

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