

Monday, June 14, 2021

Good morning,

Hope everyone is well and looking forward to a great summer!

IBANYS would like to thank all our members for your support throughout the recently concluded 2021 state legislative session. We will provide a summary of legislative activity that impacted community banks over the next few days.

If you have any questions, please contact us at 518.436.4646, or email me at johnw@ibanys.net.

Regards,

John

FROM ICBA

Yellen: More needed for orderly LIBOR transition

While important progress is being made in the transition away from LIBOR, more must be done to facilitate an orderly transition, Treasury Secretary Janet Yellen said.

Remarks: Addressing the Financial Stability Oversight Council, [Yellen said](#) segments of the market such as business loans are “well behind where they should be at this stage in the transition.”

SOFR: Yellen also said the Secured Overnight Financing Rate, or SOFR, provides a robust rate that is suitable for use in most products with underlying transaction volumes unmatched by other LIBOR alternatives.

Pending Deadline: The U.K. Financial Conduct Authority has [said](#) it will cease publishing LIBOR for the one-week and two-month settings immediately after Dec. 31, 2021. U.S. regulators last fall [encouraged banks](#) to cease entering new USD LIBOR contracts by that date.

Transition: The Alternative Reference Rates Committee—on which ICBA serves—is implementing the LIBOR transition, encouraging the use of SOFR, and [encouraging](#) market participants to continue the transition using currently available tools.

SEC should continue voluntary climate disclosures: ICBA

The Securities and Exchange Commission should not jeopardize its independence by taking a position on climate change and requiring annual disclosures of climate risks by all SEC filers, ICBA said.

Voluntary: Responding to the SEC’s request for input, [ICBA said](#) the agency should continue with its voluntary disclosure regime, which requires that companies disclose climate risks if they are material to the company.

More: If the SEC requires climate disclosures for all SEC filers, they should include safe harbor protections and be scalable for smaller reporting companies, coordinated with banking regulator efforts, and consistent with counterparty disclosures.

Remote notary bill set for House introduction

ICBA-supported legislation to allow nationwide use of Remote Online Notarization is set to be introduced in the House this week by Reps. Madeleine Dean (D-Pa.) and Kelly Armstrong (R-N.D.).

Details: The SECURE Notarization Act, which has already been [introduced](#) in the Senate (S. 1625), would allow businesses and consumers to execute critical documents using two-way audiovisual communication without being physically in the presence of a notary.

Joint Letter: In a [letter](#) to Dean and Armstrong, ICBA and other SECURE Act supporters said current notary requirements are often impractical and sometimes impossible due to social distancing and other barriers, including military service or work travel.

SEC amendments have community bank implications

Securities and Exchange Commission amendments taking effect Sept. 30 have implications for certain OTC-quoted community bank holding companies.

Details: Under the amendments to Rule 15c2-11, holding companies that allow their stocks to be quoted over the counter by brokers must start disclosing information about the company on a regular basis to the broker.

OTC Outreach: OTCs are reportedly asking BHCs for an application fee and background check of their officers, directors, and large shareholders to continue to be quoted.

More: More information on the amendments is available from the [Norris McLaughlin law firm](#).

ICBA: Community banks use existing processes for BSA/AML compliance

Many community banks use existing processes instead of model-based systems to comply with BSA/AML requirements, ICBA told regulators. [Responding](#) to a request for input on risk management models, ICBA said community banks continuously seek to improve their compliance programs to ensure that their institutions are not used in the facilitation of criminal enterprises.

Fannie Mae releases rental income tool

Fannie Mae [released a new tool](#) designed to help lenders with rental income policies. The on-demand e-learning course is targeted to underwriters and processors with scenario-based exercises on determining rental income eligibility and required documentation, calculating rental income and treating income and losses, and entering rental income in Desktop Underwriter.

FROM OTHER SOURCES

- The vaccine maker Novavax said its COVID-19 shot was 90 percent effective overall and was safe following a late-stage study in the United States and Mexico. The drug is easy to store and transport, which would be key to boosting global vaccine supplies to help inoculate low- to middle-income countries. [The Associated Press](#)
- Critics of state-issued vaccine passports have objected to its potential to compromise privacy, and at least six states with Republican governors have banned the passports as symbols of government overreach and an assault on personal liberty, [The Buffalo News writes](#).
- Group of Seven leaders, including President Joe Biden, released a communique at the conclusion of their summit underscoring areas of agreement such as a global minimum tax to prevent large multinational companies from finding tax havens. The agreement could be difficult to translate into actual policy, particularly in the United States. [The New York Times](#); https://www.wsj.com/articles/social-security-weathered-covid-19-better-than-expected-but-long-term-challenges-remain-11623415185?mkt_tok=ODUwLVRBQS01MTEAAAF9qWh1zcFFOp18H8HZovRiinHRpZQIo_d8zF_AA87SyYObqgQHQMz4YkF1DABNbm7mIJIbWMbmZZZHbVj3jzSh_JCjdzPH3Qk6okXenPbQuCluJ
- Fed Vice Chair for Supervision Quarles said there's "no path forward" for Libor, the benchmark interest rate that will expire at the end of this year for new contracts and urged financial firms to immediately move over to the new Secured Overnight Financing Rate. Treasury Secretary Yellen said that some sectors are "well behind" where they need to be in the transition away from Libor.

Reuters: https://www.wsj.com/articles/social-security-weathered-covid-19-better-than-expected-but-long-term-challenges-remain-11623415185?mkt_tok=ODUwLVRBQS01MTEAAAF9qWh1zcFFOp18H8HZovRiinHRpZQIo d8zF_AA87SyYObqgQHQMz4YkF1DABNbm7mIJBWMbmZZZHbVj3jzSh_JCjdzPH3Qk6okXenPbQuCluJ

- When the coronavirus pandemic plunged the U.S. into a recession last year, it portended another blow to the health of the Social Security system. An anticipated decline in payroll-tax revenue and increase in disability claims were expected to erode the program's reserves and pile pressure on the government to respond. https://www.wsj.com/articles/social-security-weathered-covid-19-better-than-expected-but-long-term-challenges-remain-11623415185?mkt_tok=ODUwLVRBQS01MTEAAAF9qWh1zcFFOp18H8HZovRiinHRpZQIo d8zF_AA87SyYObqgQHQMz4YkF1DABNbm7mIJBWMbmZZZHbVj3jzSh_JCjdzPH3Qk6okXenPbQuCluJ
- Federal Reserve officials could signal this week that they anticipate raising interest rates sooner than previously expected following a spate of high inflation readings. In March, the last time they released quarterly economic forecasts, most officials expected to keep the Fed's benchmark interest rate near zero through 2023 to encourage the economy's recovery from the pandemic. https://www.wsj.com/articles/social-security-weathered-covid-19-better-than-expected-but-long-term-challenges-remain-11623415185?mkt_tok=ODUwLVRBQS01MTEAAAF9qWh1zcFFOp18H8HZovRiinHRpZQIo d8zF_AA87SyYObqgQHQMz4YkF1DABNbm7mIJBWMbmZZZHbVj3jzSh_JCjdzPH3Qk6okXenPbQuCluJ
- In a bi-partisan op-ed, Senators Menendez (D-NJ) and Collins (R-ME) write: "Covid-19 is not the first pandemic to hit our shores, and it won't be the last. Scientists predict that pandemic diseases will become more common in the 21st century, and we must be far better prepared for the next one. That is why a comprehensive analysis of our Covid-19 response is critical to ensuring our readiness and safeguarding our nation's long-term health, security and economic interests." The two have introduced legislation proposing a commission to study the United States' Covid-19 response. https://www.nytimes.com/2021/06/14/opinion/collins-menendez-covid-commission.html?mkt_tok=ODUwLVRBQS01MTEAAAF9qYG4TqS38qOfbcITNWTj1QSQ HLLsEHpSztisXmUt7c0uPD7EQ8rodnwb-e6YoaVcNbjwUnb_ioCsBZGpON-A6IN0Jj1HeRgyi9MdLADuVfAe

FROM NEW YORK

- New York's seven-day and single-day average COVID-19 positivity rates continue to fall to record lows, Cuomo announced Sunday, with the state's 0.42% seven-day rate tied with Massachusetts for the lowest in the United States, [NY1 reports. **New York's seven-day and single-day average**](#) COVID-19 positivity rates continue to fall to record lows.
- New York City hasn't completed its pre-pandemic goal of addressing its underlying mental health needs. The next administration will have to pick up that work in the context of an [ongoing crisis stemming from the trauma of COVID-19](#).
- The COVID-19 pandemic hit the Bronx harder than any other borough by several measures, according to an [economic analysis](#) released by State Comptroller DiNapoli. His report notes prior to the start of the pandemic the Bronx was on an upward trajectory, with steady economic and population growth after years of economic decline. The pandemic stalled progress in the borough, which is home to one-fifth of New York City residents and has threatened to reverse the gains it has made in recent years.
- To deter people who are vaccine-averse and might be tempted to flash fake credentials, New York lawmakers passed a bill this week criminalizing the falsification of vaccine records under state law, [Gothamist reports](#).

- While some major issues were left undone at the end of this legislative session, lawmakers passed many other items on a progressive wish list. [Read More](#)
- [Gov. Cuomo had a relatively modest](#) set of goals for the end of session, securing judicial confirmations before lawmakers left Albany.
- Governor Cuomo has signed a bill that opens the door for the Legislature to access money for its investigation into and potential impeachment of Cuomo. The measure passed the state Senate unanimously on Thursday and the Assembly by a margin of 148-to-1 early Friday morning. Had Cuomo vetoed the measure, it would have almost certainly resulted in the first veto override of his tenure. [Cuomo signs bill to fund a Cuomo impeachment among dozens of others](#)

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IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

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