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CFPB Issues Final Registration Rule Impacting Finance Companies

On June 3, 2024, the Consumer Financial Protection Bureau (CFPB) issued its final rule regarding the Registry of Nonbank Covered Persons Subject to Certain Agency and Court Orders (rule). This rule applies to nonbank finance companies as well as other nonbank entities and will require companies to register information about their company in the CFPB's new nonbank registry if the company is subject to certain final, written public orders issued by governmental agencies or courts (including consent orders) relating to an investigation, matter or proceeding brought by a federal, state or local agency. The orders must impose obligations on the nonbank entity to take or refrain from taking action based on alleged violations of certain federal and state consumer financial laws. The order must be public, meaning published by the issuing agency or court. Non-public orders or confidential supervisory information of any federal, state or local agency are not included. Copies of covered orders will need to be submitted to the CFPB through the registry. There will be a limited one-time, alternative registration option for orders that state agencies have already published on the Nationwide Multistate Licensing System, known as the NMLS.

The rule will go into effect on September 16, 2024, and the CFPB has planned a three-phase implementation period. Larger participant nonbanks (generally those related to auto financing, student loan servicing, consumer reporting, debt collection and international money transfer) subject to covered orders will be required to register first from October 16, 2024, to January 14, 2025; other CFPB-supervised nonbank entities will be required to register during the second phase of implementation between January 14, 2025, and April 14, 2025; and, finally, all other nonbank entities will be required to register during the third phase of the implementation between April 14, 2025, and July 14, 2025. The CFPB will soon publish filing instructions on how to register on their system.

Note that if your company is subject to a covered order that was effective on or after January 1, 2017, and remains in effect on September 16, 2024 or becomes subject to such an order on or after September 16, 2024, your company will need to register with the CFPB per the rule's requirements.

After the initial registration, nonbank entities will need to continue to register new orders as well as submit changes and updates to previously registered orders,

POSTED:

Jun 7, 2024

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generally within 90 days of the change. For certain entities specifically supervised by the CFPB, an additional annual statement will be required to be filed by March 31 each year. It is important for finance companies to review the final rule and the CFPB's Executive Summary of the Rule to determine if they are subject to any orders that may require registration. If your company will be subject to registration, begin to gather the information you may need to register and watch for further instructions from the CFPB on how to register during your designated registration period.

Reinhart's Consumer Finance Practice assists finance companies on a daily basis with their regulatory compliance needs. If you have questions regarding this rule or need assistance in complying, contact Wendy Collins, Kristi French or another member of Reinhart's Consumer Finance Practice.

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