
LEGAL UPDATES AND NEWS

Treasury Issues Report on Nonbank Financials, Fintech and Innovation; OCC Announces Acceptance of Fintech Charter Applications

As directed by Executive Order 13772, on July 31, 2018, the Treasury Department issued its fourth and final report on Nonbank Financials, Fintech, and Innovation. The purpose of the report is to identify laws and regulations that are inconsistent with the “Core Principles” set forth in the Executive Order and make recommendations designed to facilitate innovation by streamlining and refining the regulatory environment. In the report, the Treasury Department recommended that the Office of the Comptroller of the Currency (the “OCC”) move forward with a special purpose national bank charter for nondepository financial technology (fintech) companies.

Accordingly, the OCC announced later the same day that it will begin accepting national bank charter applications from fintech companies. The OCC has been considering a special purpose charter for fintech companies since 2016. The OCC will require any fintech company that receives a national bank charter to adhere to the same high standards that apply to all national banks.

The OCC’s authority to issue such charters was challenged in separate lawsuits by the New York State Department of Financial Services and the Conference of State Bank Supervisors. However, both cases were dismissed as not being ripe for litigation because the OCC had not accepted any special purpose charter applications from fintech companies, nor had it finalized its plans to issue such a charter at that time.

Luse Gorman, PC is a Washington, D.C based law firm specializing in the representation of financial institutions. We advise clients located throughout the nation, ranging in size from small community-based financial institutions to multinational banks. Please contact any of our attorneys below if you have any questions regarding the information contained in this newsletter.

Gary A. Lax	■ (202) 274-2031 glax@luselaw.com
Lawrence M.F. Spaccasi	■ (202) 274-2037 lspaccasi@luselaw.com
Scott A. Brown	■ (202) 274-2013 sbrown@luselaw.com