



February 22, 2021

Mr. Robert E. Feldman
Executive Secretary, Federal Deposit Insurance Corporation

Attention: Exemptions to Suspicious Activity Report Requirements

Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429.

Re: *“Exemptions to Suspicious Activity Report Requirements”*
RIN 3064-AF56

Dear Mr. Feldman,

On behalf of Cross River Bank (“Cross River” or the “Bank”), I thank you for the opportunity to provide comments on the Federal Deposit Insurance Corporation’s (“FDIC” or the “Agency”) Notice of Proposed Rulemaking (“NPR”) regarding Exemptions to Suspicious Activity Report Requirements. Cross River commends the FDIC’s efforts to develop innovative solutions to meet Bank Secrecy Act (BSA) requirements more efficiently and effectively while simultaneously safeguarding the integrity of the financial system.

Cross River is a New Jersey State chartered, FDIC insured financial institution that merges the trust and reliability of a community bank with the innovative offerings of a technology company. Since inception, the Bank has consistently partnered with leading technology companies to offer a suite of products that empower consumers to take control of their financial health by facilitating access to affordable credit in a responsible manner.

Cross River fully appreciates the responsibilities associated with being a regulated financial institution and the Bank’s role in protecting the integrity of the financial system. Cross River is committed to providing a best in class, regulatory gold standard in order to ensure appropriate systems and control environment is in place to mitigate the risk of any potential illicit financial activities. Key to this commitment are transparency and continued coordination between industry and financial regulators to develop frictionless solutions.

The Bank encourages collaboration between financial regulators, such as between the FDIC and FinCEN as discussed in this proposed rule. While Cross River appreciates the FDIC’s described statutory limitations in this field, the Bank applauds the initiative to coordinate with FinCEN to reduce regulatory burdens, especially when regulations are substantially similar, while ensuring the integrity and security of the financial system are kept in tack. Dialogue between regulated financial institutions and overlapping

regulatory agencies will only help to promote responsible innovation while simultaneously reducing confusion, duplicative efforts and unnecessary burdensome costs.

Please find below Cross River's comments on the proposed rule.

Request for Comments

1. The FDIC invites comments on the proposed exemptions to 12 CFR 353.3

Cross River supports the FDIC's efforts to minimize regulatory arbitrage, reduce arbitrary resource draining requirements and provide necessary flexibilities all while preserving the integrity of the financial system. The relief the FDIC seeks to grant financial institutions will help to facilitate and foster responsible innovation leading to more effective and efficient solutions to meet BSA/AML requirements. Cross River fully understands that being granted an exemption under this regulation does not absolve the Bank of its responsibilities under the BSA and its implementing regulations, nor does it present an opportunity for the Bank to reduce its due diligence and compliance standards. Contrary, obtaining an exemption will allow Cross River to leverage innovative solutions to enhance internal controls that will more effectively detect and report potentially suspicious activity.

Cross River appreciates the FDIC's efforts and intentions to more align regulations and standards regarding SARs filings with existing FinCEN's requirements in order to eliminate duplicative requirements. Cross River understands the issuance of certain exemptions for SARs filings may be inhibited due to certain FinCEN requirements and that the granting of an FDIC exemption does not eliminate the Bank's requirements to file the proper information with FinCEN directly. Nevertheless, Cross River welcomes the continued coordination and collaboration between regulatory bodies and industry on these issues. Transparency and dialogue will only contribute to a more cohesive system that results in problem solving on a larger scale basis.

In addition to the above mentioned benefits, the FDIC's proposed rule will support various initiatives that foster responsible innovation and improve the quality of reporting over time. Generally, the use of technology in this area and the granting of exemptions will result in increased effectiveness and efficiency in reporting. Overall, the deployment of this technology will help to weed out illicit behavior, creating a more resilient and secure financial system.

Embracing technology will also help to improve efficiencies and processes internally at financial institutions. Not only will this help to remove resource draining barriers, but financial institutions will be able to safely automate processes that will ultimately increase the lens of reporting activity and provide more efficient reports of interest to the Agencies and law enforcement officials. Flexibility created by these potential exemptions, collaboration amongst industry and regulators and continued dialogue creates long term benefits that fosters responsible innovation.

Conclusion

Cross River appreciates the opportunity to provide comments on the FDIC's current NPR regarding SARs Exemptions. The Bank commends the Agency's effort to promote an innovative and secure financial system which reduces unnecessary regulatory costs. It is critical that in the process of creating a frictionless and uniform regulatory regime, federal regulators continue to collaborate and coordinate

while seeking input from the industry. Promoting transparency, open dialogue and industry participation are essential in driving progress.

Cross River supports continued efforts to implement policies and programs that embrace responsible innovation while simultaneously ensuring that the principles of safety and soundness are adhered to. Encouraging responsible innovation will provide modernized solutions that reduce costs for financial institutions and protect the integrity of the financial system.

If you have any additional questions, please do not hesitate to contact Arlen Gelbard, *EVP*, General Counsel at agelbard@crossriverbank.com or 201-808-7189. We look forward to continuing engaging in dialogue and serving as a resource for the Agency in the future.

Best,



Aaron Iovine
Head of Policy and Regulatory Affairs