KPMG
cutting through complexity

The Washington Report
for the week ended May 9, 2014

In This Issue

Bank & Thrift Regulatory Update

Federal Reserve Governor Tarullo Discussed Rethinking the Aims of Prudential Regulation in Remarks Before the Bank Structure Conference.......... 1

OCC Comptroller Discusses Heightened Expectations at RMA Governance, Compliance, and Operational Risk Conference.......... 3

Federal Reserve Seeks Comment on Proposal to Implement Financial Section Concentration Limit.......... 3

FDIC Vice Chair Hoenig Asks "Can We End Financial Bailouts" in Remarks Before the Boston Economic Club 4

Federal Reserve Chair Yellen Testifies Before the Joint Economic Committee About Economic Outlook and Financial Stability 5

Enterprise & Consumer Compliance

FDIC Issues Resource Guide to Help Financial Institutions Collaborate with Community Development Financial Institutions.......... 6

CFPB Proposes Online Privacy Disclosures 6

CFPB Issues Report and Consumer Advisory Addressing Older Consumers and Mortgage Debt 7

Capital Markets & Investment Management

CFTC Expands Portal Capabilities 8

Enforcement Actions 8

Recent Supervisory Actions 10

Bank & Thrift

Federal Reserve Governor Tarullo Discussed Rethinking the Aims of Prudential Regulation in Remarks Before the Bank Structure Conference

In remarks before the Federal Reserve Bank of Chicago Bank Structure Conference on May 8, 2014, Governor Daniel K. Tarullo said the aims of prudential regulation have been redefined since the financial crisis to address concerns about financial stability and to emphasize macroprudential regulation. He said that as a result of this shift, the perimeter of prudential regulation should be broadened to address threats to financial stability whether or not those threats emanate from traditional banking organizations, and the aims of prudential regulation for traditional banking organizations should be made relevant to their size, scope, and range of activities. He also said that the Basel II internal-ratings based (IRB) approach, which generally applies to larger banking organizations in the U.S. ($250 billion or more in total assets), "does not do a very good job of advancing the financial stability and macroprudential aims of prudential regulation" and suggested that consideration should be given to "discarding it."

Governor Tarullo stated "there is now a consensus among banking authorities, both U.S. and foreign, that the failure of financial institutions of sufficient combined size, interconnectedness, and leverage could threaten the entire financial system, and, therefore, must be subject to a stricter regulatory regime." He said the regulatory aims for such institutions should reflect this systemic focus and should reduce the chances of distress or failure at such firms to a greater extent than traditional, microprudential regulation would. The enactment of the *Dodd-Frank Wall Street Reform and Consumer Protection Act (*Dodd-Frank Act), which directed federal banking and market regulators to add to their existing mandates the responsibility for protecting financial stability, embraced this perspective and provided numerous new authorities for executing this mission.

Governor Tarullo broadly outlined regulatory aims for the prudential regulation of institutions in various asset ranges as follows:

- Smaller community banks, those with less than $10 billion in assets, are unlikely to cause systemic problems. As such, the regulatory aim for these institutions should closely follow the traditional microprudential bank regulatory aims of protecting the federal deposit insurance fund (DIF) and limiting the use of insured deposits by restricting bank activities. Although regulators have taken steps to avoid unnecessary regulatory burdens for community banks, there continues to be concern that supervisors will expect small banks to meet the enhanced expectations for larger banks. Governor Tarullo suggests conducting a policy discussion of statutes that might be amended explicitly to exclude community banks, including, among others, the Volcker rule and the incentive compensation requirements in Section 956 of the Dodd-Frank Act.
- Mid-size banks, those with assets of $10 billion or more but not including those designated as global systemically important banks (G-SIBs), generally operate as traditional commercial banks. Together they hold more than one-third of U.S. commercial banking assets. The aims for prudential regulation of such institutions might reach beyond traditional microprudential aims because: (1) some of the larger institutions may have a

large enough systemic footprint that their stress or failure could have material effects on the rest of the financial system, and (2) if a number of these banks simultaneously came under pressure or failed, it could cause a harmful contraction of credit availability in significant regions or sectors of the economy.

- The mid-size banks category covers a very wide range of asset sizes that spans the $50 billion threshold established by Section 165 of the Dodd-Frank Act for application of the enhanced prudential standards. Under Section 165, banking organizations of increasing systemic importance are required to meet increasingly stringent standards. Governor Tarullo says the Federal Reserve has essentially created several categories within the universe of banking organizations with $50 billion or more in assets through the Section 165 requirements. He asserts, however, that many institutions operating at this threshold level do not pose significant financial stability risk and suggests that the threshold could be raised and the application of certain requirements could be rationalized.

- The very largest institutions, generally those designated as G-SIBs and under supervision by the Federal Reserve's Large Institution Supervision Coordinating Committee (LISCC), should be subject to additional requirements to implement prudential aims associated with financial stability, including capital surcharges and minimum amounts of "gone concern" loss absorbing capacity. Governor Tarullo believes that continued work is needed on the vulnerabilities posed by short-term wholesale funding, and more generally, by large trading books, including maturity matched books of securities financing transactions. Some combination of measures directed at capital, liquidity requirements, and resolution procedures will likely be required. A need also exists for a complementary set of measures such as minimum margining requirements applicable to all securities financing transactions, whether or not they involve systemically important firms.
  - To rationalize the requirements of larger institutions, Governor Tarullo suggests that consideration should be given to "discarding" the Basel II IRB approach, (generally applied to banks with greater than $250 billion in assets). which he says "contributes little to market understanding of large banks' balance sheets, and thus fails to strengthen market discipline" as well as "makes the resulting capital standards likely to be excessively pro-cyclical and insufficiently sensitive to tail risk" because of the relatively short, backward-looking basis for generating risk weights. He says the IRB has "little useful role to play" with the "Collins Amendment providing a standardized, statutory floor for risk-based capital; the enhanced supplementary leverage ratio providing a stronger back-up capital measure; and the stress tests providing a better risk-sensitive measure that incorporates a macroprudential dimension." The Federal Reserve, he said, would continue to expect that firms practice "sound quantitative risk management using internal models and other techniques," noting that the Comprehensive Capital Asset and Review (CCAR) exercise was designed to ensure that firms had this capacity.

In closing, Governor Tarullo noted that the "unitary" approach to prudential regulation has been supplanted by statutory, regulatory, and supervisory responses to the financial crisis. This, he says, is an important move in the right direction. With the new aims of financial stability and macroprudential regulation, he says, differentiating the aims of prudential regulation based on the size and scope of banking organizations can provide a basis for rationalizing applicable regulatory frameworks. This could sometimes be accomplished by paring back or foregoing regulations for certain kinds of firms and other times by adding a regulatory measure where the relevant aim has not been adequately promoted by existing measures.

OCC Comptroller Discusses Heightened Expectations at RMA Governance, Compliance, and Operational Risk Conference

Comptroller of the Currency Thomas J. Curry discussed his agency's proposed formal guidelines on heightened expectations for risk management, internal audit, and governance in large national banks at the Risk Management Association's (RMA's) Governance, Compliance, and Operational Risk Conference on May 8, 2014. He said the expectations, which will soon be released, are focused only on large, complex institutions with assets of $50 million or more.

The heightened expectations have two major components. The first component requires that the design and implementation of a bank's risk governance framework:

- Be based on "the three lines of defense"—front-line-of-business units, independent risk management, and internal audit;
- Ensure that the bank has an effective system to identify, measure, monitor, and control risk taking; and
- Ensure that the board of directors has sufficient information on the bank's risk profile and risk management practices.

The second component sets the criteria for the composition and responsibilities of the board of directors to ensure that:

- Boards have a minimum number of independent directors; and
- All board members have the information, status, and authority to ensure effective oversight, including the ability to pose a credible challenge to management.

Comptroller Curry said the specific requirements of the heightened expectations require no more of large, complex banks than what they already are, or should be doing, including:

- Setting a risk appetite that determines what kind of risk a large bank is prepared to take to achieve its corporate goals;
- Communicating its risk tolerance clearly throughout the ranks of the organization; and
- Establishing measurement and reporting systems to ensure activities stay within the stated tolerance.

Comptroller Curry said his agency is carefully monitoring third-party service providers, particularly with regard to:

- The threat of cyber attacks and the need for institutions and their third-party service providers to effectively identify, assess, and mitigate cyber security risks.
- The increasing concentration among service providers, which creates the potential for a problem with a single large vendor affecting a large number of banks simultaneously.

In concluding remarks, Comptroller Curry said operational risk issues should be part of a fully integrated and comprehensive approach to risk management, which is what the OCC's heightened expectations are intended to achieve.

Federal Reserve Seeks Comment on Proposal to Implement Financial Section Concentration Limit

The Federal Reserve Board (Federal Reserve) announced on May 8, 2014, that it is seeking comment on a proposed rule (Regulation XX) that would implement Section 622 of the *Dodd-Frank Wall Street and Consumer Protection Act* (Dodd-Frank Act). Section 622 establishes a financial sector concentration limit that generally prohibits a financial company from combining with another company if the ratio of the resulting financial company's liabilities exceeds 10

percent of the aggregate consolidated liabilities of all financial companies in that sector. The concentration limit supplements the nationwide deposit cap in federal banking law by imposing an additional limit on liabilities of financial companies. The proposal also would establish reporting requirements for certain financial companies that are necessary to implement Section 622. Comments must be received no later than July 8, 2014.

Financial companies subject to the concentration limit include insured depository institutions, bank holding companies, savings and loan holding companies, other companies that control an insured depository institution, foreign banks or companies that are treated as bank holding companies, and nonbank financial companies supervised by the Federal Reserve.

Section 622 measures "liabilities" of a financial company as risk-weighted assets minus regulatory capital. For foreign financial companies, only the liabilities of the U.S. operations of the company are considered in applying the concentration limit.

FDIC Vice Chair Hoenig Asks "Can We End Financial Bailouts" in Remarks Before the Boston Economic Club

Federal Deposit Insurance Corporation (FDIC) Vice Chair Thomas M. Hoenig discussed the provisions of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act) that deal with the orderly wind down of failing systemically important financial institutions (SIFIs) in a presentation before the Boston Economic Club on May 7, 2014.

Vice Chair Hoenig said since all SIFIs must create living wills as required by Title I of the Dodd-Frank Act, he believes that regulators should enforce Title I by requiring firms to be positioned so they could be resolved through bankruptcy. He suggested the Title II government resolution alternative provided under the Dodd-Frank Act would have the same consequences as a government bailout—but with advance notice. He said that:

- Title I requires the largest SIFIs to provide a written resolution plan, called a living will, to the Federal Reserve Board and the FDIC. The living will outlines the process by which that institution would complete a rapid and orderly resolution relying on bankruptcy law in the event of material financial distress or failure. Vice Chair Hoenig said Congress intended this provision to be the principle means for resolution of SIFIs.
- Title II is an alternative to Title I. It is discretionary and triggered when the Secretary of Treasury, with the concurrence of the U.S. president, declares that a financial firm is in danger of default and that its failure would be systemic and detrimental to financial stability and harmful to the public. The law provides that the FDIC be appointed receiver to carry out the liquidation of not only the commercial bank but also the financial company.
- In Title I bankruptcy, the cost of the resolution goes against the stockholders and uninsured creditors. In a Title II government resolution, costs go against stockholders, some creditors, and eventually to the financial industry through assessments. However, the taxpayer provides necessary funding during the transition.

Vice Chair Hoenig acknowledged long-standing sentiment that bankruptcy for the largest firms is impractical because the firms are too large, too leveraged, too complicated, and too interconnected for current bankruptcy laws to work. "This view serves us poorly, delaying changes needed to assert market discipline and reduce systemic risk, and it undermines bankruptcy as a viable option for resolving these firms," Hoenig said. He further stressed that most of the largest financial firms today are larger, more complicated, and more interconnected than they were in 2008.

In his opening remarks, Vice Chair Hoenig said, "The goal and hope of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, as the name implies, is to make financial bailouts and, thus, too big to fail, relics of the past. With the mere passage of the Act, some argue the goal is achieved." He says, however, the Dodd-Frank Act does not solve the bailout problem as long as institutions exist that are too large, too leveraged, too complicated, and too interconnected to be placed in bankruptcy when they fail. To end bailouts, Vice Chair Hoenig recommends:

- The market must serve as disciplinarian and bankruptcy must be a viable means for resolving SIFIs;
- The living will process should be vigorously implemented at SIFIs;
- Firms that do not submit a credible plan for orderly resolution through bankruptcy should receive increased supervision and enhanced prudential standards until they do; and
- If a credible resolution plan is not produced by the bank, supervisors should be prepared to require an institution to sell assets and simplify operations until it shows itself to be bankruptcy compliant.

Federal Reserve Chair Yellen Testifies Before the Joint Economic Committee About Economic Outlook and Financial Stability

In testimony before the U.S. Congressional Joint Economic Committee on May 7, 2014, Federal Reserve Board (Federal Reserve) Chair Janet Yellen said the economic outlook is good:

- Average annual economic growth has increased about 3.25 percent over the second half of 2013, and although housing activity has remained "disappointing," the overall economy is on a track for solid growth in the current quarter.
- The labor market is improving. The 6.3 percent unemployment rate in April represents a 1.25 percent decline in unemployment from a year ago and 3.75 percent decline since its peak. However, unemployment is still elevated because of the large numbers of people who have been unemployed for six months or more and the historic numbers of individuals who work part-time that would rather work full time. Most measures of labor compensation are rising slowly.
- Inflation has remained low as the economy has expanded and long-run expectations for inflations have remained stable.

Chair Yellen cautioned that geopolitical events and financial stresses in emerging markets could undermine the global economic recovery. In the U.S., a flattening of housing activity adds uncertainty to the economic outlook.

In addressing monetary policy, Chair Yellen testified that:

- A high degree of monetary accommodation remains warranted because of the slack remaining in labor markets and because inflation remains below the Federal Reserve Board's (Federal Reserve) 2 percent target.
- The Federal Open Market Committee (FOMC) will continue its purchases of long-term securities at a reduced pace in order to put downward pressure on longer-term interest rates, support mortgage markets, and "contribute to favorable conditions in broader financial markets."
- Even after employment and inflation are near mandate-consistent levels, economic and financial conditions may warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

On financial stability, Chair Yellen testified that:

- In an extended period of low interest rates, investors may "reach for yield" by taking on leverage, duration risk, or credit risk, but these increases appear to be modest thus far, particularly at the largest banks and life insurers.
- Valuations for the equity market as a whole and other broad categories of assets, such as residential real estate, remain within historical norms.
- Bank holding companies have improved their liquidity positions and raised capital ratios to levels significantly higher than prior to the financial crisis.
- The Federal Reserve is considering whether more measures are needed to further reduce the risks associated with large, interconnected financial institutions in addition to the recently implemented rule (as part of Section 165 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*) that requires large foreign banking firms to form a U.S. intermediate holding company and be subject to enhanced prudential requirements.

In her concluding remarks, Chair Yellen testified that more must be accomplished despite "substantial improvements" in labor conditions and in the overall economy since the financial crisis.

Enterprise & Consumer Compliance

FDIC Issues Resource Guide to Help Financial Institutions Collaborate with Community Development Financial Institutions

On May 8, 2014, the Federal Deposit Insurance Corporation released a resource guide, entitled "Strategies for Community Banks to Develop Partnerships with Community Development Financial Institutions," to help the banks it supervises collaborate with community development financial institutions (CDFIs). The guide contains information to help community banks identify and evaluate opportunities to collaborate with CDFIs providing financial products and services to underserved markets. Banks that work with CDFIs receive consideration under the *Community Reinvestment Act* (CRA). The guide describes the key characteristics of CDFIs and the types of investments that can support them. It also discusses steps to consider when assessing bank/CDFI partnerships and how these activities may enhance CRA performance.

CFPB Proposes Online Privacy Disclosures

The Consumer Financial Protection Bureau (CFPB or Bureau) proposed an amendment to Regulation P (*Privacy of Consumer Financial Information*) on May 6, 2014, that would allow certain institutions to deliver the required annual privacy notices to customers online, rather than in printed form. Comments on the proposal must be received within 30 days after the proposal is published in the *Federal Register*.

Regulation P, among other things, requires financial institutions to provide their customers with initial and annual notices regarding their privacy policies. The CFPB's proposed rule would create an alternative method of delivery for this annual disclosure in certain circumstances.

The CFPB indicated that the proposal was developed in response to institutions' concerns that mailed printed copies of privacy notices were a source of information overload for consumers and unnecessary expense for banks. The CFPB has proposed to allow financial institutions to post the annual notices on their Web site provided they:

- Do not share consumers' nonpublic personal information with non-affiliated third parties in ways that would trigger consumers' opt-out rights;
- Do not include on its annual privacy notice an opt-out notice under the *Fair Credit Reporting Act* (FCRA);
- Provide more than one notice, including the annual privacy notice, to satisfy the requirements of Section 624 of the FCRA (related to the Affiliate Marketing Rule);
- Have not changed the information included in the privacy notice since the customer received the previous notice; and
- Use the model disclosure form provided in the proposed rule (developed by federal bank regulatory agencies in 2009).

Under the proposal, which would apply to both banks and those nonbanks within the CFPB's jurisdiction, institutions would have to inform consumers annually about the availability of disclosures by, for example, including a clear and conspicuous insert in regular consumer communication, such as a monthly statement. The communication would have to let consumers know that the annual privacy notice is available on the financial institution's Web site, that it may be obtained in paper form by request through a toll-free telephone number, and that it has not changed. The financial institution also would have to continuously post the annual privacy notice in a clear, conspicuous, and easily accessed manner on its Web site. No login or similar steps to access the notice can be required. If an institution chooses not to use the online disclosure method, it would need to continue to deliver annual privacy notices to its customers.

CFPB Issues Report and Consumer Advisory Addressing Older Consumers and Mortgage Debt

The Bureau of Consumer Financial Protection's (CFPB or Bureau) Office of Older Americans released a "snap shot report" of older consumers and mortgage debt. The report, released May 8, 2014, generally found that between 2001 and 2011:

- More consumers aged 65 years and older hold mortgages against their homes (the ownership percentage increased from 22 to 30 percent);
- The median amount of mortgage debt increased 82 percent; and
- For these borrowers, the outstanding mortgage balance as a percent of value increased from 30 to 46 percent.

The CFPB also reported that the percentage of older homeowners who were seriously delinquent on their mortgage payments increased by a multiple of five between 2007 and 2012.

Coincident with the release of the report, the CFPB issued a Consumer Advisory outlining issues older consumers should consider when managing their mortgage debt.

Capital Markets & Investment Management

CFTC Expands Portal Capabilities

The Commodity Futures Trading Commission (CFTC) announced on May 5, 2014, that it had expanded its portal capabilities to allow market participants to submit event-specific reports "more easily and securely." The CFTC also said the new features, which were available as of May 5, 2014, will improve its ability to process submissions from market participants, including designated contract markets (DCMs), swap execution facilities (SEFs), and swap data repositories (SDRs).

Updated security features include two-factor authentication requiring a user name and password as well as a working telephone number to validate identity. The CFTC said improvements to reporting and data collection for derivatives clearing organizations (DCOs) enhance its ability to store and quickly recall this information.

Enforcement Actions

The Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), and the Financial Industry Regulatory Authority (FINRA) recently announced the following enforcement actions:

- The SEC announced fraud charges and an asset freeze against a New York-based investment advisory firm and two executives for distributing falsified performance results to prospective investors in two hedge funds they managed. The action was brought on an emergency basis to stop the defendants from raising additional money from investors based on false and misleading representations, to prevent the managing partner from using the funds' firm to pay for personal expenses, and to preserve the remaining assets and ensure their equitable distribution to investors. The SEC is seeking a permanent injunction, disgorgement, and the imposition of civil penalties.
- The CFTC Division of Clearing and Risk (DCR) issued a time-limited no-action letter to a Hong Kong-based derivatives clearing organization. The letter states that DCR will not recommend that the Commission take enforcement action against the company, which failed to register as a derivatives clearing organization (DCO) or for failure to clear U.S. participants of the firm to clear certain interest rate swaps and certain non-deliverable forwards through a registered DCO. The no-action relief is effective until the earlier of December 31, 2014 or the date upon which the Commission either registers the company as a DCO or exempts the company from registration.
- The CFTC filed an amended complaint against a foreign entity that it had originally charged in June 2013 with violating the CFTC's ban on offering commodity option contracts to U.S. customers for trading, as well as soliciting, accepting orders and funds, or confirming the execution of orders, from U.S. customers. The amended complaint files the same charges against three corporate affiliates of the company (one incorporated in Israel and two in the

Republic of Seychelles) stating that all four of the corporate defendants operated as a common enterprise. The CFTC seeks civil monetary penalties, and other remedial ancillary relief, including restitution, disgorgement, and rescission and a permanent injunction.

- The SEC brought fraud charges and obtained an asset freeze against an Ohio-based investment advisory firm and its president for repeatedly hiding a shortfall of more than $700,000 in client assets. The shortfall was discovered when the SEC conducted an examination of the firm to verify the existence of client assets and the SEC alleges the firm's president attempted to disguise the shortfall by entering a fake trade in its account records and providing falsified reports to SEC staff. The SEC is seeking a permanent injunction as well as disgorgement, prejudgment interest, and a civil monetary penalty from the firm and its president.
- The SEC charged a Toronto-based consultant and four associates with conducting illegal, reverse merger schemes to bring a pair of foreign-based companies into U.S. markets to manipulate trading and reap illicit profits. The SEC's complaint charges the consultant and his associates with violating the antifraud, securities registration, and securities ownership reporting provisions of the federal securities laws. The SEC is seeking disgorgement of ill-gotten gains plus prejudgment interest and financial penalties as well as penny stock bars. The consultant and two associates have agreed to settle the SEC's charges, which are subject to court approval. The consultant agreed to pay more than $6 million and will be barred from the securities industry as well as participation in any penny stock offering. One associate agreed to pay more than $3 million and the other associate entered into a cooperation agreement. The SEC's litigation continues against two of the associates.
- FINRA fined a firm $5 million for supervisory failures related to the solicitation of retail customers to invest in initial public offerings (IPOs). Between February 2012 and May 2013, the firm was found to have sold shares to retail customers in 83 IPOs without having adequate procedures and training to ensure that its sales staff distinguished between "indications of interest" and "conditional offers" in its solicitations of potential investors. The firm's written policy was found to have used these terms interchangeably. The firm agreed to the settle the matter without admitting or denying the charges.

Recent Supervisory Actions against Financial Institutions

Last Updated: May 9, 2014

Agency	Institution Type	Action	Date	Synopsis of Action
Federal Reserve Board	State member bank	Civil Money Penalty	04/15	The Federal Reserve Board issued an Order of Assessment of Civil Money Penalty against a Wyoming-based state member bank to address violations of the National Flood Insurance Act.
Federal Reserve Board	State member bank	Prompt Corrective Action Directive	04/10	The Federal Reserve Board issued a Prompt Corrective Action Directive against a Maryland-based state member bank to address its failure to maintain adequate capital reserves. The state member bank was found to be significantly undercapitalized.
CFPB	Mortgage lender	Notice of Charges	01/29	The Bureau of Consumer Financial Protection initiated an administrative proceeding against a New Jersey-based mortgage lender and its affiliates for a mortgage insurance kickback scheme. The Bureau is seeking a civil fine, a permanent injunction to prevent future violations, and restitution.
CFPB	Mortgage lender	Consent Order	01/16	The Bureau of Consumer Financial Protection ordered a Missouri-based mortgage lender and its former owner and current president to pay $81,076 for funneling illegal kickbacks to a bank in exchange for real estate referrals.
OCC	Large financial institution	Order for Civil Money Penalty	01/07	The Office of the Comptroller of the Currency announced a $350 million civil money penalty against three affiliated banks for Bank Secrecy Act (BSA) violations. The penalty follows a January 2013 cease-and-desist order in which the three banks were directed to correct deficiencies in their compliance programs.
Federal Reserve Board	State member bank	Civil Money Penalty	01/09	The Federal Reserve Board entered into an Order of Assessment of Civil Money Penalty with a Texas-based state member bank to address violations of the National Flood Insurance Act.
Federal Reserve Board	State member bank	Civil Money Penalty	01/09	The Federal Reserve Board entered into an Order of Assessment of Civil Money Penalty with a New York-based state member bank to address violations of the National Flood Insurance Act.

Contact Us

This is a publication of KPMG's Financial Services Regulatory Practice

John Ivanoski, Partner, National Leader, Regulatory Risk — jivanoski@kpmg.com

Hugh Kelly, Principal, Bank Regulatory Safety & Soundness — hckelly@kpmg.com

Amy Matsuo, Principal, Enterprise & Consumer Compliance — amatsuo@kpmg.com

John Schneider, Partner, Investment Management Regulatory — jjschneider@kpmg.com

Tracy Whille, Principal, Capital Markets Regulatory — twhille@kpmg.com

Pamela Martin, Managing Director, Americas' FS Regulatory Center of Excellence — pamelamartin@kpmg.com

Earlier editions are available at:
http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/washington-reports/Pages/default.aspx

Additional Contacts

Asset Management, Trust, and Fiduciary
Bill Canellis — wcanellis@kpmg.com

Bank Regulatory Reporting
Brett Wright — bawright@kpmg.com

Capital Markets Regulation
Stefan Cooper — stefancooper@kpmg.com

Capital/Basel II and III
Paul Cardon — pcardon@kpmg.com

Commodities and Futures Regulation
Dan McIsaac — dmcisaac@kpmg.com

Consumer & Enterprise Compliance
Kari Greathouse — cgreathouse@kpmg.com

Cross-Border Regulation & Foreign Banking Organizations
Philip Aquilino — paquilino@kpmg.com

Safety & Soundness, Corporate Licensing & Governance, and ERM Regulation
Greg Matthews — gmatthews1@kpmg.com

ALL INFORMATION PROVIDED HERE IS OF A GENERAL NATURE AND IS NOT INTENDED TO ADDRESS THE CIRCUMSTANCES OF ANY PARTICULAR INDIVIDUAL OR ENTITY. ALTHOUGH WE ENDEAVOR TO PROVIDE ACCURATE AND TIMELY INFORMATION, THERE CAN BE NO GUARANTEE THAT SUCH INFORMATION IS ACCURATE AS OF THE DATE IT IS RECEIVED OR THAT IT WILL CONTINUE TO BE ACCURATE IN THE FUTURE. NO ONE SHOULD ACT UPON SUCH INFORMATION WITHOUT APPROPRIATE PROFESSIONAL ADVICE AFTER A THOROUGH EXAMINATION OF THE FACTS OF THE PARTICULAR SITUATION.

©2014 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International. KPMG LLP, the audit, tax and advisory firm (www.kpmg.com/us), is the U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's member firms have 145,000 professionals, including more than 8,000 partners, in 152 countries.
Printed in the U.S.A. All rights reserved. NDPPS 146154