

## In This Issue

### Safety & Soundness

Agencies Adopt Final Standards for Diversity Policies and Practices of Regulated Entities.....	1
Basel Committee Issues Consultative Document on Capital Treatment of Interest Rate Risk .....	1
Comptroller Curry Provides Comments on Heightened Standards and Prudential Regulation.....	1
FDIC to Conduct Summary of Deposits Survey for Data as of June 30 .....	1

### Enterprise & Consumer Compliance

FTC Announces Action in Crowdfunding Case .....	2
FTC Enters Consent Orders with Auto Title Lenders .....	2

### Capital Markets & Investment Management

IOSCO Publishes Final Report on Good Practices to Reduce Reliance on CRAs in Asset Management.....	2
CPMI and IOSCO Release Updated Report on Implementation of Principles for Financial Market Infrastructure .....	2
SEC Seeks Comment Related to Exchange-Traded Products.....	3

# Safety & Soundness

---

## Agencies Adopt Final Standards for Diversity Policies and Practices of Regulated Entities

Six federal agencies (Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, Consumer Financial Protection Bureau, and Securities and Exchange Commission) jointly released a final interagency policy statement that establishes standards for assessing the diversity policies and practices of the entities that are under their regulatory authorities. The final standards, which are required by Section 342 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, are generally similar to the previously proposed standards. Broadly, they provide a framework for regulated entities to create and strengthen their diversity policies and practices, including the organizational commitment to diversity, workforce and employment practices, procurement and business practices, and practices to promote transparency of organizational diversity and inclusion within their U.S. operations. The standards became effective on June 10, 2015. [\[Press Statement\]](#) [\[Final Interagency Policy Statement\]](#)

## Basel Committee Issues Consultative Document on Capital Treatment of Interest Rate Risk

The Bank for International Settlements' Basel Committee on Banking Supervision (Basel Committee) issued a consultative document on the risk management, capital treatment, and supervision of interest rate risk in the banking book on June 8, 2015. This consultative document expands upon and is intended to ultimately replace the Basel Committee's 2004 *Principles for the management and supervision of interest rate risk*. Two options for the capital treatment of interest rate risk are offered for comment in the proposal. One would require a minimum capital requirement under Pillar 1, and the other would require an enhanced Pillar 2 approach with quantitative disclosure. Comments are requested by September 11, 2015. [\[Press Statement\]](#) [\[Consultative Document\]](#)

## Comptroller Curry Provides Comments on Heightened Standards and Prudential Regulation

Speaking before the Prudential Bank Regulation Conference hosted by SIFMA and The Clearing House on June 9, 2015, Thomas Curry, Comptroller of the Currency, outlined the Office of the Comptroller of the Currency's (OCC) Heightened Standards, and in particular the guidelines covering the responsibilities of boards of directors and compensation and management programs. With respect to directors, he said, "We don't expect directors to manage the bank, but we do expect the board to look at high level issues that relate to culture, from the compensation structure to how management deals with deviations from the standards the board has established." Regarding compensation programs, he stated that he was "working to see to it that we are nearing the end of the process" for developing an interagency incentive compensation rule as required by the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. The OCC and five other agencies released a proposed rule on incentive compensation plans in 2011. [\[Speech\]](#)

## FDIC to Conduct Summary of Deposits Survey for Data as of June 30

The Federal Deposit Insurance Corporation (FDIC) issued Financial Institution Letter 24-2015 on June 12, 2015, to remind all FDIC-insured depository institutions, including insured U.S. branches of foreign banks, that responses to its annual survey of branch deposits, called the Summary of Deposits, will be due no later than July 31, 2015. The information reported must be as of June 30 and no extensions will be granted. [\[FIL-24-2015\]](#)

# Enterprise & Consumer Compliance

---

## FTC Announces Action in Crowdfunding Case

The Federal Trade Commission (FTC) announced that it had taken action against an individual who used deceptive tactics to raise money from consumers to finance a business project but then diverted the funds to alternate and personal uses. The FTC states this is its first action involving crowdfunding, and is part of its “ongoing work to protect consumers taking advantage of new and emerging financial technology.” [\[Press Statement\]](#)

## FTC Enters Consent Orders with Auto Title Lenders

The Federal Trade Commission (FTC) announced on June 10, 2015, that it has approved final consent orders with two auto title lenders that the FTC found to have failed to disclose certain conditions and financing information in advertisements related to their auto title loans. The FTC notes these are the first actions the agency has taken against auto title lenders. [\[Press Statement\]](#)

# Capital Markets and Investment Management

---

## IOSCO Publishes Final Report on Good Practices to Reduce Reliance on CRAs in Asset Management

The International Organization of Securities Commissions (IOSCO) published a final report on June 8, 2015, on the topic of *Good practices on reducing reliance on CRAs in Asset Management*. The report lists eight “good practices” that asset managers might consider to avoid an over-reliance on external credit ratings. The IOSCO indicates that it drew on feedback from various stakeholders, including asset managers and their representative trade bodies, institutional investors and their associations, and credit ratings agencies (CRAs) to identify the practices. [\[Good Practices - Media Release\]](#)

## CPMI and IOSCO Release Updated Report on Implementation of Principles for Financial Market Infrastructure

The Committee on Payments and Market Infrastructure (CPMI) and the International Organizations of Securities Commissions (IOSCO) released the second update to the Level 1 assessments of implementation monitoring of the Principles for Financial Market Infrastructure (PFMI). Level 1 assessments are based on self-assessments by individual jurisdictions on how they have adopted, within their regulatory and oversight frameworks, the PFMI's 24 *Principles for FMIs* and four of the five *Responsibilities for authorities*. The initial Level 1 assessments were conducted in mid-2013 and a report was subsequently published in August 2013. The first update was released in May 2014. The CPMI and the IOSCO state the current report, which is the second update, to the Level 1 assessments, shows that “good progress has been made by the 28 participating jurisdictions since the previous update.” The next update of the Level 1 assessments will be conducted in 2016. [\[Press Release\]](#) [\[Second Update Report\]](#)

## SEC Seeks Comment Related to Exchange-Traded Products

The Securities and Exchange Commission today announced that it is seeking public comment to help inform its review of the listing and trading of new, novel, or complex exchange-traded products (ETPs). The request for comment addresses arbitrage mechanisms and market pricing for ETPs, key issues that arise when exemptions are sought by a market participant to trade a new ETP, or when a securities exchange seeks to establish standards for listing new ETPs. Comments will be accepted for a period of 60 days following publication in the *Federal Register*. [\[Press Statement\]](#)

---

## Contact Us

This is a publication of KPMG's Financial Services Regulatory Risk Practice and KPMG's Americas FS Regulatory Center of Excellence

John Ivanoski, Partner, National Leader, Regulatory Risk [jivanoski@kpmg.com](mailto:jivanoski@kpmg.com)  
Hugh Kelly, Principal and National Lead, Bank Regulatory Advisory [hckelly@kpmg.com](mailto:hckelly@kpmg.com)  
Amy Matsuo, Principal and National Lead, Enterprise-wide Compliance & Consumer Regulatory [amatsuo@kpmg.com](mailto:amatsuo@kpmg.com)  
Tracy Whille, Principal and National Lead, Capital Markets and Investment Management Regulatory [twhille@kpmg.com](mailto:twhille@kpmg.com)  
Philip Aquilino, Principal, Bank Regulatory Safety & Soundness [paquilino@kpmg.com](mailto:paquilino@kpmg.com)  
Pamela Martin, Managing Director and Lead, Americas FS Regulatory Center of Excellence [pamelamartin@kpmg.com](mailto:pamelamartin@kpmg.com)

**Please direct subscription inquiries to the Americas FS Regulatory Center of Excellence:**  
[regulationfs@kpmg.com](mailto:regulationfs@kpmg.com)

**Earlier editions of The Washington Report are available at:**  
[www.kpmg.com/us/thewashingtonreport](http://www.kpmg.com/us/thewashingtonreport)

---

## **Additional Contacts**

### **Asset Management, Trust, and Fiduciary**

Bill Canellis [wcanellis@kpmg.com](mailto:wcanellis@kpmg.com)

### **Bank Regulatory Reporting**

Brett Wright [bawright@kpmg.com](mailto:bawright@kpmg.com)

### **Capital Markets Regulation**

Stefan Cooper [stefancooper@kpmg.com](mailto:stefancooper@kpmg.com)

### **Capital/Basel II and III**

Paul Cardon [pcardon@kpmg.com](mailto:pcardon@kpmg.com)

### **Commodities and Futures Regulation**

Dan Mclsaac [dmcisaac@kpmg.com](mailto:dmcisaac@kpmg.com)

### **Consumer & Enterprise Compliance**

Kari Greathouse [cgreathouse@kpmg.com](mailto:cgreathouse@kpmg.com)

### **Cross-Border Regulation & Foreign Banking Organizations**

Paul Cardon [pcardon@kpmg.com](mailto:pcardon@kpmg.com)

### **Insurance Regulation**

Matthew McCorry [memccorry@kpmg.com](mailto:memccorry@kpmg.com)

### **Investment Management**

John Schneider [jjschneider@kpmg.com](mailto:jjschneider@kpmg.com)

### **Safety & Soundness, Corporate Licensing & Governance, and ERM Regulation**

Greg Matthews [gmatthews1@kpmg.com](mailto: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.

©2015 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](http://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