



The Washington Report

Americas FS Regulatory Center of Excellence

The week ended April 14, 2017

kpmg.com



Contents

1. Safety and soundness	1
1.1 FSB consults on framework for post-implementation evaluation of the effects of the G20 financial regulatory reforms	1
1.2 OCC announces Office of Innovation office hours	1
1.3 OCC issues new "Retail Lending" booklet	1
2. Enterprise and consumer compliance	1
2.1 CFPB releases 2016 fair lending report	1
2.2 CFPB proposes rule changes to clarify mortgage data rule	2
2.3 Enforcement Actions	2
3. Capital markets and investment management	2
3.1 NAC introduces new sanction guidelines	2
3.2 FINRA requests comment on rules impacting capital formation	2

1. Safety and soundness

1.1 FSB consults on framework for post-implementation evaluation of the effects of the G20 financial regulatory reforms

On April 11, 2017, the Financial Stability Board (FSB) published for consultation the main elements of a *Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms*. The framework, which is under development in collaboration with the standard-setting bodies and other stakeholders, is intended to guide analyses of whether the G20 core financial reforms are achieving their intended outcomes and also help to identify any material unintended consequences that may have to be addressed. In final form, it will specify processes and analytical approaches for the evaluation of reforms. The paper considers the framework's scope, prioritization of reform evaluations, processes for measuring benefits and costs of the reforms, methodologies for mapping objectives to intended outcomes, and approaches to evaluation, including models and methods to analyze effects of the reforms. The FSB is accepting comments until May 11, 2017; It will publish the framework before the G20 Leaders' Summit in July.

[\[Press Statement\]](#) [\[Proposed Framework\]](#)

1.2 OCC announces Office of Innovation office hours

On April 13, 2017, the Office of the Comptroller of the Currency (OCC) announced that its Office of Innovation will host two days of office hours for national banks, federal savings associations (FSAs), and financial technology (Fintech) companies to provide

feedback and respond to questions on responsible innovation. The meetings will be held in the OCC's San Francisco Field Office on May 16 and 17, 2017. Parties must request a meeting through the OCC's Office of Innovation Office Hours Invitation and state why they are interested in meeting with the agency. The OCC anticipates additional office hours in other cities.

[\[Press statement\]](#)

1.3 OCC issues new "Retail Lending" booklet

On April 12, 2017, the Office of the Comptroller of the Currency (OCC) issued its "Retail Lending" booklet as part of the Safety and Soundness category of the Comptroller's Handbook. The booklet discusses retail lending risks, describes an effective retail credit risk management framework, and provides a framework for evaluating retail credit risk management activities. The booklet also provides criteria that examiners should consider when evaluating retail credit originations, account management, collections, and portfolio management activities and processes. It discusses the objectives of control functions commonly used in a retail lending business to measure performance, make decisions, and assess the effectiveness of processes and personnel. The OCC states that examiners should refer to the "Retail Lending" booklet when specific retail lending products, services, activities, or risks have a material impact on the risk profile and financial condition of a bank and therefore warrant review beyond the core assessment.

[\[Press statement\]](#) [\[OCC handbook on retail lending\]](#).

2. Enterprise and consumer compliance

2.1 CFPB releases 2016 fair lending report

In an April 14, 2017 blog post, the Consumer Financial Protection Bureau (CFPB or Bureau) announced the release of its 2016 Fair Lending Report in which it discusses its supervisory priorities, enforcement activity, rulemaking, interagency coordination and collaboration, and outreach activities related to industry compliance with the fair lending laws. The CFPB's key priorities in 2016 focused on supervision and enforcement of mortgage lending, indirect auto lending, credit cards, and small business lending. In 2017, the CFPB intends to increase its focus in the areas of redlining and mortgage and student loan servicing.

The Fair Lending Report also covered the CFPB's rulemaking and related guidance activities with regard to scope changes under the Home Mortgage Disclosure Act (HMDA) and Regulation C, data collection requirements under the Equal Credit Opportunity Act (ECOA) and Regulation B, and updates to the Uniform Interagency Consumer Compliance Rating System (which will be applicable to consumer compliance examinations that begin on or after March 31, 2017).

[\[Blog post\]](#) [\[2016 Fair Lending Report\]](#)

2.2 CFPB proposes rule changes to clarify mortgage data rule

The Consumer Financial Protection Bureau (CFPB or Bureau) issued a proposal on April 13, 2017, that would clarify the information that financial institutions are required to collect and report about their mortgage lending activities in order to facilitate compliance with the CFPB's 2015 updates to its Home Mortgage Disclosure Act (HMDA) rule. As proposed, the amendments would make technical corrections and clarify certain requirements under Regulation C, including clarifications to certain key terms, such as "temporary financing" and "automated underwriting system"; establishing transition rules for reporting certain loans purchased by financial institutions; and facilitating reporting of census tract data for a property using a new geocoding tool that the CFPB plans to provide online. The amendments would take effect when the related 2015 amendments become effective. As such, most of the proposed amendments would take effect January 1, 2018 though some would take effect as late as January 1, 2020.

Comments will be accepted for a period of 60 days following publication in the Federal Register.

[\[Press Statement\]](#) [\[Proposed Rule\]](#)

2.3 Enforcement Actions

The Federal Trade Commission (FTC) announced the following enforcement actions in the past week:

- The FTC obtained a settlement order with the leader of a telemarketing operation that was found to have engaged in illegal "robocalls" to consumers, including calls to phone numbers on the National Do Not Call (DNC) Registry. The \$2.2 million civil penalty that was included as part of the order will be suspended upon payment of \$65,000.
- The FTC approved final orders with three companies that misrepresented their participation in the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules (CBPR) system, which facilitates data transfers between APEC member economies and certifies companies as being compliant with APEC CBPR program requirements. The companies are prohibited from misrepresenting their participation, membership or certification in any privacy or security program.

3. Capital markets and investment management

3.1 NAC introduces new sanction guidelines

The Financial Industry Regulatory Authority (FINRA) announced on April 10, 2017 that the National Adjudicatory Council (NAC) revised its *Sanction Guidelines* to include a consideration for coverage for financial exploitation of vulnerable individuals or individuals with diminished capacity. The revision also includes new guidelines relating to systemic supervisory failures, borrowing and lending arrangements, short interest reporting, and sanctions imposed by other regulators. The revised Sanction Guidelines outlined in Regulatory Notice 17-13 are effective immediately.

The NAC is FINRA's appellate tribunal for disciplinary cases and is a 15-member committee composed of industry and non-industry members. The Sanction Guidelines do not prescribe fixed sanctions for particular violations, and are intended to assist FINRA's adjudicators—Hearing Panels and the NAC—in imposing appropriate sanctions consistently and fairly in disciplinary proceedings. FINRA's Market Regulation

and Enforcement Departments also consult the Sanction Guidelines in determining the appropriate level of sanctions to seek in settled and litigated cases.

[\[Press Statement\]](#) [\[Regulatory Notice 17-13\]](#)

3.2 FINRA requests comment on rules impacting capital formation

In an effort to modernize regulations pertaining to the raising of capital, the Financial Industry Regulatory Authority (FINRA) on April 12, 2017 requested comment on its rules governing the participation of member firms in raising capital. The three notices include:

- [Regulatory Notice 17-14](#): This notice requests comment on all of FINRA's existing rules, operations and administrative processes that address the capital-raising activities of its member firms.

- Regulatory Notice 17-15: This notice requests comment on proposed amendments to FINRA Rule 5110, which applies to underwriting terms and arrangements on the public offering of securities.
- Regulatory Notice 17-16: This notice requests comments on a proposal to create a limited safe

harbor for eligible desk commentary that may rise to the level of a research report.

FINRA requests comments on each of the proposals by May 30, 2017.

[\[Press Statement\]](#) [\[Regulatory Notice 17-14\]](#) [\[Regulatory Notice 17-15\]](#) [\[Regulatory Notice 17-16\]](#)

Contact us

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

Amy Matsuo, Principal, National Leader, Financial Services Regulatory Risk Practice

amatsuo@kpmg.com

Ken Albertazzi, Partner and National Lead, Financial Services Safety & Soundness

kalbertazzi@kpmg.com

Kari Greathouse, Principal and National Lead, Enterprise and Consumer Compliance

cgreathouse@kpmg.com

Tracy Whille, Principal and National Lead, Capital Markets and Investment Management

twhille@kpmg.com

Deborah Bailey, Managing Director, Americas FS Regulatory Center of Excellence

dpbailey@kpmg.com

To subscribe to the Americas FS Regulatory Center of Excellence, please visit the following Web page:

<http://info.kpmg.us/subscribe-to-kpmg-us-fs-coe.html>

Subscription inquiries may be directed to the Americas FS Regulatory Center of Excellence:

regulationfs@kpmg.com

Earlier editions of The Washington Report are available at:

<https://home.kpmg.com/us/en/home/insights/2016/04/washington-reports.html>



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

Stacey Guardino sguardino@kpmg.com

Cross-Border Regulation & Foreign Banking Organizations

Paul Cardon pcardon@kpmg.com

Financial Crimes

Terry Pesce tpesce@kpmg.com

Insurance Regulation

Matthew McCorry memccorry@kpmg.com

Investment Management

Larry Godin lgodin@kpmg.com

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

Greg Matthews gmatthews1@kpmg.com

FS Regulatory Center of Excellence

Karen Staines kstaines@kpmg.com

kpmg.com/socialmedia



kpmg.com/app



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.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

© 2017 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. All rights reserved. Printed in the U.S.A. NDPPS 592774