



Quarterly Regulatory Recap

Q3 2023 at a glance

Regulatory Insights: Q3 2023 Summary




Q3 boasts significant regulatory activity and sets the stage for both year-end and 2024. Select examples include:

- The Basel III Endgame, long-term debt, and resolution proposals, as well as guidance on liquidity risks and contingency planning.
- SEC final rules on Money Market Fund Reforms and the Names Rule, as well as Risk Alerts on investment adviser supervision and AML enforcement.
- AI/Automated systems, including SEC conflicts of interest proposal on predictive analytics and CFPB guidance on companies using AI for credit decisions.




The following tables outline significant regulatory activities across the Ten Key Regulatory Challenges for 2023. All activities are categorized by risk area and agency:

Key Regulatory Challenge	July	August	September
Scrutiny & Divergence	<ul style="list-style-type: none"> • DOJ: Merger of two criminal divisions – National Cryptocurrency Enforcement and Computer Crime and Intellectual Property • CFTC: New Division of Enforcement Task Forces – Cybersecurity and Emerging Technologies & Environmental Fraud • CFPB: Joint Statement on CFPB-EC collaboration on financial consumer protection issues • FTC: RFI on draft merger guidelines 	<ul style="list-style-type: none"> • CFPB: Texas judge partially blocks small business loan rule (1071) • FDIC: 2023 Risk Review report covering five key risk areas • FTC: Extension of public comment period on HSR Form for premerger notifications (joint with DOJ) 	<ul style="list-style-type: none"> • SEC: Risk Alert: SEC Investment Adviser Supervision • DOJ: Remarks on competition and revisions to the merger guidelines (Assistant AG) • OCC: Supervision Operating Plan FY 2024 • FDIC: <ul style="list-style-type: none"> • Summary of Deposits • Remarks on FDIC agenda • Remarks on deposit insurance and financial stability
Climate & Sustainability	<ul style="list-style-type: none"> • FSB: Report on climate roadmap following ISSB standards 	<ul style="list-style-type: none"> • FSOC: Report on climate-related financial risks • Treasury: Final rules and guidance on program to spur clean energy investments in underserved communities 	<ul style="list-style-type: none"> • Treasury: Voluntary principles for net-zero financing and investments
Transparency & Reporting	<ul style="list-style-type: none"> • SEC: Money Market Fund Reforms & Customer Protection Rule Proposal 	<ul style="list-style-type: none"> • SEC: Private Fund Reforms: Final Rules • SEC: Amendments to exemptions from national securities association membership 	<ul style="list-style-type: none"> • SEC: Names Rule: SEC Final Amendments • CFPB: Updated FAQs on 1071 small business lending rule • FINRA: Regulatory Notice on extension of time requests related to T+1 settlement
Data & Cybersecurity	<ul style="list-style-type: none"> • FTC: Request for comment on new parental consent mechanism under COPPA • SEC: Public Company Cybersecurity Risk Management, Strategy, Governance and Incident Disclosure • DOJ: Statement on EU adoption of an adequacy decision for the EU-U.S. Data Privacy Framework • White House: National Cybersecurity Strategy Implementation Plan 	<ul style="list-style-type: none"> • FRB: Annual Report on Cybersecurity and Financial System Resilience • NYDFS: Statewide Cybersecurity Strategy • NIST: Draft Cybersecurity Framework 2.0 • CFPB: Remarks on consumer protections and data brokers 	<ul style="list-style-type: none"> • CISA: Joint cybersecurity information sheet (with NSA and FBI) on deepfake threats

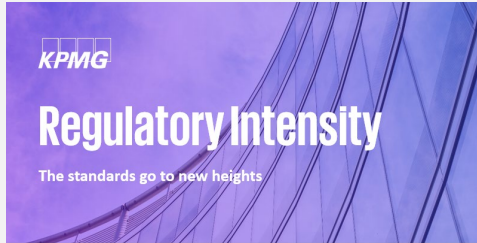
Regulatory Insights: Q3 2023 Summary

Key Regulatory Challenge	July	August	September
Technology & Resiliency	<ul style="list-style-type: none"> SEC: Proposed rulemakings: <ul style="list-style-type: none"> “Covered Technologies” and Conflicts of Interest Reforms around investment advisers operating exclusively on the internet SEC: Speech on AI White House: Voluntary commitments from AI companies 	<ul style="list-style-type: none"> White House: Launch of Artificial Intelligence Cyber Challenge 	<ul style="list-style-type: none"> White House: Voluntary commitments from additional AI companies
Credit & Capital	<ul style="list-style-type: none"> Interagency: <ul style="list-style-type: none"> Capital Requirements: Proposed “Basel III Endgame” & GSIB Capital Surcharges FINRA: <ul style="list-style-type: none"> Concept proposal for liquidity risk management rules for broker-dealers FRB: Speech on the “holistic review of capital” for large banks 	<ul style="list-style-type: none"> Interagency: Guidance on liquidity risks and contingency planning OCC: Guidance on applicability of the legal lending limit (LLL) to purchased loans 	<ul style="list-style-type: none"> FHFA: Public engagement process for updated credit score requirements FSB: Progress Report on financial stability implications of liquidity stress in nonbank financial intermediation IOSCO: Reports on: <ul style="list-style-type: none"> Best practices around leveraged loans and CLOs Emerging risks in private finance
Fairness & Inclusion	<ul style="list-style-type: none"> CFPB: <ul style="list-style-type: none"> RFI (with Treasury & HHS) into credit cards and loans related to healthcare costs Report on consumer risks posed by employer-driven debt FRB: Speech on fair lending, including AI-related concerns 		<ul style="list-style-type: none"> FTC, FCC, DOL: Consumer/Worker Protections: FTC, FCC, and DOL Sign MOUs FTC: Staff paper on potential harms to children from blurred advertising FHFA: Advisory Bulletin Fair Lending/Fair Housing Rating System CFPB: <ul style="list-style-type: none"> Consumer advisory on insurance cancellations and cost surges Final rule amending TILA thresholds for various products Guidance on credit adverse action for lenders using AI District Court vacated March 2022 updated to UDAAP examination manual Report on risks of college tuition payments Outline of proposals under consideration to remove medical bills from credit reports 

Regulatory Insights: Q3 2023 Summary

Key Regulatory Challenge	July	August	September
Fraud & Financial Crime		<ul style="list-style-type: none"> • SEC: AML Enforcement: SEC Risk Alert • FFIEC: Exam Manual Updates 	<ul style="list-style-type: none"> • Treasury: FinCEN proposal to amend beneficial reporting for certain companies
Payments & Crypto	<ul style="list-style-type: none"> • FRB: Live launch of FedNow® Service, system of instant payments • FSB: <ul style="list-style-type: none"> • Final global regulatory framework for crypto-asset activities • Joint paper (with IMF) on macroeconomic and financial stability risks of crypto-assets 	<ul style="list-style-type: none"> • Treasury: Proposed regulations on sales and exchanges of digital assets by brokers • FRB: <ul style="list-style-type: none"> • New supervision program for novel activities • Supervisory nonobjection process for stablecoin activities 	<ul style="list-style-type: none"> • CFPB: <ul style="list-style-type: none"> • Report on role of Big Tech firms in mobile payments • Remarks on fintechs, payments, and open banking • CFTC: Remarks on: <ul style="list-style-type: none"> • Crypto regulation and competition • Digital asset enforcements (Dir. of Enforcements) • Modernizing investor protections (Commissioner) • FRB: Remarks on payments innovation • NYDFS: Proposed guidance updates to listing and delisting virtual currencies
Risk & Governance	<ul style="list-style-type: none"> • FHFA: Proposed rule to amend the Suspended Counterparty Program 	<ul style="list-style-type: none"> • Interagency: Long-Term Debt Requirements: Interagency Proposed Rule • FRB and FDIC: Resolution & Living Wills: FDIC and Joint (FDIC/FRB) proposals • FDIC: Remarks on resolution, long-term debt, and risk-based deposit insurance pricing  	

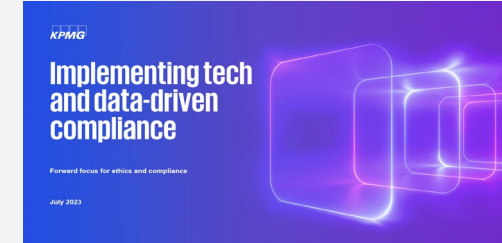
Featured Q3 Regulatory Insights Thought Leadership:



[Regulatory Intensity: The standards go to new heights](#)



[Where will AI/GenAI regulations go?: Demonstrating 'trusted AI systems'](#)

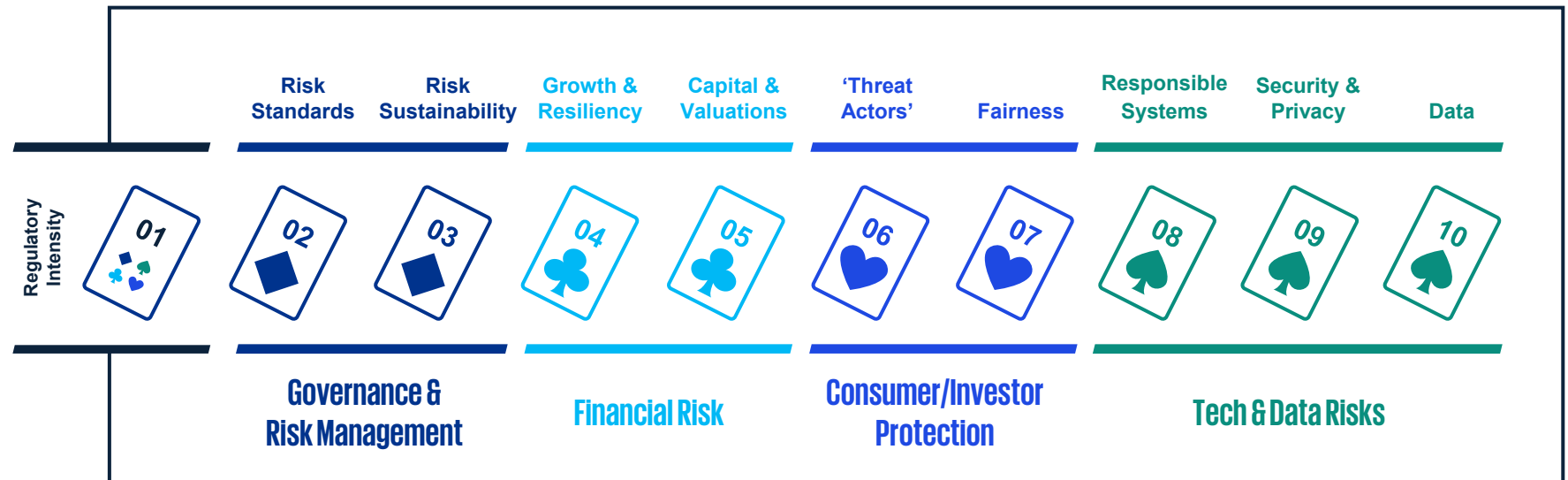


[Implementing tech and data-driven compliance](#)

What's Coming Up?

KPMG Regulatory Insights is currently preparing its Key Ten Regulatory Challenges for 2024!

For now, check out the risk areas we identified for the coming year:



Contact



Amy Matsuo
Principal and National Leader
Regulatory Insights
amatsuo@kpmg.com



Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour 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 on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.