

## Regulatory Insights: April 2024

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Final Rule
Proposed Rule

Reports/Alerts

Agenda

April regulatory actions span across regulatory intensity/supervision, governance and risk management, consumer/investor protections and tech/data risks, including:

Multiagency: Heightened Risk Standards: Focus on Trade Surveillance

#### OCC:

- Extends comment period for bank merger proposed rule
- Speech: Elevating fairness in banking, including Al and fraud

#### FDIC:

Agencie

Bank

Federal

- Issues no vote/withdrawal of Change in Bank Control Act NPR
- Report: Orderly resolution of GSIBs

#### FRB:

- Financial Stability Report
- NYFRB: Research on tokenization and cross-border payments

#### Speeches on:

- Banking, risk management, contingency funding, & supervision
- Bank liquidity, regulation, & FRB role as lender of last resort
- Bank mergers and acquisitions & de novo bank formation
- FRBNY: Legal in risk management

#### **CFPB**

- Consumer Complaints: Analysis of 2023
- Procedural rule updating nonbank supervision designation
- Report: Banking in video games & virtual worlds
- Report: Supervisory highlights on mortgage servicing fees
- Report: Supervisory highlights on credit report accuracy
- Report: 2023 Overdraft/NSF Revenue
- Blog: Consumer protections for servicemembers

#### **SEC**

- SEC Speaks: Recap of 2023 Actions
- Risk Alert: Marketing Rule Compliance
- Speech: Compliance/enforcement
- Order: Stay on climate disclosures rule



### **Executive/Legislative**

- White House: "green banks" funding
- Senate Banking: illicit finance, sanctions

- DOL: Final Retirement Security Rule
- Treasury NPR: Authorities on foreign U.S. investment
- BIS: FSI report: Stablecoins, their stability, and regulatory response

#### **CFTC:**

- Final rule on swap confirmation requirements for SEFs
- Extends comment period for governance/COI NPR
- Speech: Al in financial markets

#### FSB:

**Issuers** 

- Consultation on measures to enhance liquidity of nonbanks
- Report: Financial resources and tools for CCP resolution

#### FinCEN:

- Report: Analysis of elder financial exploitation
- Notice on use of counterfeit passports
- Reporting environmental crime

#### FINRA:

- Podcast on complex investigations, cybersecurity
- Blog: Enforcement key objectives

#### FTC:

- Impersonation Rule effective April 1
- Report: State AG collaboration
- DOJ, FTC, EU Tech Competition Policy



## **Key Regulatory Activity: April 2024** (1/2)

Key April 2024 regulatory actions include:

Stage	Agency	KPMG Insights	KPMG Regulatory Alert
Final Rulemaking	DOL	<ul> <li>Updated Definitions: The final rule modernizes definitions under ERISA, expanding regulatory coverage based on the evolving nature of investment advice, recommendations, and their significance for retirement investors.</li> <li>Expanding Scope: By widening the scope of who is a fiduciary to not only broker-dealers, but insurance agents and other financial professionals, the rule aims to enhance the protection of retirement investors, ensuring advice on a broad range of investments serves their "best interests".</li> <li>Alignment: Aimed to align to the SEC's Regulation Best Interest (Reg BI).</li> </ul>	Investment Advice Fiduciary:  DOL Final Retirement  Security Rule
Reports/ Alerts	Multiagency	<ul> <li>— Supervision/Enforcements Coming: Expect increasing operational risk management expectations to be applied to the trade surveillance program.</li> <li>— Breadth of Surveillance: Ensure a robust program for assessing trading activities across trading venues and platforms, and for varying scenarios of potential market misconduct.</li> <li>— Oversight: Demonstrate effective Board oversight and risk management of the trade surveillance program.</li> <li>— Monitoring: Establish sound routines for data reconciliation/quality, threat detection and ongoing monitoring and testing of trade surveillance and reporting.</li> </ul>	Heightened Risk Standards: Focus on Trade Surveillance
		<ul> <li>— Scrutiny on Unauthorized Communications: Enforcement trends highlight the critical need for firms to capture and retain all business-related communications, including those on personal devices.</li> <li>— Expanding Scope of Data: The types of data subject to regulatory expectations for retention and deletion continues to expand as technologies evolve.</li> <li>— Tighter Data Controls: Increasing regulatory actions demand stringent protection of customer data; retention and deletion practices should emphasize data minimization, purpose limitation, and enhanced privacy compliance</li> </ul>	Data Retention and Deletion: Devices and E-Comms



# **Key Regulatory Activity: April 2024** (2/2)

Stage	Agency	KPMG Insights	KPMG Regulatory Alert
Reports/ Alerts	СҒРВ	<ul> <li>Consumer Complaints: CFPB receives nearly 1.7 million consumer complaints in 2023; 1.35 million sent to companies for review and response.</li> <li>Fraud: Consumers raise fraud-related issues across nearly every product, including checking or savings accounts, credit cards, virtual currencies, and prepaid cards.</li> <li>Rising Reporting Issues: Nearly 80 percent of complaints relate to credit or consumer reporting; in total, this complaints category shows a 34 percent increase in volume over 2022.</li> </ul>	Consumer Complaints: CFPB Analysis of 2023
	SEC	<ul> <li>Record Enforcement: A total of 784 enforcement actions representing a 3% increase over the prior fiscal year, and financial remedies of close to \$5 billion.</li> <li>Whistleblower Power: Highest amount awarded in one year at nearly \$600 million and highest number of whistleblower tips received in one year at more than 18,000 (and 50% higher than the prior record).</li> <li>Upcoming Exam Focus: Expect increasing focus on Compliance investment, T+1 compliance, execution transparency and fee transparency; Expect more risk alerts and outreach.</li> </ul>	SEC Speaks: Recap of 2023 Actions
		<ul> <li>More Exams and Enforcements: Continued Marketing Rule Risk Alerts (coupled with recent enforcement actions) clearly signal heightened supervisory focus.</li> <li>Beyond a General Policy: Expectations for tailored incorporation of the Marketing Rule into policies and procedures, and that such policies/procedures have been put into practice.</li> <li>Prove and Disclose: Clear need for clarity in disclosures (Form ADV), as well as the need to maintain copies and documentation to support marketing claims.</li> <li>True, Fair and Balanced: Avoidance of potentially untrue, unsubstantiated, misleading statements or omissions, etc.—expanding fairness principles across marketing and advertising.</li> </ul>	Risk Alert: SEC Marketing Rule Compliance



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