
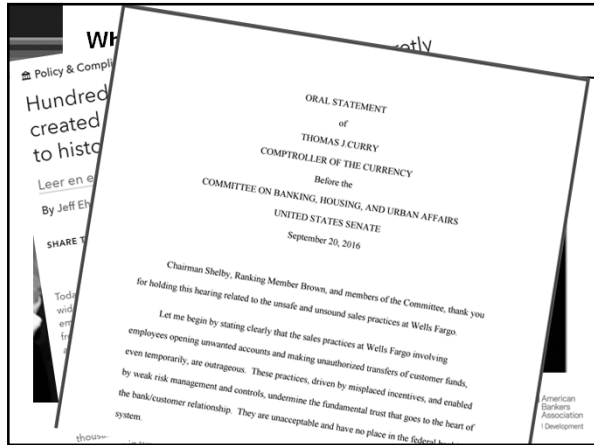


ABA Regulatory Update

Center for Financial Training
Wednesday, September 28, 2016

Deryvette DePiero
Vice President & Senior Counsel
Center for Payments and Cybersecurity
American Bankers Association






ORAL STATEMENT
of
THOMAS J. CURRY
COMPTROLLER OF THE CURRENCY
Before the
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
September 20, 2016

Chairman Shelby, Ranking Member Brown, and members of the Committee, thank you for holding this hearing related to the unsafe and unsound sales practices at Wells Fargo.


Let me begin by stating clearly that the sales practices at Wells Fargo involving employees opening unwanted accounts and making unauthorized transfers of customer funds, even temporarily, are outrageous. These practices, driven by misplaced incentives, and enabled by weak risk management and controls, undermine the fundamental trust that goes to the heart of the bank/customer relationship. They are unacceptable and have no place in the federal banking system.



What's Next?

Dodd Frank Act: *Implementation*


- Regulations near completion



What's Next?

Rules and Regulations


- Expansionary CFPB
- Arbitration Agreements
- Department of Labor Overtime Rules
- Corporate Governance



What's Next for 2016

Third Party is Suspect


- Third Party Lending
- Third Party Risk Management
- Brokered Deposits



2016 & Beyond


Not Dodd Frank Act:

- Globalization of regulation
- Fintech
- Cybersecurity/Data Security



Chaos & Opportunity

- New competitors
- New delivery channels
- New customer expectations
- New vulnerabilities



**What's Next:
Regulations & Rules**



WI **OCC BULLETIN 2016-22** **Act**

Subject: Incentive-Based Compensation Arrangements
Date: June 23, 2016

To: Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies; Department and Division Heads; All Examining Personnel; and Other Interested Parties


Description: Joint Notice of Proposed Rulemaking

Summary
The Office of the Comptroller of the Currency (OCC), jointly with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration, the Securities and Exchange Commission, and the Federal Housing Finance Agency (collectively, the agencies), published a notice of proposed rulemaking in the Federal Register on June 16, 2016, to implement the proposed rulemaking in section 956 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act. The proposal would establish new requirements for incentive-based compensation at certain covered institutions regulated by the agencies, OCC-supervised savings associations, and federal branches and include national banks, federal savings associations (other than brokers, dealers, investment companies, and investment advisers), that offer insurance providers, investment companies, and investment advisers, that offer incentive-based compensation and have average total consolidated assets of at least \$1 billion.

The proposed rule would prohibit incentive-based compensation arrangements that encourage inappropriate risks by a covered institution (1) by providing an executive officer, employee, director, or principal shareholder of the covered institution with excessive compensation, fees, or benefits; or (2) that could lead to material financial losses to the covered financial institution.

Comments on the proposed rule are due July 22, 2016.

Note for Community Banks
The proposed rule would not apply to OCC-supervised institutions with less than \$1 billion in total consolidated assets.



What's Next: CFPB



1700 G Street NW, Washington, DC 20552

Policy priorities over the next two years

The Consumer Financial Protection Bureau (CFPB or Bureau) is focused on financial marketplace that works for all consumers. Our mission is to make financial products and services work for consumers and responsible providers more effective, by consistently and fairly enforcing those rules, and by ensuring consumers take more control over their economic lives.

When we do our work well, we help to ensure that consumers are able to make decisions they believe are best for themselves and their families in a fair marketplace. When prices are clear up front, risks are visible, nothing is buried in fine print, and rules in a market that works, consumers should be able to make their own choices about financial products and services and no provider should be able to use unfair practices.

Over the past year, the CFPB has engaged in an intensive planning effort to prioritize how we will use our tools - together - to tackle some of the most troubling problems facing consumers. There are several areas where we have focused our attention on consumer, debt traps, or practices that trigger a

CFPB Priorities for 2016 & 2017:

1. Arbitration
2. Consumer Reporting
3. Debt Collection
4. Consumer Education
5. Consumer Use of Financial Products
6. Mortgages
7. Open-Use Credit
8. Small Business Lending
9. Student Lending

CFPB Enforcement Trend:

1. FinTech
2. Cybersecurity



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What's Next: DOL Overtime Rule

Final Rule at a Glance

- Effective date: December 1, 2016
- \$47,476/year or \$913/week salary for EAP, computer exemptions
- \$134,004/year for highly compensated employee (HCE) exemption
- Inclusion of nondiscretionary incentive payments in salary
- Automatic update every three years beginning on January 1, 2020
- No changes to the duties tests



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What's Next: Third Parties

114TH CONGRESS
1ST SESSION

H. R. 4116


To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
NOVEMBER 19, 2015


Ms. MOORE (for herself and Mr. ERICER of Minnesota) introduced the following bill, which was referred to the Committee on Financial Services

A BILL

To amend the Federal Deposit Insurance Act to ensure that the reciprocal deposits of an insured depository institution are not considered to be funds obtained by or through a deposit broker, and for other purposes.



Globalization
of Bank Regulation



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Global is Local:
*Basel is more than
capital rules*
FSB, BIS, Basel



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FinTech
Responsible Innovation?




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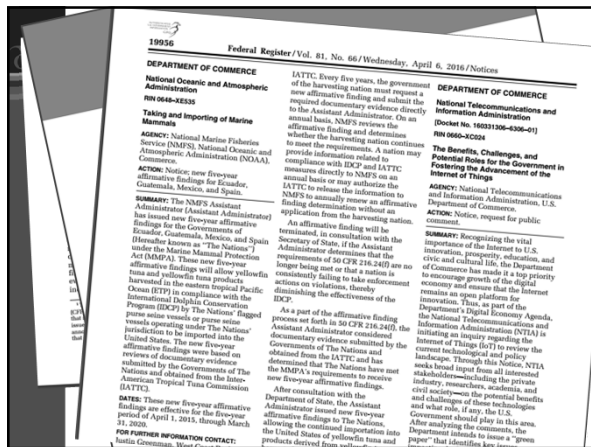
...but are the regulators ready?



Regulator Knowledge & Understanding

- OCC
- FDIC
- FRB
- Treasury
- CFPB
- Dept of Commerce
- NIST
- National Telecommunications and Information Administration (NTIA)
- FTC





1995 Federal Register / Vol. 61, No. 66 / Wednesday, April 6, 2016 / Notices

DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
 RN 0648-32335
Taking and Importing of Marine Mammals
AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), and Commerce.
ACTION: Notice of new five-year affirmative findings for Ecuador, Guatemala, Mexico, and Spain.
SUMMARY: The NMFS Assistant Administrator (Assistant Administrator) has issued new five-year affirmative findings for the Governments of Ecuador, Guatemala, Mexico, and Spain under the Marine Mammal Protection Act (MMPA). These new five-year affirmative findings will allow yellowfin tuna and yellowfin tuna products harvested in the eastern tropical Pacific Ocean (ETP) in compliance with the International Dolphin Conservation Program (IDCP) by The Nations' flagged purse seine vessels or purse seine vessels operating under The Nations' jurisdiction to be imported into the United States. The new five-year affirmative findings were based on reviews of documentary evidence submitted by the Governments of The Nations and obtained from the International Tropical Tuna Commission (ITTC).
DATES: These new five-year affirmative findings are effective for the five-year period of April 1, 2015, through March 31, 2020.
FOR FURTHER INFORMATION CONTACT: Justin Greenman, 703-430-2000


DEPARTMENT OF COMMERCE
National Telecommunications and Information Administration
 (DocId: No. 10031906-3306-01)
 RN 0660-32504
The Benefits, Challenges, and Potential Roles for the Government in Fostering the Advancement of the Internet of Things
AGENCY: National Telecommunications and Information Administration, U.S. Department of Commerce.
ACTION: Notice, request for public comment.
SUMMARY: Recognizing the vital importance of the Internet to U.S. innovation, prosperity, education, and civic and cultural life, the Department of Commerce has made it a top priority to encourage growth of the digital economy and ensure that the Internet remains an open platform for innovation. Thus, as part of the Department's Digital Economy Agenda, the National Telecommunications and Information Administration (NTIA) is initiating an inquiry regarding the current technological and policy landscape. Through this Notice, NTIA seeks broad input from all interested industry, researchers, academics, and civil society on the potential benefits and challenges of these technologies and what role, if any, the U.S. Government should play in this area. After analyzing the comments, the Department intends to issue a "green paper" that identifies key issues and




Cybersecurity



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***The Evolution of
Fraud & Data Security***



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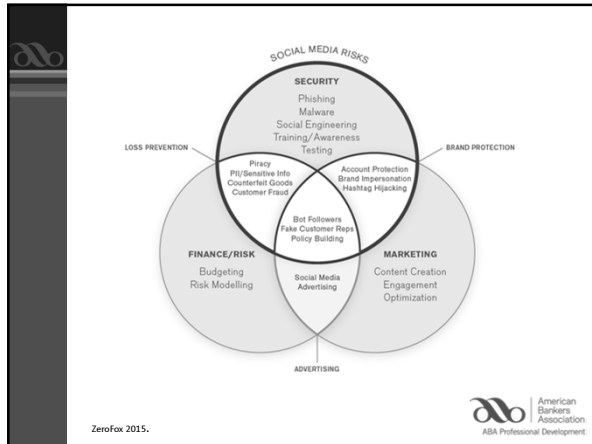


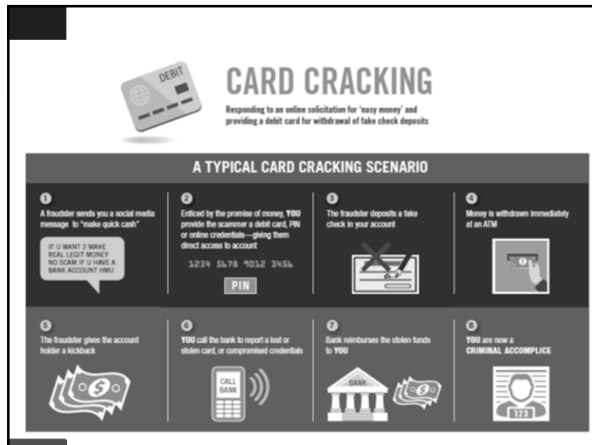
Social Media as Vulnerability

*Are you training and
monitoring?*



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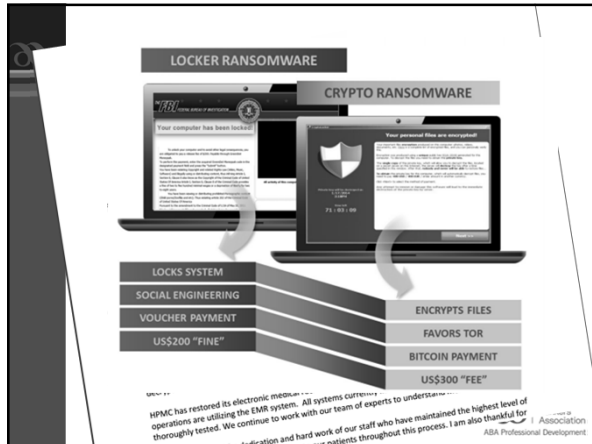





Cyber Threats

- Data Breach
- Business Email Compromise
- DDOS/BotNet
- Ransomware

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What's the Regulatory Response?
Is harmonization possible?
Will there be an FFIEC CAT 2.0?

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Federal Register
 Vol. 81, No. 29
 Friday, February 12, 2016

Presidential Documents

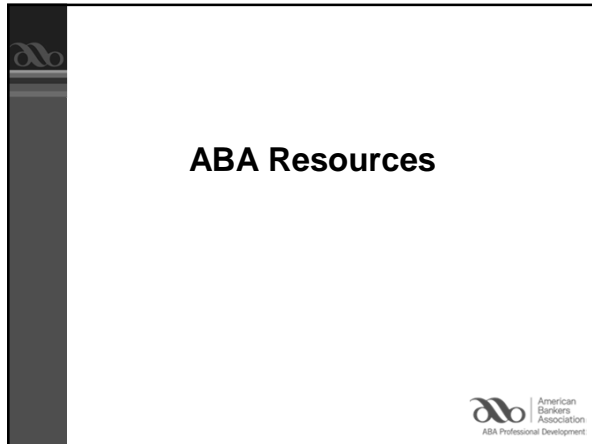
Title 3—
The President

Executive Order 13718 of February 9, 2016
Commission on Enhancing National Cybersecurity


By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to enhance cybersecurity awareness and protections at all levels of government, business, and society, to protect privacy, to ensure public safety and economic and national security, and to empower Americans to take better control of their digital security, it is hereby ordered as follows:

Section 1. Establishment. There is established within the Department of Commerce the Commission on Enhancing National Cybersecurity (Commission).

Sec. 2. Membership. (a) The Commission shall be composed of not more than 12 members appointed by the President. The members of the Commission may include those with knowledge about or experience in cybersecurity, the digital economy, national security and law enforcement, corporate governance, risk management, information technology (IT), privacy, identity management, internet governance and standards, government administration, digital and social media, communications, or any other area determined by the President to be of value to the Commission. The Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, and the Minority Leader of the Senate are each invited to recommend one individual for membership on the Commission. No federally registered lobbyist or member of the Senate employed by the Federal Government shall be eligible for membership.



ABA Resources



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Dodd-Frank Tracker
regreformtracker.aba.com



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Municipal Advisors | OCC-OTS Merger | Preemption | QM - GRM | Swaps | Volcker Rule | [Full Topics List](#)

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Monday, August 15, 2016

ABA Warns PCAOB on Changing Auditor's Report
 In a sharp rebuff to the Public Company Accounting Oversight Board's proposal to change the standard auditor's report, the ABA called on the PCAOB to suspend the project and provide transparency over audit expectations to both auditors and the companies they are auditing.

The proposal, which largely reflects requirements recently implemented in Europe, would require auditors to discuss how they addressed "critical auditing matters" – those that are especially challenging, subjective or complex during the audit. Citing the large increase in supporting documentation that auditors have been requiring of banks over the past several years, ABA in a letter noted that under the new standard, if passed, "check-the-box-like audit procedures that require overly-detailed documentation... will become a central part of registrant audits."

Since complex issues like credit losses, fair value accounting and derivative accounting are so prevalent to banks, ABA noted that bank

The ABA Dodd-Frank Tracker provides current information on the implementation of the Dodd-Frank Act. This page contains all posts made to the site, regardless of their topic. For posts addressing specific topics, click the subjects in the menu at the top of the page. For additional topics, see "Full Topics List" in the menu above.

Tweets by @ABARegPolicy

DFA-Related Regulatory Proposal Pages
9,819 and counting

DFA-Related Final Regs & Guidance Pages
13,945 and counting

As of July 6, 2016

ABA Dodd-Frank Tracker  American Bankers Association

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[Municipal Advisors](#) | [OCC-OTS Merger](#) | [Preemption](#) | [QM - QRM](#) | [Swaps](#) | [Volcker Rule](#) | [Full Topics List](#)

Consumer Financial Protection Bureau - CFPB Tweets by @ABARegPolicy

Friday, August 12, 2016

SBREFA Process is Too Rushed, GAO Report Finds

More than two-thirds of small business entities that participated in the CFPB's Small Business Regulatory Enforcement Fairness Act panels said that they feel the process is rushed, according to a report released by the Government Accountability Office.

The Dodd-Frank Act requires the bureau to convene small business review panels for rulemaking efforts that are expected to affect a substantial number of small entities. Once convened, the panel has 60 days to solicit input from small entities on a draft proposal and report its findings. The GAO report surveyed 57 of the 69 small-entity representatives from the four panels CFPB has held on its mortgage lending rules.


In general, small entity representatives reported not having sufficient time to prepare responses to the bureau's requests for information or to reach out to other businesses in order to understand the full effects of the proposed rules under review. In addition, many said they struggled to find enough time to manage their day-to-day duties at

DFA-Related Regulatory Proposal Pages
9,819 and counting

DFA-Related Final Rules & Guidance Pages
13,945 and counting

As of July 6, 2016

See the full-page Regulatory Reform Calendar here.

Regulatory Reform Calendar
Total:  **Monday, August 15**

Monday, August 15
Comments Due CETC: Notice of Intent

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Banks and the Economy

banksandtheeconomy.blogspot.com

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Banks and the Economy  American Bankers Association

Monday, August 15, 2016

Builder Confidence Improved in August

The National Association of Home Builders/Wells Fargo Housing Market Index rose 2 points to 60 in August, after falling 2 points in July. Over the past seven months the index has held within a range of 58 and 60 points.

"Builder confidence remains solid in the aftermath of weak GDP reports that were offset by positive job growth in July," said NAHB Chief Economist Robert Dietz. "Historically low mortgage rates, increased household formations and a firming labor market will help keep housing on an upward path during the rest of the year."


Two of the three index components posted gains in August. The component measuring sales conditions increased 2 points to 65, while the component measuring sales expectations increased 1 point to 67. The buyer traffic component fell 1 point to 44.

The three-month moving averages varied. The Northeast and South both rose 2 points to 41 and 63 respectively. The West was unchanged at 69, while the Midwest fell 2 points to 55.

Read the NAHB release. Visit Banks and the Economy.

Posted by Banks and the Economy 2 at 10:20 AM 0 comments

Labels: Homebuilder Confidence, Notable #

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 ABA Chief Economist James Chessen and his team at the American Bankers Association share tips about and for banks.

Please send questions or comments to ABA's Chief Economist James Chessen.

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Economic Indicators
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Monday, August 15



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Customer Loss during Onboarding
By Sean McDade

Building a Better Website
A Marketing Money Podcast



Deep Links in Banking
By Chris Nichols

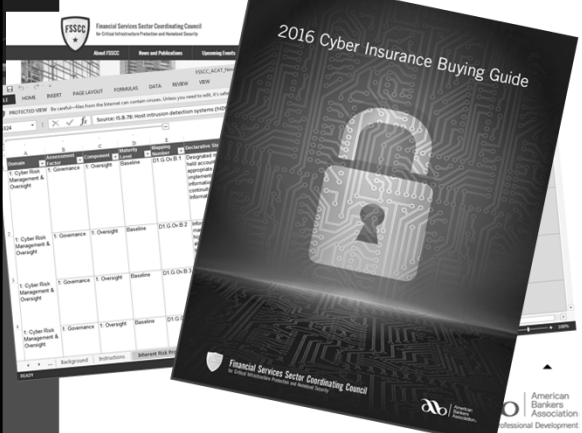
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Gain job-specific expertise with ABA Certificates and Diplomas.

When You Close the In-Store Branch

Fatal Errors in Millennial Marketing


**Cybersecurity
&
Data Breach**





2016 Cyber Insurance Buying Guide

Topic	Overview	Status	Date
1. Cyber Risk Management & Oversight	✓ Overview	✓ Overview	01.15.16
2. Cyber Risk Management & Oversight	✓ Overview	✓ Overview	01.15.16
3. Cyber Risk Management & Oversight	✓ Overview	✓ Overview	01.15.16
4. Cyber Risk Management & Oversight	✓ Overview	✓ Overview	01.15.16



QUESTIONS?





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