MARKET SOLUTIONS

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MARKET SOLUTIONS

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Market Solutions is a quarterly newsletter about the activities of the Financial Markets Association as well as legislative/regulatory developments of interest to FMA members. The opinions expressed in this publication are those of the authors, not necessarily those of the Association and are not meant to constitute legal advice. *Market Solutions* membership service of the **Financial Markets Association**, 333 2nd Street, NE - #104, Washington, DC 20002, ***dp-fma@starpower.net,*** 202/544-6327, ***www.fmaweb.org.*** Please let us have your suggestions on topics you would like to see addressed in future issues.

12 Things You Need to Know About Adviser Referral Arrangements and the Cash Solicitation Rule

By Jaqueline M. Hummel, IACCP®
Hardin Compliance Consulting LLC

OCIE recently issued a Risk Alert on common exam deficiencies in complying with the Cash Solicitation Rule, Rule 206(4)-3, of the Advisers Act. It is not surprising that OCIE decided to highlight referral arrangements since this is an area fraught with regulatory risk. So in addition to OCIE's insights, we've included some other traps for the unwary.

OCIE reviewed deficiency letters from the past three years and cited four common mistakes:

1. Disclosure Documents Failure: Advisers make two common errors. The first is a failure to provide the disclosures required under Rule 206(4)-3 to clients. The second is providing incomplete disclosures. Disclosure documents must:

- Describe the relationship between the solicitor and adviser, including any affiliation.
- Describe the terms of the compensation arrangement and specify how much the solicitor is going to be paid.
- Describe whether the client will pay any additional cost as a result of the solicitation.

Here is an example of the required disclosure for an unaffiliated solicitor: Jane Smith, an investment adviser representative of Archaic Asset Management ("Ms. Smith" or "Solicitor"), has entered into an agreement with Basic Capital Management ("Basic" or "Adviser"), a registered investment adviser, where Basic has agreed to pay Ms. Smith a fee in exchange for introducing potential advisory clients to Basic. Ms. Smith is not an employee or otherwise affiliated with Basic.

Basic has agreed to pay Ms. Smith a fee for these solicitation services. The fee is [__ %] of the investment management fee paid to Basic. Basic pays this fee to Ms. Smith out of its investment management fee. This means that you do not pay any additional fees as a result of Ms. Smith's solicitation services.

Enclosed is a copy of the Basic's current Form ADV Part 2A. This document contains important disclosures about Basic's investment management services, fees, and conflicts of interest. This document must be provided to any client or prospective client before establishing a relationship with Basic.

2. Failure to Have Acknowledgements from Solicited Clients. Another common mistake is the failure by advisers to have a signed and dated document from the client acknowledging receipt of (1) the adviser's Form ADV Part 2A brochure, and (2) the disclosure regarding the solicitation arrangement. The signed and dated disclosure acknowledgment should be received BEFORE the client signs the

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Legislative/Regulatory Actions

This column was written by lawyers from Morrison & Foerster LLP to update selected key legislative and regulatory developments affecting financial services and capital markets activities. Because of the generality of this column, the information provided herein may not be applicable in all situations, and should not be acted upon without specific legal advice based on particular situations.

In this issue, we address selected developments with regard to the banking agencies and the Economic Growth, Regulatory Relief and Consumer Protection Act (the "Regulatory Relief Act"), the Bank Secrecy Act/anti-money laundering (BSA/AML), the Office of Foreign Assets Control (OFAC), and the Bureau of Consumer Financial Protection (fka CFPB).

BANKING AGENCIES AND THE REGULATORY RELIEF ACT

Agencies Propose Conforming Amendments to Volcker Rule Regulations

On December 18, 2018, five federal agencies (the "Agencies") released a proposed rule ("Volcker Proposed Rule") to conform the regulations implementing the Volcker Rule to statutory modifications provided by Sections 203 and 204 of the Regulatory Relief Act. The Volcker Proposed Rule will not change the manner in which the Volcker Rule is currently administered, since the relevant provisions of the Regulatory Relief Act were effective upon enactment. The Agencies invite comment on the Volcker Proposed Rule within 30 days after the date of publication in the *Federal Register*.

The Volcker Rule generally prohibits banking entities from engaging in proprietary trading and from investing in, sponsoring, or having certain relationships with, private equity funds and hedge funds. Since the original adoption of the regulations implementing the Volcker Rule, banking entities have found compliance with its restrictions quite burdensome, and the regulations exceedingly complex.

Policymakers have taken a number of recent steps to respond to these considerations. In May of this year, Congress adopted the Regulatory Relief Act, which provides the statutory basis for the Volcker Proposed Rule. This was soon followed in June by a proposal released by the Agencies that, if adopted, would amend the regulations implementing the Volcker Rule in several material respects. In the June proposal, the Agencies acknowledged the statutory changes to the Volcker Rule enacted by the Regulatory Relief Act but announced that conforming changes to the regulations would be made through a separate rulemaking. Now the Agencies have released the Volcker Proposed Rule, which, consistent with the Regulatory Relief Act, would amend the regulations in two respects.

First, the Volcker Proposed Rule would exclude community banks that meet certain criteria from the definition of "banking entities." Only "banking entities" are subject to the Volcker Rule. A "banking entity" is defined in the existing regulations to include: (1) any insured depository institution (IDI); (2) any company that controls an IDI; (3) certain foreign banking organizations; and (4) any subsidiary or affiliate of the above. Under the Volcker Proposed Rule, an institution would not be considered an IDI for purposes of the definition of a "banking entity" if the institution, and any company that controls the institution, has both (i) total consolidated assets of $10 billion or less; and (ii) total trading assets and trading liabilities, on a consolidated basis, that are 5% or less of total consolidated assets.

Second, the Volcker Proposed Rule would incorporate the Regulatory Relief Act's provision alleviating the restrictions on banking entities using the same name as hedge funds and private equity funds. This restriction appears in two places in the Volcker Rule: (i) as a condition to the exemption contained in __§.11(a), referred to as the "Asset Management Exemption"; and (ii) within the definition of the term "sponsor."

Under the Volcker Proposed Rule, a banking entity that serves as an investment advisor to a covered fund would be permitted to use the same name as such fund and still rely on the Asset Management Exemption (assuming all other conditions are met) if the banking entity (i) is not an IDI, does not control an IDI, and is not a foreign banking organization; and (ii) does not use the same name (or a variation thereof) as an IDI, a company that controls an IDI, or a foreign banking organization. Notwithstanding the above, the fund would not be permitted to use the word "bank" in its name.

The Volcker Rule and its implementing regulations prohibit banking entities from serving as the "sponsor" of a hedge fund or private equity fund, unless an exemption or exclusion applies. Prior to the Regulatory Relief Act, a banking entity was deemed to be a sponsor of a hedge fund or private equity fund if it used the same name as the fund (or a variation thereof) for corporate, marketing, promotional, or other purposes. The Regulatory Relief Act liberalized the naming restriction contained in the definition of the term "sponsor" to the same extent as the restriction was liberalized for the Asset Management Exemption. In other words, under the Regulatory Relief Act, as long as the two conditions described above are met, and the fund's name does not contain the word "bank," a banking entity can use the same name as a hedge fund or private equity fund and not be deemed to be the sponsor of such fund (unless the banking entity meets the other prongs of the "sponsor" definition). The Volcker Proposed Rule would adopt the same approach in the regulations.

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advisory agreement. I recommend that firms include a provision in their solicitation agreements that the solicitor cannot get paid until the advisory firm receives the signed disclosure documents.

3. No Agreement or Inadequate Agreement. OCIE also found that advisers paid fees to solicitors without a written agreement, or using an agreement that did not contain the provisions required by the rule.

A solicitation agreement must contain the following:

- A description of the solicitation activities and the compensation to be paid;
- A statement that solicitor will perform his or her duties "in a manner consistent with the instructions of the investment adviser" and the Adviser Act; and
- An agreement that the solicitor will give the solicited client a copy of the investment adviser's Form ADV Part 2A (the brochure) at the time of the solicitation and a disclosure document that describes the terms of the solicitation agreement, including the compensation.

I recommend attaching the required disclosure to the solicitation agreement and instructing the solicitor to download the Form ADV Part 2A from the SEC's website to ensure that the document is up to date. I have also attached Hardin Compliance's form for reviewing solicitor's agreements.

4. Failure to Check if Solicitor is Complying with the Agreement. Another common deficiency is the failure of an adviser to follow up to determine whether the solicitor is complying with the terms of the solicitation agreement. Rule 206(4)-3 requires this follow-up, stating that the adviser should make a *bona fide* effort to find out whether the solicitor has complied with the solicitation agreement, ***and*** have a reasonable basis for believing that the solicitor has complied with the agreement. In the proposing release for the rule (IA Release No. 688) issued in 1979, the SEC said the question of what constitutes a *bona fide* effort would "depend upon the circumstances. In general, however, it would seem that such a bona fide effort would, at a minimum, involve making inquiries of some or all clients referred by the solicitor in order to ascertain whether the solicitor has made improper representations or has otherwise violated the agreement with the investment adviser."

Interestingly, OCIE did not reference this release and just stated that advisers "were unable to describe any efforts they took to confirm compliance with solicitation agreements." In my experience, advisers do not ask clients about their experiences with solicitors. A simple method for getting client feedback would be to require a firm's Investment Adviser Representatives to discuss the solicitation arrangement with a newly-referred client and then note any input in the firm's client relationship management system. Advisory firms could require that solicitors certify annually that they are complying with the terms of the agreement. Click here for a sample certification.

Advisers should also take action to ensure that solicitors know what is expected of them. Provide the solicitors with training on their responsibilities, including delivery of the Form ADV Part 2A and the disclosure document. Advisers should provide solicitors with approved marketing materials and guidance on what they are permitted to say to prospective clients. As further protection, the solicitation agreement should include a requirement that the solicitor can only use marketing materials approved by the adviser.

Other Traps for the Unwary

In addition to the Risk Alert, we've pulled together a hit list of common issues faced by investment advisers when entering into referral arrangements.

5. Registration as an IAR is Required to Receive Referral Fees in Most States. Advisers considering whether to hire an unregistered solicitor should first check state law. In many states, the act of recommending an investment adviser is considered providing investment advice, so a person receiving a solicitation fee has to register as an investment adviser representative.

The solicitor bears the legal risk of referring business to an investment adviser for a fee. To avoid any legal complications, I recommend that the solicitation agreement include a representation from the solicitor that his or her activities comply with state and federal law. Here is an example:

The Solicitor maintains or will obtain any SEC and state registrations that may be appropriate or required in connection with the solicitation services provided under this agreement or has been advised by counsel that it is exempt or excluded from registration.

6. CPAs and Attorneys Can be Restricted from Receiving Referral Fees. Advisory firms often seek to partner with other "centers of influence" such as CPA and law firms. CPAs and attorneys are excluded from the definition of investment adviser under federal and state securities law, as long as any investment advice that they give is "solely incidental" to the practice of their profession. (See Section 202(a)(11) of the Investment Advisers Act.) Whether the

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accountant or lawyer crosses the "solely incidental" line in providing advisory services is a question of fact. Whether a CPA or lawyer qualifies for the exemption under the Advisers Act depends on whether the professional:

- holds himself out to the public as an investment adviser or financial planner,
- has a fee structure for investment advisory services that is different from the schedule for other professional services, and
- provides advice regarding investments that is not in connection with or reasonably related to the professional services rendered as an accountant.

So the bottom line is that the accountant or lawyer has to determine whether to register as an RIA or IAR based on its business model.

There are also issues of state law. Some states view the receipt of referral fees by accountants and lawyers as a conflict of interest. Most states allow accountants to receive referral fees under certain circumstances (which include disclosure of the arrangement to the client), but a few do not. Generally, accountants that provide services that require independence cannot receive commissions or referral fees. These services include:

- Audit, review or agreed-upon-procedures of a financial statement,
- Examination of prospective financial information, or
- Compilation of a financial statement if the compilation report does not disclose a lack of independence between the client and the licensee.

In some states, ethics rules regarding attorneys are even more prohibitive. For example, the state bars of New York, Maine, Texas, and Pennsylvania prohibit attorneys from receiving cash referral fees from investment advisers. Other states allow referral arrangements, but limit the circumstances and require disclosures.

7. Disqualifications and due diligence. Before entering into a referral agreement, advisers should conduct a background check on the potential solicitor. The Cash Solicitation Rule (Rule 206(4)-3) prohibits the payment of cash referral fees to anyone:

- Who is subject to an order issued by the SEC under Section 203(f) (willful violations of the Securities Act) or 203(e)(4) (permanent or temporary disbarment); or
- Who has been convicted of a felony or misdemeanor within the last ten years involving false reporting, bribery, perjury, burglary, and other activities as specified within Section 203(e)(2)(A)-(D) of the Advisers Act.

Advisers should also require that the solicitor represent that they are not subject to any of these disqualifications in the solicitation agreement. Legal considerations aside, advisers that want to protect their reputation will not want to hire solicitors that have black marks on their records.

8. Only CASH is allowed. The cash solicitation rule is a safe harbor, and only permits the payment of cash for referrals. There is no rule explicitly prohibiting non-cash consideration, but I would advise discussing with legal counsel. At a minimum, advisers providing non-cash compensation for referrals should disclose this practice in Form ADV Part 2A.

9. Update your Form ADV to include solicitors: Advisers should include disclosure of referral arrangements in Items 5 B.(6) and 8.H of Form ADV Part 1A and Item 14 of Form ADV Part 2A, including a discussion of conflicts related to that arrangement.

10. Restrictions on Paying Solicitors of Governmental Entities. Advisers seeking governmental clients should also be aware of the limits imposed by the "Pay to Pay Rule" (Rule 206(4)-5) of the Advisers Act). This rule prohibits advisers from paying third-party solicitors unless they are "regulated persons" subject to pay-to-play restrictions on political contributions. "Regulated persons" include broker-dealers and SEC-registered investment advisers that are also subject to pay-to-play restrictions.

11. Lobbyist Registration. Investment advisers that work (or want to work) with state retirement systems should also be aware of state lobbying laws. Many states have adopted lobbying laws that define "lobbying" to include activities related to contracting with a governmental entity to provide investment management services. This law may require firms, their employees and representatives, including solicitors, to register as lobbyists before pitching advisory services to state retirement plans. For example, in Ohio, a "Lobbyist" is a person or entity whose main purpose on a "regular and substantial basis" is to influence the state retirement system's decisions by direct communications with board members, investment officials or any employee whose position involves substantial and material exercise of investment discretion. Similarly, in California, persons serving as placement agents before the State's retirement systems – including the California Public Employees'

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Retirement System and the California State Teachers' Retirement System – must register as lobbyists, with certain exemptions. Some states, such as New York and Pennsylvania, even ban the use of third-party placement agents in connection with public retirement systems.

The lobbyist registration laws vary from state to state, so if your firm actively solicits state retirement plans for their investment advisory business, I recommend that you consult with counsel on the applicability of lobbying laws. Some local governments also require lobbyist registration, so it is important to review local rules to determine whether registration as a lobbyist and lobbyist employer is required.

12. Exclusion for Private Fund Referrals. The Cash Solicitation Rule does not apply to private fund referrals. In the Mayer Brown No-Action Letter issued by the SEC in 2008, the SEC staff stated that the Cash Referral Fee Rule generally does not apply to an investment adviser's cash payment to a person solely to compensate that person for soliciting or referring investors or prospective investors to an investment pool managed by the adviser. But private fund managers should be aware that the rule may still apply if the manager manages both private funds and separate accounts. As with so many SEC pronouncements, however, determining whether the law applies depends on the facts.

Finally, a solicitor compensated for referring investors in a private fund could be deemed a "broker" under Section 3(a)(4) of the Securities Exchange Act of 1934. Again, whether a solicitor has crossed the regulatory threshold into acting as a broker depends on the facts and circumstances. In an administrative proceeding against Ranieri Partners LLC and Donald W. Phillips and William M. Stephens, the SEC found that an unregistered consultant who solicited clients for private funds crossed that line by providing potential investors with fund documents and discussing the funds' investment strategy. Ranieri Partners also paid the consultant a percentage of the commitment investors he solicited. The combination of these activities and the fund manager's complicity resulted in the fund manager paying a penalty of $375,000 and the consultant being barred from the securities industry.

Referral agreements may result in more business, but advisers should understand that these arrangements carry additional compliance burdens. Before inking that first deal, make sure you have a process in place for performing due diligence on the solicitors, training them on their responsibilities, providing them with the required disclosure documents, and following up to ensure they meet their obligations. And don't forget to update your Form ADV to disclose these arrangements.■

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FMA Welcomes New Members

Mitch Atkins	**FirstMark Regulatory Solutions, Inc.**
Mitch Avnet	**Compliance Risk Concepts**
Jeff Boardman	**PNC Investments**
Anita Bandy	**SEC**
Raagnee Beri	**CFTC**
Laura Biddle	**Venable**
Matt Bornfreund	**Venable**
Michael Briggs	**FDIC**
Steve Brown	**PwC**
Daphne Chen	**RBC Capital Markets**
Mark Douce	**Capital One Securities, Inc.**
Ted Dowd	**OCC**
Buddy Doyle	**Oyster Consulting, LLC**
Martha Ellett	**FDIC**
Jeanne Federico	**Capital One**
Trish Flynn	**INTECH Investment Management LLC**
Andrea Gordon	**Eversheds Sutherland (US) LLP**
Daniel Gorfine	**CFTC**
Mike Halloran	**Halloran Farkas + Kittila**
Todd Hasson	**Financial Analyst**
Kevin Hawkins	**Bureau of the Fiscal Service**
Dan Johnson	**Credit Suisse**
Anne Joves	**National Futures Association**
Keith Keller	**Grant Thornton LLP**
Tom Kennedy	**Bessemer Trust**

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For further information regarding the Volcker Proposed Rule, please visit our client alert at https://www.mofo.com/resources/publications/181220-volcker-rule-regulations.html.

Federal Banking Agencies Propose Simplification of Capital Rules for Community Banks

On November 21, 2018, the federal banking agencies released a proposal to simplify the regulatory capital requirements for qualifying community banking organizations (QCBOs) (i.e., depository institutions and depository institution holding companies with assets of less than $10 billion that meet certain conditions) (the "QCBO Proposed Rule"). If adopted, the QCBO Proposed Rule would be the most significant change to the U.S. capital rules for community banks since the 2013 adoption of the Basel III capital rules applicable to all U.S. banks. The federal banking agencies invite comment on the proposal within 60 days after the date of publication in the *Federal Register*.

The 2013 rules, under which community banks continue to operate, established three risk-weighted asset (RWA) minimum capital standards (common equity Tier 1 capital/RWA of 4.5%; Tier 1 capital/RWA of 6%; and total capital/RWA of 8%) and a minimum leverage ratio of 4%. Since the enactment of the U.S. Basel III capital regime, community banks have expressed concern regarding its complexity and regulatory burden, particularly as applied to banks of their size and limited risk profile. In response, Section 201 of the Regulatory Relief Act directs the federal banking agencies to develop an "off-ramp" from the U.S. Basel III capital regime for qualifying community banks that meet a leverage ratio of tangible equity to average total consolidated assets of not less than 8% or more than 10%.

The federal banking agencies have responded to this congressional directive with the QCBO Proposed Rule. The QCBO Proposed Rule would enable QCBOs, at their option, to meet regulatory capital standards by calculating and reporting a single tangible equity leverage ratio, referred to as the community bank leverage ratio (CBLR), rather than the risk-weighted asset capital adequacy and leverage ratios currently required.

A depository institution or a depository institution holding company would be considered a QCBO—and therefore may elect to use the CBLR framework for measuring capital adequacy—if that banking organization meets criteria related to its total consolidated assets, off-balance sheet exposures, total trading assets and trading liabilities, mortgage servicing assets, and temporary difference deferred tax assets. Institutions that are subsidiaries of advanced approaches banking organizations are not eligible for QCBO status. Under the QCBO Proposed Rule, the federal banking agencies would also reserve authority to disallow use of the CBLR framework, based on the risk profile of the banking organization.

A QCBO with a CBLR greater than 9% would be permitted to elect to use the CBLR framework at any time by completing a CBLR reporting schedule on its call report. The CBLR for a QCBO would equal the ratio of the institution's "CBLR tangible equity" to its "average total consolidated assets," as such information is calculated under the QCBO Proposed Rule. The calculation of CBLR tangible equity would be based on the equity capital of the banking organization, as reported on Schedule RC of the call report, with certain adjustments. The federal banking agencies estimate that the vast majority of banking organizations with less than $10 billion in consolidated assets would meet the QCBO definition and have a CBLR above the required minimum.

QCBOs that have a CBLR greater than 9% and elect to use the CBLR framework will be deemed to have met the generally applicable capital requirements, the standard to be considered "well capitalized," and any other capital or leverage ratio that applies to such banking organizations. However, consistent with the prompt corrective action framework, a banking organization would not be considered "well capitalized" if it is subject to a written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any capital measure even if the banking organization already has a CBLR greater than 9%. The QCBO Proposed Rule would also establish metrics under the CBLR framework for determining which prompt corrective action capital category would apply to the banking organization.

Additional information about QCBO Proposed Rule is available at https://www.mofo.com/resources/publications/181203-capital-rules-simplifications.html.

Federal Banking Agencies Propose a More Tiered Approach to Large Bank Supervision

On October 31, 2018, the federal banking agencies released two separate proposals (the "Tailoring Proposals") that, if adopted, would create a more consistent tiered approach to large bank supervision—in other words, supervision of banking organizations with at least $100 billion in total consolidated assets. The proposals would establish four categories of standards and apply them to institutions based on the risk they pose to the financial system. Comments on the Tailoring Proposals are due by January 22, 2019.

The new tiered approach would apply to U.S. banking organizations with respect to the application of (i) certain enhanced prudential standards (EPS) contained in Regulation YY, in particular, standards regarding capital

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planning requirements, supervisory and company-run stress testing, liquidity risk management, stress testing, buffer requirements, risk-management and risk committee requirements, and single counterparty credit limits; (ii) the regulatory capital rule; (iii) the liquidity coverage ratio (LCR) rule; and (iv) the proposed net stable funding ratio (NSFR) rule. The proposal related to EPS (the "EPS Proposal") was released by the Federal Reserve. The proposal related to the regulatory capital rule, the LCR rule, and the proposed NSFR rule was released jointly by the three federal banking agencies.

The Regulatory Relief Act raised the threshold for statutorily required application of EPS from institutions with $50 billion or more in total consolidated assets to institutions with $250 billion in total consolidated assets (which is defined to also include U.S. global systemically important BHCs (GSI-BHCs), regardless of asset size). While the mandatory threshold was raised to $250 billion, the Regulatory Relief Act retained the Federal Reserve's authority to apply any EPS to institutions with total consolidated assets of $100 billion or more, but less than $250 billion. Under the Regulatory Relief Act, the Federal Reserve is required to tailor the application of EPS on an individual basis or category; previously, such tailoring was optional.

While implementing the four-category tailoring approach, the EPS Proposal would also implement the Regulatory Relief Act's exclusion from most EPS for institutions with less than $100 billion in total consolidated assets. In addition, the EPS Proposal would raise the threshold for applicability of the risk committee requirements to all bank holding companies with $50 billion or more in total consolidated assets. Further, the threshold for the risk management requirements (i.e., the appointment of a Chief Risk Officer) would be raised to $100 billion or more in total consolidated assets.

Under both of the Tailoring Proposals, the most stringent standards, Category I, would apply to GSI-BHCs, determined by the existing methodology under the Federal Reserve's surcharge rule. The determination of the applicability of the remaining categories of standards, Categories II–IV, would be based on an institution's risk profile, as well as the institution's size, cross-jurisdictional activity, weighted short-term wholesale funding, nonbank assets, and off-balance sheet exposures. Specifically:

- Category II standards would apply to banking organizations with $700 billion or more in total consolidated assets or $75 billion or more in cross-jurisdictional activity that are not subject to Category I;

- Category III standards would apply to banking organizations that have $250 billion or more in total consolidated assets <u>or</u> $75 billion or more in any of the following indicators: nonbank assets, weighted short-term wholesale funding, or off-balance-sheet exposures; and

- Category IV standards would apply to banking organizations that do not fall within Categories I to III and have at least $100 billion in total consolidated assets.

Additional information about the Tailoring Proposals, including a chart detailing the standards applicable for each category, is available at https://www.mofo.com/resources/publications/181120-large-bank-supervision.html.

Federal Banking Agencies to Conform HVCRE Exposure Definition to New Law

The Regulatory Relief Act narrowed the types of acquisition, development, and construction (ADC) loans that may be subject to a heightened risk weight under the U.S. capital rules. Under the U.S. capital rules, ADC loans characterized as high-volatility commercial real estate (HVCRE) exposures are required to be risk-weighted at 150%, rather than the 100% risk-weighting generally accorded to other commercial loans. Now, under the Regulatory Relief Act, to be subject to the 150% risk weight, HVCRE exposures must meet a narrower definition of "HVCRE ADC loans." In other words, unless it meets the HVCRE ADC loan definition, an HVCRE exposure is subject to a 100% risk weight (unless it would carry another risk weight by reason of other circumstances, such as being in default).

On September 18, 2018, the federal banking agencies jointly issued a notice of proposed rulemaking to revise the definition of an "HVCRE exposure" to conform to the definition of an "HVCRE ADC loan" in the Regulatory Relief Act (the "HVCRE Proposed Rule"). At its core, the HVCRE Proposed Rule would simply import the Regulatory Relief Act's definition of an HVCRE ADC loan into the capital rules. In addition, the discussion of the HVCRE Proposed Rule in the notice of proposed rulemaking (the "Preamble") addresses some interpretative issues surrounding the new HVCRE ADC loan definition. Comments from the public were due by November 27, 2018.

Application to Holding Companies. Even though the changes to the HVCRE rules in the Regulatory Relief Act, by their terms, apply only to depository institutions, the revised HVCRE exposure definition would also apply to bank holding companies, savings and loan holding

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companies, and intermediate holding companies of foreign banking organizations.

Land Loans. The federal banking agencies take the position in the Preamble that loans secured by vacant land (except land known to be used for agricultural purposes) would be included within the scope of the HVCRE exposure definition. However, it is not clear that all land loans would meet the components of the definition of an HVCRE exposure. The federal banking agencies solicited comment on this point, and we expect arguments to be raised against the proposed interpretation.

One- to Four-Family Exclusion. The revised HVCRE exposure definition would retain the exclusion for credit facilities that finance the ADC of one- to four-family residential properties. By reference to the Interagency Real Estate Lending Standards, the federal banking agencies stated in the Preamble that they would consider the one- to four-family exclusion as inapplicable to credit exposures that finance the ADC of condominiums and cooperatives. This is another interpretative issue on which the federal banking agencies have solicited comment and on which disagreement can be expected.

Community Development Investment. As in the new law, the HVCRE Proposed Rule would exclude credit facilities financing the ADC of real property that qualify as an investment in community development. The federal banking agencies explain in the Preamble that credit facilities will qualify for this exemption if they finance the ADC of real property projects, the primary purpose of which is "community development," as such term is defined in regulations implementing the Community Reinvestment Act.

Agricultural Land. The revised HVCRE exposure definition would retain the exemption for "agricultural land." The federal banking agencies explain in the Preamble that "agricultural land," as used in the HVCRE Proposed Rule, would have the same meaning as the term "farmland" is defined in the instructions to the Call Report. The federal banking agencies have solicited comment on this point.

LTV/Contributed Capital Exemption. The revised HVCRE exposure definition (consistent with the Regulatory Relief Act) would exempt commercial real estate projects (i) that meet applicable maximum LTV ratios; (ii) for which the borrower has contributed capital of at least 15% of the real estate's appraised, "as-completed" value to the project; (iii) for which the borrower contributed the minimum amount of capital prior to the advancement of funds (other than a nominal amount to secure a lien); and (iv) for which the 15% minimum capital contributed to the project is contractually required to remain in the project until the HVCRE exposure has been reclassified as a non-HVCRE exposure. The Preamble discusses the application of this exemption and solicits comments on various points.

Additional information about the HVCRE Proposed Rule is available at https://www.mofo.com/resources/publications/180924-agencies-conform-hvcre-exposure.html.

BSA/AML

Agencies Encourage Innovative Approaches to BSA/AML Compliance

On December 3, 2018, the federal banking agencies issued a joint statement encouraging certain innovative approaches to BSA/AML compliance ("Joint Statement"). In the Joint Statement, the Agencies indicate that they welcome innovations such as internal financial intelligence units, artificial intelligence, and digital identity technology, which have the potential to enhance compliance and maximize utilization of compliance resources. The agencies state that banks are encouraged to consider, evaluate, and responsibly implement innovative solutions to BSA/AML compliance.

The Joint Statement clarifies certain supervisory issues regarding industry innovation, including that pilot programs will not in and of themselves be subject to supervisory criticism, even if ultimately unsuccessful. The agencies caution that banks must continue to meet their BSA/AML compliance obligations during the development of new technologies or approaches. Management must "prudently evaluate" whether and when innovative approaches are sufficiently developed to replace or supplement existing BSA/AML processes.

The Joint Statement concludes by discussing several ongoing initiatives by the Agencies to monitor and foster innovation. Among other efforts, the federal banking agencies are establishing offices or projects to promote responsible innovation, and FinCEN has announced that it will consider requests for exceptive relief under 31 C.F.R. 1010.970 to facilitate the testing and use of innovative approaches.

These developments appear to be part of a broader effort by the Agencies to enhance the efficiency and effectiveness of the BSA. Both the House Financial Services Committee and Senate Banking Committee have held multiple hearings in recent years on the topic of BSA modernization. On November 29, 2018, the Senate Banking Committee held a hearing titled *Combating Money Laundering and Other Forms of Illicit Finance: Regulator and Law Enforcement Perspectives on Reform*. The Committee heard from FinCEN Director Kenneth A. Blanco; FBI Section Chief Steven D'Antuono; and Senior Deputy Comptroller Grovetta Gardineer.

For further information regarding this topic please visit our client alert at https://media2.mofo.com/documents/181214-bsa-aml-compliance.pdf.

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Agencies Release Interagency Statement on Sharing BSA Resources

On October 3, 2018, the banking agencies released an interagency statement regarding the sharing of BSA resources. The agencies note that BSA/AML collaborative arrangements are most suitable for banks with a community focus, less complex operations, and a lower BSA/AML risk profile. In the statement, the agencies indicate that they recognize "collaborative arrangements" can be used by banks to reduce costs, increase operational efficiencies, and leverage specialized expertise. The statement addresses the sharing of human, technology, and other resources in connection with internal controls, independent testing, training, and the BSA/AML compliance officer. In addition, the agencies emphasize that the interagency statement does not alter a bank's existing legal and regulatory requirements.

The first pillar of the required BSA compliance program requires that banks must provide for a system of internal controls to assure ongoing compliance with the BSA. Through a collaborative arrangement, banks could share resources for conducting internal control functions, such as (i) maintaining BSA/AML policies and procedures; (ii) reviewing and developing a risk-based customer identification program and account monitoring processes; and (iii) tailoring monitoring systems and reports to the potential risks.

Under the second pillar of the required BSA compliance program, banks must provide for independent testing to evaluate the adequacy and effectiveness of the BSA/AML compliance program. The interagency statement suggests that personnel of one bank could be utilized to conduct the BSA/AML independent testing at another bank under a collaborative arrangement and, for example, be involved in the scoping, planning, and performance of the independent test.

Under the fourth pillar of the required BSA compliance program, banks must provide training for appropriate personnel. This could present the best opportunity for banks to use collaborative arrangements. The agencies explain that such arrangements may be used for sharing BSA/AML training-related costs, for example, hiring a qualified BSA/AML instructor to provide the necessary training to multiple banks.

With respect to the third pillar, the BSA compliance officer, the interagency statement cautions that collaborative arrangements may not be appropriate. The agencies note the challenges presented by the confidentiality of suspicious activity reports, the need to coordinate and monitor both banks' BSA/AML compliance on a daily basis, and the need to effectively communicate with each bank's board of directors and senior management. (The statement does note that, while the sharing of a BSA/AML compliance officer may not be appropriate with a third-party bank, it may be possible to share a BSA/AML compliance officer among affiliated banks.)

The interagency statement also stresses the need for contractual agreements, and ongoing oversight by senior management and boards of directors, to support collaborative arrangements.

For further information regarding this topic, please visit our client alert at https://media2.mofo.com/documents/181009-bank-secrecy-act-resources.pdf.

OFAC

Delisting of Oligarch Companies; New Sanctions on Malign Russian Operations

On December 19, 2018, OFAC notified Congress of its intent to terminate sanctions on three companies tied to the Russian oligarch Oleg Deripaska. OFAC had designated En+ Group plc, UC Rusal plc, and JSC EuroSibEnergo for being under some form of control of Deripaska in April of 2018. The designation of UC Rusal plc was especially distressing to global economies, as the company accounts for between seven and 10 percent of the world's aluminum and alumina outputs. Congress has until January 18, 2019, to take steps to block the actions. However, a 60-vote threshold is required in the Senate to keep the sanctions alive and on January 16, Senators voted 57-42 to end debate on the measures.

OFAC stated in a press release that it initiated the delisting process because Deripaska took sufficient steps to reduce his ownership in, and eliminate his control over, the entities. Of note, OFAC stated that VTB Bank, one of Russia's largest banks (and an entity currently subject to "sectoral sanctions"), would take ownership over a portion of Deripaska's shares in En+. In draft legislation, the bank has been identified by Congress as a potential target for future sanctions measures.

Concurrent with its notification to Congress, OFAC added a slate of Russian individuals and entities involved in election interference, hacking, and other malign activities to its SDN List. OFAC alleged that some of those targeted tried to stoke tension in the U.S. as recently as June 2018. The State Department took concurrent action to add 12 of the 18 individuals and entities OFAC designated to its List of Specified Persons under Section 231 of the Countering America's Adversaries Through Sanctions Act (CAATSA). That list identifies persons that are part of, or operate for or on behalf of, the defense or intelligence sectors of the Russian government. Significant transactions with Russian persons on OFAC's SDN List *and* persons on the State Department's List of Specified Persons may lead to a party becoming subject to U.S. sanctions.

Additional information about the delisting of Russian oligarch companies and the new sanctions against the malign

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Russian actors can be found in our client alert at https://www.mofo.com/resources/publications/181220-ofac-sanctions.html.

Re-imposition of Iran Sanctions, Phase Two

On November 5, 2018, the U.S. enacted the second of two powerful phases of the "snap-back" of Iran sanctions, re-imposing sanctions that were lifted by the U.S. in January 2016 pursuant to the Joint Comprehensive Plan of Action (JCPOA). Now, non-U.S. individuals and entities anywhere in the world face potential U.S. sanctions if they engage in certain transactions with Iran involving sanctioned parties or targeted Iranian industry sectors, such as energy, financial, insurance, shipping, shipbuilding, port operations, automotive, gold and other precious metals, and mining.

These new sanctions go beyond a pure "snap-back" of the original sanctions lifted under the JCPOA. On November 5, the U.S. added more than 700 individuals, entities, aircraft, and vessels to OFAC's blacklist (the Specially Designated Nationals List, or SDN List), more than 300 of which were not identified as SDNs when the JCPOA went into effect. Virtually all Iranian financial institutions, including the Central Bank of Iran and other leading state-owned banks, were returned to OFAC's SDN List.

The U.S. intends to aggressively enforce its sanctions under its "maximum pressure" campaign. However, the European Union (EU) and its Member States have declared that they will stick to their obligations under the JCPOA. Additionally, under the EU Blocking Statute updated in August, EU-based individuals and entities are prohibited from complying with the re-imposed U.S. Iran sanctions.

For further information regarding the second phase of the Iran Sanctions Snap-Back, please visit our client alert at https://www.mofo.com/resources/publications/181108-iran-sanctions.html.

CFPB UPDATE

CFPB Announces Settlement for Violations of the EFTA and CFPA

On January 3, 2019, in the first CFPB enforcement action under Director Kraninger, the CFPB announced a settlement with a federal savings bank for alleged violations of the Electronic Fund Transfer Act (EFTA) and Regulation E, as well as alleged violations of the Consumer Financial Protection Act of 2010 (CFPA). With respect to the EFTA, the CFPB alleged that the savings bank failed to enter some stop-payment orders after account holders asked the bank to stop payment on preauthorized EFTs, including by refusing to enter stop payments or by requiring consumers to contact the merchants initiating the EFTs prior to implementing stop payment orders. Further, the CFPB alleged that the savings bank violated the EFTA and Regulation E by failing to initiate and complete reasonable error resolution investigations. With respect to the CFPA, the CFPB alleged that the savings bank unfairly reopened accounts that had been closed by account holders when the bank received certain types of debits or credits to the accounts without obtaining consumers' prior authorization and providing timely notice. The CFPB ordered the savings bank to provide approximately $12 million in restitution, and pay a $3.5 million civil money penalty.

For our client alert on this settlement agreement, please visit https://media2.mofo.com/documents/190107-cfpb-settlement-efta-cfpa-violations.pdf.

CFPB Proposes Revised No-Action Letter Policy and New Product Sandbox

On December 13, 2018, the CFPB published in the *Federal Register* a proposed policy that would modify its 2016 Policy on No-Action Letters (2016 Policy) and create a new "Product Sandbox" in an effort to encourage banks and financial services providers to test new financial products. The proposed policy is intended to fix several shortcomings of the 2016 Policy. Specifically, the proposed policy would eliminate the requirement that No-Action Letter recipients share data with the CFPB; remove the limitation on the duration of No-Action Letters; loosen the restriction on No-Action Letters safe harbor for unfair, deceptive, or abusive acts and practices (UDAAP); and streamline the application process. With respect to the proposed Product Sandbox, applicants could receive up to three forms of relief: 1) a safe harbor from liability under the Truth in Lending Act, the Equal Credit Opportunity Act, and the EFTA; 2) to the extent of the Bureau's authority, exemptions by order from statutory or regulatory provisions; and 3) granting of No-Action Letters for financial product or service testing. Comments on the proposed policy are due by February 11, 2019.

For our client alert on this proposal, please visit https://media2.mofo.com/documents/181218-cfpb-no-action-letter.pdf.

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FMA Welcomes *More* New Members

Kevin Kohmann	**The Huntington National Bank**
Pam Kwiatkoski	**PNC Financial Services**
Katherine Lamberth	**Moore & Van Allen PLLC**
Amy Ledig	**FDIC**
David Lincicum	**FTC**

Legislative/Regulatory Actions

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Kathy Kraninger Sworn In as CFPB Director
On December 10, 2018, Kathy Kraninger, a former associate director for general government programs at the Office of Management and Budget, was sworn in to a five-year term as Director of the Consumer Financial Protection Bureau (CFPB). According to press reports, Director Kraninger said in a January 2, 2019 email message to staff that "[w]e must do our work with an open mind and without presumptions of guilt, and to always carefully weigh the costs and benefits to consumers of our enforcement activities and regulatory rulemakings….On my watch as Director, the CFPB will vigorously enforce the law. I also want the Bureau to respect the rights of all we serve and interact with, to safeguard their personal information, and to be transparent in its operations."

Bank Agrees to Settlement Concerning FCRA Practices
On December 6, 2018, the CFPB announced a settlement with State Farm Bank for conduct that allegedly violated the Fair Credit Reporting Act (FCRA) and the CFPA. The CFPB alleged that the bank obtained and used consumer reports "without a permissible purpose" and furnished inaccurate information to consumer reporting agencies. According to the CFPB, for several years the bank had no appropriate policies and procedures for complying with the FCRA, and had no processes in place regarding the accuracy and integrity of information furnished to the major consumer reporting agencies, in violation of the FCRA's implementing Regulation V. The CFPB alleged that the bank's FCRA violations also constituted CFPA violations. The consent order required the bank to implement written policies and procedures to prevent future violations, and submit a board-reviewed compliance plan to the CFPB within 60 days. The consent order did not impose a civil money penalty on the bank.

CFPB Fines Auto Lender for Improper Disclosures
On November 20, 2018, the CFPB reached a settlement with Santander Consumer USA Inc. for conduct that allegedly violated the CFPA by deceptively failing to disclose the limitations of its auto insurance add-on product and the impact on consumers of obtaining an auto loan extension. Specifically, the CFPB alleged that the auto lender deceptively overstated to borrowers the amount of coverage that its gap auto insurance add-on product would provide in certain situations and understated the adverse impact of obtaining an auto loan extension. Under the terms of the consent order, the auto lender must improve its disclosures of the terms of its add-on product and loan extensions, develop a risk management program and compliance plan, provide about $9.29 million in restitution to certain consumers who purchased the add-on product, and pay a $2.5 million civil money penalty.

CFPB Fines Small-Dollar Lender for Harming Borrowers
On October 24, 2018, the CFPB and Cash Express, LLC, a small-dollar lender, reached a settlement regarding allegedly deceptive and abusive practices in violation of the CFPA. The CFPB alleged that the lender deceptively threatened customers with legal action over debts that were past the statute of limitations for suit, as well as negative credit reporting for late or missed payments when the company did not report this information. In addition, the CFPB alleged that the lender abusively withheld funds during check-cashing transactions to satisfy outstanding amounts on prior loans, without disclosing this practice to the consumer during the initiation of the transaction. The CFPB fined the lender $200,000 and ordered it to pay about $32,000 in restitution to affected customers.

CFPB Settles Delayed Payment Forwarding Allegations
On October 4, 2018, the CFPB entered into a consent order with a retailer to resolve allegations that, in violation of the CFPA, the retailer unfairly delayed the transfer of payments that customers had made on charged-off accounts to third-party debt buyers who had purchased those accounts from the retailer. The CFPB found that for the three-year period at issue, the retailer had operational issues that resulted in the delays. The CFPB alleged delays in forwarding payments of more than 31 days in 18,000 instances; and that in 3,500 of those instances, the delays exceeded one year, subjecting customers to collection activity on paid-off accounts. The consent order requires the retailer to improve its processes for forwarding consumer payments and to notify consumers when their accounts have been sold. The order also imposes a $200,000 civil monetary penalty.

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FMA Welcomes *More* New Members

David Lodike	**Edward Jones**
Ron Long	**Wells Fargo Advisors**
Gretchen Lowe	**CFTC**
Jay Ludwick	**Fifth Third Securities**
Nick McCoy	**Mayer Brown LLP**
Jordan Maglich	**Wiand Guerra King P.A. (at Quarles & Brady LLP as of Jan. 18)**
Joe Mannon	**Vedder Price**
Zeke Martinez	**Frost Bank**

Legislative/Regulatory Actions

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CFPB Updates Summaries of Rights Under the FCRA
Effective September 21, 2018, new subsection 605A(i) of the FCRA, as amended by the Regulatory Relief Act, requires that a new notice of rights be included whenever a consumer is required to receive a summary of rights required by section 609 of the FCRA. Specifically, new subsection 605A(i) requires both the Summary of Consumer Rights and the Summary of Consumer Identity Theft Rights to include a notice of rights regarding the right to obtain a security freeze. On September 18, 2018, the CFPB issued an interim final rule amending two of the model forms in Regulation V to incorporate the new required notice. To mitigate the impact of these changes on users of the existing model forms, the interim final rule provides that the CFPB will consider use of the two model forms published on November 14, 2012, to constitute compliance with the FCRA provisions requiring such forms, so long as a separate page that contains the additional required information is provided in the same transmittal. ■

**Michael V. Dobson, Meghan E. Dwyer, Jeremy R. Mandell, Mark R. Sobin, and Jennifer S. Talbert contributed to this column.*

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Directory Update

The **2018 FMA Membership Directory** was emailed to all current members on September 28. See below for an update received since its distribution.

If you are a current FMA member and did not receive (or perhaps misplaced) the Directory, contact Dorcas Pearce directly – 202/544-6327 or ***dp-fma@starpower.net*** – to request another copy.

Additional Accreditation

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2019 SEC Examination Priorities

https://www.sec.gov/news/press-release/2018-299

December, 2018 Report on FINRA Examination Findings

https://www.finra.org/industry/2018-report-exam-findings

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FMA Welcomes *More* New Members

Paul Murdock	**MCG Consulting Services**
Ertem Osmanoglu	**PwC**
Naomi Quick	**Fidelity & Guaranty Life**
Ananda Radhakrishnan	**ABA**
Jim Reese	**SEC**
Christian Sabella	**SEC**
Alex Sabo	**Bressler, Amery & Ross, P.C.**
Lanny Schwartz	**MSRB**
Tom Selman	**FINRA**
Eric Siber	**Capital Forensics, Inc.**
Maggie Sklar	**CFTC**
Dennis Smith	**Citizens Financial Group**
Brian Soja	**Moore & Van Allen PLLC**
Sarah ten Siethoff	**SEC**
Andrew Tino	**The PNC Financial Services Group, Inc.**
Michael Wheatley	**Lincoln Financial Group**
Jim Wistman	**Santander**
Melinda Wolfe	**Kovack Securities, Inc.**
Kerry Finegan Zinn	**Bressler, Amery & Ross, P.C.**
Evan Zullow	**FTC**

Watch For

CFTC

CFTC Press Release 7855-18 (December 11, 2018) – The CFTC is seeking public comment and feedback in order to better inform the Commission's understanding of the technology, mechanics, and markets for virtual currencies beyond Bitcoin, namely Ether and its use on the Ethereum Network. All comments must be received within 60 days of publication in the *Federal Register*. The RFI also seeks to understand similarities and distinctions between Ether and Bitcoin, as well as Ether-specific opportunities, challenges, and risks.

CFTC Press Release 7847-18 (November 27, 2018) – The CFTC's LabCFTC today released, "A CFTC Primer on Smart Contracts." This primer is part of LabCFTC's effort to engage with innovators and market participants on a range of financial technology topics, and follows on a 2017 primer on virtual currencies and the agency's recent FinTech Forward conference. The primer helps explain smart contract technology and related risks and challenges.

CFTC Press Release 7845-18 (November 19, 2018) – The CFTC announced that it has approved a final rule to amend its uncleared swap margin requirements to better align with certain rules (QFC Rules) adopted by the FRB, FDIC & OCC that impose restrictions on certain qualified financial contracts. This final rule is consistent with rule changes recently adopted by the Prudential Regulators to the Prudential Margin Rule and addresses suggestions received as part of the CFTC's Project KISS initiative for the CFTC to harmonize its uncleared swap margin regime with that of the Prudential Regulators. The final rule amendments are effective 30 days after the publication date in the *Federal Register*.

CFTC Press Release 7834-18 (October 31, 2018) – The CFTC's Office of the Chief Economist issued, "Initial Margin Phase 5," a report about uncleared margin rules, which goes into effect on September 1, 2020. On that date, swaps market participants with between $8 and $750 billion of swaps notional amount must begin to post and collect initial margin on all trades that have at least one swap-dealer counterparty. The market is currently in Phase 3, in which counterparties with $1.5 trillion or more of swaps notional amount are subject to the rules. The OCE paper released today was written to assist regulators in responding to requests for relief from industry participants.

CFTC Press Release 7825-18 (October 9, 2018) – The CFTC unanimously approved proposed rules as a part of CFTC's KISS Initiative to simplify regulations for commodity pool operators and commodity trading advisors. The proposed rules would simplify the regulatory obligations for CPOs and CTAs by codifying long-standing staff advisories and no-action letter relief in the Part 4 regulations. These rules would enhance consumer protection, as well as boost confidence in the commodity markets, by banning individuals who are legally disqualified to operate investment pools from doing so. Additionally, the CFTC proposes streamlining registration requirements for CPOs that operate in multiple jurisdictions. The proposal is consistent with the CFTC's Project KISS initiative, which requested public input on simplifying and modernizing the agency's regulations to make them less burdensome and costly, while maintaining their regulatory benefits. Also, under the proposal, investment advisers of business development companies would be treated under the same terms as investment advisers for registered investment companies. The proposed changes would also help advance the CFTC's ongoing effort to harmonize rules with comparable regulators by channeling SEC regulations in providing registration relief to CPOs and CTAs whose clients are limited to a single family, and in aligning Part 4 regulations with amendments adopted by the SEC pursuant to the JOBS Act of 2012.

CFTC Press Release 7817-18 (October 1, 2018) – CFTC Chairman J. Christopher Giancarlo released a white paper titled "Cross-Border Swaps Regulation Version 2.0: A Risk-Based Approach with Deference to Comparable Non-U.S. Regulation." Based on the principles set forth in this white paper, Chairman Giancarlo intends to direct the CFTC staff to put forth new rule proposals to address a range of cross-border issues in swaps reform. The white paper recommends improvements to the CFTC's cross-border approach that are supportive of the G20 swaps reforms and aligned to Congressional intent, and that better balance systemic risk mitigation with healthy swaps market activity in support of broad-based economic growth. These proposals will be presented to the full Commission for input and bipartisan consideration and adoption. The resulting rulemakings would replace the cross-border guidance issued by the CFTC in 2013 and the cross-border rules proposed by the CFTC in 2016, as well as address certain positions taken in CFTC staff advisories and no-action letters.

FDIC

FDIC Press Release (December 19, 2018) – The FDIC took two actions related to brokered deposits. The FDIC adopted a final rule, which will take effect 30 days after publication in the *Federal Register*, related to the treatment of reciprocal deposits, and it also issued an advance notice of proposed rulemaking related to brokered deposits and the interest rate restrictions. Comments on the ANPR will be accepted for 90 days from the date of publication in the *Federal Register*.

Federal Reserve Board

Federal Reserve Press Release (January 9, 2019) – The Federal Reserve Board invited public comment on a proposal that would modify company-run stress testing requirements to

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conform with the EGRRCP Act. The proposal would raise the threshold requiring state-member banks to conduct their company-run stress tests from $10 billion in total consolidated assets to $250 billion. Additionally, in place of the current annual cycle, the proposal would generally require firms above the threshold to conduct company-run stress tests once every other year. The proposal also would eliminate the hypothetical "adverse" scenario from company-run stress tests for bank holding companies, state member banks, U.S. intermediate holding companies of foreign banking organizations, and any nonbank financial company supervised by the Board. Similarly, the Board would no longer include an "adverse" scenario in its supervisory stress tests. The firms would still be required to test themselves against a more severe hypothetical scenario, known as the "severely adverse" scenario, and the supervisory stress tests also would continue to include a "severely adverse" scenario. The proposal is similar to separate proposals issued by the FDIC and OCC. Comments will be accepted until February 19, 2019.

Federal Reserve Press Release (December 3, 2018) – The Federal Reserve Board along with four other regulatory agencies issued a joint statement encouraging depository institutions to explore innovative approaches to both meet their Bank Secrecy Act/anti-money laundering compliance obligations and to further strengthen the financial system against illicit financial activity. The statement recognizes that private sector innovation, including new ways of using existing tools or adopting new technologies—such as artificial intelligence—can help banks and credit unions identify and report money laundering, terrorist financing, and other illicit financial activity. The agencies will not penalize firms that maintain effective anti-money laundering programs but choose not to pursue innovative approaches.

Federal Reserve Press Release (November 2, 2018) – The Federal Reserve Board finalized a new supervisory rating system for large financial institutions that is aligned with the core areas most important to supporting a large firm's safety and soundness and U.S. financial stability. The Board's post-crisis supervisory program for large financial institutions focuses on capital, liquidity, and the effectiveness of its governance and controls. In each of those areas, supervisors will use the new rating system to assign a confidential rating to the firms. The new rating system will apply to all domestic bank holding companies and non-insurance, non-commercial savings and loan holding companies with $100 billion or more in total consolidated assets, which is a change from the $50 billion threshold originally proposed. The new rating system will also apply to U.S. intermediate holding companies of foreign banking organizations with $50 billion or more in total consolidated assets as proposed. The Federal Reserve will continue to apply its existing rating system for bank holding companies with less than $100 billion in total consolidated assets. The existing rating system will also be adopted for non-insurance, non-commercial savings and loan holding companies with less than $100 billion in total consolidated assets.

Federal Reserve Press Release (October 31, 2018) – The Federal Reserve Board invited public comment on a framework that would more closely match the regulations for large banking organizations with their risk profiles. The changes would reduce compliance requirements for firms with less risk while maintaining more stringent requirements for firms with more risk. Firms would be sorted into categories based on several factors, including asset size, cross-jurisdictional activity, reliance on short-term wholesale funding, nonbank assets, and off-balance sheet exposure. Each factor reflects greater complexity and risk to a banking organization, resulting in greater risk to the financial system and broader economy. The Board estimates that the changes would result in a 0.6 percent decrease in required capital and a reduction of 2.5 percent of liquid assets for all U.S. banking firms with assets of $100 billion or more. The regulatory capital and liquidity aspects of the proposals were jointly developed with the FDIC and OCC. A separate tailoring proposal affecting foreign banks will be released in the future. Comments will be accepted through January 22, 2019.

Federal Reserve Press Release (October 15, 2018) – The FDIC announced the release of a Spanish-language version of *Money Smart for Older Adults*. The curriculum, now offered in English and Spanish, has been updated to provide new information and resources to help older adults and their caregivers recognize and prevent fraud, scams, and other types of financial exploitation. The curriculum also includes information to help older adults plan for a secure financial future and make informed financial decisions.

Federal Reserve Press Release (September 21, 2018) – Five federal agencies approved final amendments to swap margin requirements to conform with recent rule changes that impose new restrictions on certain qualified financial contracts of systemically important banking organizations. Under the amendments, legacy swaps entered into before the applicable compliance date will not become subject to the margin requirements if they are amended solely to comply with the requirements of the QFC Rules. The amendments harmonize the definition of "Eligible Master Netting Agreement" in the swap margin rule with recent changes to the definition of "Qualifying Master Netting Agreement" in the respective capital and liquidity regulations of the FRB, FDIC and OCC by recognizing the restrictions that were adopted by these agencies with respect to the QFC Rules. The final amendments are effective 30 days after the publication date in the *Federal Register*, which is expected shortly.

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FINRA

FINRA Trade Reporting Notice (January 9, 2019) – FINRA is issuing this Notice to remind members of the transaction reporting requirements related to auction transactions and highlight the publication of further clarifying FAQs on this issue. Specifically, members should not report auction transactions in U.S. Treasury securities to TRACE; these transactions are excluded from the TRACE reporting requirements under Rule 6730(e)(8). Members that erroneously report (or previously have erroneously reported) auction transactions must promptly cancel or reverse those auction transactions.

FINRA Regulatory Notice 19-02 (January 8, 2019) – FINRA is updating the Supplemental Statement of Income (SSOI) to conform with amendments adopted by the SEC that simplify and update certain of the FOCUS reporting requirements for broker-dealers. Pursuant to Rule 4524, the SSOI must be filed by all FINRA members as a supplement to the FOCUS Report within 20 business days after the end of each calendar quarter. FINRA is making available the updated SSOI instructions and form, as well as a resource that illustrates the SSOI form updates. The updated SSOI applies beginning with all SSOI filings that report on the period January 1 through March 31, 2019, and are due by April 26, 2019.

FINRA Regulatory Notice 19-01 (January 2, 2019) – FINRA is issuing this *Notice* to help firms review, reconcile and respond to their Final Statements (for broker-dealers, investment adviser firms, agents and investment adviser representatives, and branches) in E-Bill as well as view the reports that are currently available in Web CRD/IARD for the annual registration renewal process. The payment deadline is January 21, 2019.

FINRA Information Notice (November 16, 2018) – FINRA is issuing this *Notice* to provide the due dates for Annual Audit, Financial and Operational Combined Uniform Single, Form Custody, and supplemental FOCUS Report filings that are due in 2019 or the first quarter of 2020. Members are reminded that all such filings submitted to FINRA must be made electronically though FINRA's Firm Gateway.

FINRA Regulatory Notice 18-38 (November 5, 2018) – The SEC has adopted amendments that simplify and update, among other rules and forms, certain of the FOCUS reporting requirements for brokers and dealers and make changes to the annual audit requirements. FINRA is updating the electronic FOCUS filing system to incorporate the SEC's amendments. To facilitate members' efforts to comply with the new requirements, FINRA is making available on the FINRA website resources that illustrate the eFOCUS System updates. Pursuant to no-action relief issued by the staff of the SEC Division of Trading and Markets, the SEC staff stated that it will not recommend enforcement action to the SEC if a broker-dealer continues to file the FOCUS Report as required prior to these amendments when reporting for periods ending on or before December 31, 2018. Therefore, the new FOCUS reporting requirements apply beginning with FOCUS reports filed for the period ending January 2019 and after. For example, for firms filing as of the last day of the month, the FOCUS reporting requirements apply beginning with FOCUS reports filed for the period ending January 31, 2019, and after. The new annual audit requirements apply to annual audit reports due for fiscal years ending in January 2019 and after.

FINRA Regulatory Notice 18-36 (October 19, 2018) – FINRA has filed for immediate effectiveness amendments to Capital Acquisition Broker Rule 331 (Anti-Money Laundering Compliance Program) to reflect the Financial Crimes Enforcement Network's adoption of a final rule on Customer Due Diligence Requirements for Financial Institutions. The implementation date is November 19, 2018.

FINRA Regulatory Notice 18-35 (October 16, 2018) – The SEC approved a rule change to modify the dissemination protocols for transactions in agency debt securities to apply a $5 million dissemination cap uniformly, regardless of the rating assigned to the security. The change will go into effect on November 19, 2018. The new rule text is available on FINRA's website.

FINRA Regulatory Notice 18-34 (October 4, 2018) – SEC has approved an amendment, effective April 1, 2019, to require large alternative trading systems to identify non-FINRA member subscriber counterparties in TRACE reports for transactions in U.S. Treasury securities using FINRA-assigned market participant identifiers. This information will be used for regulatory purposes, and will not be made public. The rule text is available in the online FINRA Manual.

FINRA Information (October 2, 2018) – Administrative changes to the Continuing Education Regulatory Element Programs: effective December 8, 2018, the content from the S106 and S901 Regulatory Element Continuing Education Programs will become part of the S101 Regulatory Element CE Program. The S106 and S901 CE Programs will be retired as stand-alone programs. Individuals who previously completed these programs instead will be required to complete the S101 CE Program. The S101 CE Program will include new personalized modules for each of the following representative categories: Investment Company and Variable Contracts Products, Investment Banking, and Research.

FINRA Regulatory Notice 18-32 (September 24, 2018) – In consultation with SEC staff, FINRA is reminding members of legal obligations that apply when initiating a quote in an OTC security in addition to filing a Form 211.

FINRA Information (September 24, 2018) – FINRA is introducing enhancements and presentation changes in the

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Central Registration Depository system that relate to the implementation of FINRA's restructured qualification examination program and the adoption of consolidated FINRA registration rules. These changes, effective October 1, 2018, principally affect the Examination Requests and SRO Registrations sections. This notice was updated on September 28, 2018.

MSRB

MSRB Press Release (January 14, 2019) – The MSRB announced it is revising the release date of its voluntary Municipal Advisor Principal Qualification (Series 54) pilot examination to March 2019 from February 2019. The pilot enrollment period has also been changed to March 4–15, 2019.

MSRB Press Release (January 3, 2019) – The MSRB is seeking comment on draft interpretative guidance regarding the application of several MSRB rules and prior interpretive guidance related to certain prearranged trading in connection with primary offerings of municipal securities. Specifically, the draft interpretive guidance illustrates how MSRB Rule G-11, on primary offering practices, Rule G-17, on conduct of municipal securities and municipal advisory activities, and other rules and existing interpretive guidance relate to certain prearranged trading of primary offerings. The draft guidance would remind dealers of MSRB requirements and how prearranged trading may violate those requirements. The MSRB is soliciting comment on, among other things whether: there are variations on prearranged trading that are prevalent in the market and that should be addressed specifically in any final guidance; the draft guidance captures any conduct that should not be regarded as violative of the MSRB's fair dealing and other MSRB rules referenced in the draft guidance; and there are any costs or burdens that would be created by the draft guidance, if issued. Comments on the draft guidance should be submitted to the MSRB no later than March 5, 2019.

December 21, 2018 – The Board of Directors of the MSRB agreed to seek an extension from the SEC of the February 7, 2019 effective date for previously approved amendments to MSRB Rule G-21, on advertising by brokers, dealers or municipal securities dealers, and new MSRB Rule G-40, on advertising by municipal advisors. The MSRB plans to file a proposed rule change to extend the effective date by a period of not more than six months. That period will begin after the MSRB finalizes guidance and related rule amendments on the use of social media under the advertising rules, which is expected to be within the next 60 days. The extension of the effective date will afford dealers and municipal advisors time to establish and implement effective policies and procedures for compliance with the advertising rules.

MSRB Press Release (December 20, 2018) – The MSRB released the content outline (available on the MSRB's website) for its qualifying examination for municipal advisor principals — those individuals directly engaged in the management, direction or supervision of the municipal advisory activities of a municipal advisor firm and its associated persons. The content outline for the MSRB's Municipal Advisor Principal Qualification Examination (Series 54) serves as a guide to the subject matter tested on the examination and has been filed with the U.S. Securities and Exchange Commission for immediate effectiveness. The MSRB will administer a Series 54 pilot examination to validate exam questions and determine a passing score. The MSRB is seeking volunteers to take the Series 54 pilot, which will be available from February 2019 – June 2019. Individuals who are currently functioning in a principal capacity and are interested in taking the Series 54 pilot exam are encouraged to fill out a questionnaire to receive information and updates on the pilot enrollment period February 4 - 15, 2019. The MSRB has released a timeline showing phases and dates leading up to the availability of the permanent Series 54 examination.

MSRB Notice 2018-32 (December 19, 2018) – The MSRB sought public comment on a draft compliance resource regarding the application of the content standards under MSRB Rule G-40, on advertising by municipal advisors. The MSRB received five comment letters2 and revised the compliance resource to reflect those comments as well as the insight gained from the MSRB's ongoing engagement with the industry concerning compliance with Rule G-40. The revised compliance resource is designed to provide practical assistance to municipal advisors with their understanding of Rule G-40's content standards through the analysis of mock advertisements.

MSRB Notice 2018-31 (December 13, 2018) – The MSRB received approval from the SEC on December 12, 2018 to amend electronic Form G-45 under MSRB Rule G-45, on reporting of information on municipal fund securities, to modify and clarify certain investment option data elements that the MSRB collects under Rule G-45 from underwriters to 529 savings plans and ABLE programs. Further, the form amendments delete any requirement to submit annualized three-year performance data to the MSRB. The form amendments will become effective on June 30, 2019.

MSRB Press Release (December 4, 2018) – The MSRB announced it will update its EMMA website to accept and display two new required municipal securities disclosure types under amended SEC Rule 15c2-12. As of February 27, 2019, municipal bond issuers will be able to use the EMMA website to comply with the additional obligation. These obligations will require issuers to disclose the incurrence of, or amendment to, financial obligations, if material and the occurrence of certain events reflecting financial difficulties related to an existing financial obligation.

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Legislative/Regulatory Actions

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MSRB Notice 2018-30 (November 28, 2018) – The MSRB recently received approval from the SEC to amend MSRB Rule G-3, on professional qualification requirements, to require municipal advisor principals – those who engage in the management, direction or supervision of the municipal advisory activities of the municipal advisor and its associated persons – to pass the new Municipal Advisor Principal Qualification Examination ("Series 54 examination") to become appropriately qualified as a municipal advisor principal. The rule changes will become effective on December 20, 2018. The amendments to Rule G-3 also (i) require individuals who cease to be associated with a municipal advisor for two or more years, at any time after having been qualified as a municipal advisor principal, to requalify by examination unless a waiver is granted; (ii) add the Series 54 examination to the list of qualification examinations for which an individual can seek a waiver; and (iii) provide that municipal advisor representatives may function as a principal for 120 calendar days without being qualified with the Series 54 examination.

MSRB Press Release (November 16, 2018) – The MSRB is seeking comment on proposed amendments to interpretive guidance it issued in 2012 on the application of MSRB Rule G-17. The guidance addresses certain fair-dealing obligations municipal securities dealers owe issuers when underwriting municipal securities, including requirements for underwriters to disclose information to issuers about the nature of their relationship with the issuer and the risks of transactions recommended by the underwriters. The proposed amendments primarily address the disclosure requirements, with the goal of improving market practices, better protecting issuers and reducing burdens on market participants. Comments should be submitted no later than January 15, 2019.

MSRB Notice 2018-28 (November 8, 2018) – This notice reminds EMMA submitters of certain submission requirements. All documents submitted to EMMA®, including via the MSRB Primary Market Submission Service or the MSRB Continuing Disclosure Submission Service, must be in word-searchable portable document format (PDF). Additionally, in MSRB Notice 2010-31, the MSRB noted that all documents submitted to the Short-term Obligation Rate Transparency Service must be word-searchable PDF files.

MSRB Press Release (October 25, 2018) – Market structure experts at the MSRB shared their analysis of pre-trade quote data for municipal securities available to market participants on alternative trading systems (ATSs), adding to the literature on pre-trade price transparency.

October 15, 2018 – The MSRB filed a proposed rule change with the SEC to refine and enhance certain of the investment option data that the MSRB collects under MSRB Rule G-45, on reporting on municipal fund securities, from underwriters to 529 savings plans and ABLE programs. Specifically, the MSRB proposes to amend Form G-45 to clarify a data element concerning the program management fee and to add a data element concerning the investment option closing date. The MSRB sought public comment about providing additional data concerning the investment options offered in 529 savings plans and ABLE programs as part of MSRB Regulatory Notice 2017-17, and in response to certain comments received, the MSRB also is now proposing to amend Form G-45 to delete the data elements concerning annualized three-year performance information. The MSRB requests that the proposed rule change become effective on June 30, 2019.

September 26, 2018 – On October 1, 2018, the Municipal Securities Representative Qualification Examination (Series 52) becomes a more specialized knowledge examination, with FINRA's Securities Industry Essentials (SIE) Examination serving as a prerequisite for the Series 52 examination. The changes, adopted by the MSRB, are reflected in amendments to MSRB Rule G-3. The establishment of the SIE examination is meant to eliminate duplicative testing of general securities knowledge on examinations thereby, allowing for representative-level examinations to become tailored, more specialized knowledge examinations. Municipal securities representative candidates who open an exam enrollment window **prior to October 1, 2018** will be enrolling to take the current Series 52 exam, even if the candidate's scheduled appointment to take the exam is after October 1, 2018. Candidates who open an exam enrollment window **on or after October 1, 2018**, will be enrolling to take the new SIE exam and the revised Series 52 exam to become qualified as a municipal securities representative.

MSRB Press Release (September 19, 2018) – The MSRB filed with the SEC a proposed rule change to amend MSRB Rule G-3, on professional qualification requirements, to enhance the professional qualification standards for municipal advisor professionals who act in a principal capacity at their firms. The proposed amendments to Rule G-3, in part, will require municipal advisor principals to pass both the existing MSRB Municipal Advisor Representative Qualification Examination (Series 50) and a new Municipal Advisor Principal Qualification Examination (Series 54) to be appropriately qualified as a municipal advisor principal. The MSRB anticipates offering a pilot version of the Series 54 examination from February 2019 through June 2019. Any municipal advisor principal will be able to take the pilot exam during the pilot period. Thereafter, when the permanent version of the Series 54 examination becomes available, all municipal advisor principals will have one year to become appropriately qualified by taking and passing the exam.

MSRB Notice 2018-24 (September 17, 2018) – The MSRB publishes answers to FAQs regarding the use of municipal advisory client lists and case studies under MSRB Rule G-40, on advertising by municipal advisors. These FAQs should be

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read in conjunction with Rule G-40 and related guidance and they do not create new legal or regulatory requirements. The MSRB does not intend for these FAQs to be interpreted by municipal advisors or examining authorities as establishing new standards of conduct.

OCC

OCC Bulletin 2018-47 (December 27, 2018) – The OCC is amending its enforceable guidelines relating to recovery planning standards for insured national banks, insured federal savings associations, and insured federal branches in order to limit the application of the guidelines to the largest, most complex banks and thereby provide regulatory burden relief to smaller, less complex institutions. The final revised guidelines increase the average total consolidated assets threshold for applying the guidelines to banks from $50 billion to $250 billion. This change will reduce the number of banks to which the guidelines apply from 25 to 8, based on the most recent data available. The final revised guidelines decrease from 18 months to 12 months the time within which a bank should comply with the guidelines after the bank first becomes subject to the guidelines. Additionally, the final revised guidelines make technical amendments to remove outdated compliance dates.

OCC Bulletin 2018-46 (December 21, 2018) – The OCC, FRB and FDIC are issuing a notice of proposed rulemaking that would establish a revised framework for determining requirements under the regulatory capital rule, the liquidity coverage ratio (LCR) rule, and the proposed net stable funding ratio (NSFR) rule for large U.S. banking organizations based on their risk profile. The proposal would divide banking organizations with more than $100 billion in total consolidated assets into four categories based on asset size, cross-jurisdictional activity, off-balance-sheet exposures, reliance on short-term wholesale funding, and other risk factors.

OCC News Release 2018-143 (December 21, 2018) – The federal banking agencies issued final rules that adopt without change the interim final rules issued in August that expanded the number of insured depository institutions and U.S. branches and agencies of foreign banks eligible for an 18-month on-site examination cycle, rather than a 12-month cycle. As authorized by the EGRRCP Act, the final rules generally allow qualifying insured depository institutions with less than $3 billion in total assets to benefit from an extended 18-month on-site examination cycle. The final rules also adopt without change the interim final rules' parallel changes for the on-site examination cycle of U.S. branches and agencies of foreign banks.

OCC News Release 2018-142 (December 21, 2018) – The federal bank regulatory agencies approved a final rule modifying their regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of the update to the accounting standard known as the "Current Expected Credit Losses" (CECL) methodology. The final rule also revises the agencies' other rules to reflect the update to the accounting standards. In June 2016, the Financial Accounting Standards Board issued an update to the accounting standards for credit losses that included the CECL methodology, which replaces the existing incurred loss methodology for certain financial assets. During the phase in, the agencies will continue to monitor the impact of CECL adoption. The final rule will take effect April 1, 2019. Banking organizations that choose to early adopt CECL may elect to adopt the rule as of the first quarter 2019.

OCC News Release 2018-137 (December 18, 2018) – The OCC issued a notice of proposed rulemaking to amend the OCC's stress testing rule at 12 CFR 46 (which implements the stress testing requirements of section 165(i)(2) of the Dodd–Frank Act), consistent with requirements imposed by section 401 of the EGRRCP Act. The proposed rule would revise the minimum threshold for national banks and federal savings associations to conduct stress tests from $10 billion to $250 billion, revise the frequency by which certain national banks and federal savings associations would be required to conduct stress tests, reduce the number of required stress testing scenarios from three to two, and make certain additional facilitating and conforming changes to the stress testing requirements. The OCC will accept comments on this notice of proposed rulemaking through February 19, 2019.

OCC Bulletin 2018-45 (December 17, 2018) – The OCC, with other federal financial regulatory agencies, have published a notice of proposed rulemaking to provide an updated framework for measuring derivative counterparty credit exposure. The proposed rule would replace the existing current exposure methodology with the Standardized Approach for Counterparty Credit Risk (SA-CCR) for banks subject to the advanced approaches.

OCC News Release 2018-131 (December 3, 2018) – The OCC reported credit, operational, compliance, and interest rate risks are key themes for the federal banking system in its *Semiannual Risk Perspective for Fall 2018*. The report also highlights the emerging risk posed by the growth in nonfinancial corporate debt, and includes a credit underwriting assessment supplement. The report covers risks facing national banks and federal savings associations based on data as of June 30, 2018. The report presents information in five main areas: the operating environment, bank performance, special topics in emerging risk, trends in key risks, and supervisory actions. It focuses on issues that pose threats to those financial institutions regulated by the OCC and is intended as a resource to the industry, examiners, and the public.

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OCC Bulletin 2018-44 (December 3, 2018) – The OCC, FRB, FDIC, NCUA and FinCEN issued a joint interagency statement to encourage banks to consider innovative approaches in meeting their Bank Secrecy Act/anti-money laundering compliance obligations in order to improve the efficiency and effectiveness of their BSA/AML programs while continuing to protect the national financial system.

OCC Bulletin 2018-41 (November 13, 2018) – The OCC issued its Policies and Procedures Manual for enforcement actions against institution-affiliated parties of national banks, federal savings associations, and federal branches and agencies of foreign banks.

OCC Bulletin 2018-40 (November 5, 2018) – The FFIEC, on behalf of its members, has issued a statement to alert financial institutions of the recent actions taken by the U.S. Department of the Treasury's Office of Foreign Assets Control under OFAC's Cyber-Related Sanctions Program and to the potential impact similar sanctions may have on financial institutions' operations. This statement applies to all OCC-supervised institutions.

OCC News Release 2018-115 (October 31, 2018) – The OCC is inviting comment on a proposed rule that would establish four categories of standards and apply tailored capital and liquidity requirements for certain banking organizations with more than $100 billion in total consolidated assets. The proposal would build on the OCC's existing practice of tailoring capital and liquidity requirements based on the size, complexity, and overall risk profile of banking organizations. The proposal, which was developed jointly by the OCC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, would establish risk-based categories for determining applicability of requirements under the regulatory capital rule, the liquidity coverage ratio rule, and the proposed net stable funding ratio rule for large U.S. banking organizations. The proposal is consistent with a separate proposal issued by the Federal Reserve that would apply certain prudential standards for large U.S. banking organizations based on the same categories. The OCC invites comments on the proposed amendments through January 22, 2019.

OCC News Release 2018-144 (October 30, 2018) – Three federal banking agencies invited public comment on a proposal to update their standards for how firms measure counterparty credit risk posed by derivative contracts under the agencies' regulatory capital rules. The proposed changes are designed to better reflect the current derivatives market and incorporate risks observed during the 2007-2008 financial crisis. The proposal, jointly issued by the FRB, FDIC and OCC, would provide the "standardized approach for measuring counterparty credit risk," also known as "SA-CCR" as an alternative approach to the agencies' current exposure methodology, or CEM, for calculating derivative exposure under the agencies' regulatory capital rules. SA-CCR better reflects the current derivatives market and would provide important improvements to risk sensitivity, resulting in more appropriate capital requirements for derivative contracts exposure. The "advanced approaches" banking organizations--firms that have $250 billion or more in total consolidated assets or $10 billion or more in on-balance sheet foreign exposure--would be required to use SA-CCR for purposes of calculating both standardized total risk-weighted assets and the supplementary leverage ratio. Non-advanced approaches banking organizations would be allowed to use either CEM or SA-CCR to determine the exposure amount for derivative contracts. Comments will be accepted for 60 days after publication in the *Federal Register*.

OCC Bulletin 2018-37 (October 10, 2018) – The OCC, FRB, FDIC, FCA and FHFA published a final rule in the *Federal Register* to amend their regulations regarding the minimum margin and capital requirements for registered swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants. This rule is known as the Swap Margin Rule. The OCC's Swap Margin Rule applies to certain national banks, federal savings associations, and federal branches and agencies of foreign banking organizations.

OCC Bulletin 2018-36 (October 4, 2018) – The OCC, FRB, FDIC, NCUA and FinCEN are publishing a statement to address instances in which banks may decide to enter into collaborative arrangements to share resources to manage their Bank Secrecy Act and anti-money laundering obligations more efficiently and effectively.

OCC Bulletin 2018-35 (September 28, 2018) – The OCC, FRB, FDIC and the NCUA, with the concurrence of FinCEN, are issuing an order granting an exemption from the requirements of the customer identification program rules implementing section 326 of the USA PATRIOT Act for certain loans. The affected loans are those extended by banks and their subsidiaries under the jurisdiction of the FBAs to commercial customers to facilitate purchases of property and casualty insurance policies referred to as insurance premium finance lending or premium finance loans.

OCC Bulletin 2018-32 (September 26, 2018) – The OCC published an interim final rule in the *Federal Register* on August 31, 2018, that amends the OCC's liquidity coverage ratio rule to treat liquid and readily-marketable, investment grade municipal obligations as high-quality liquid assets. The interim final rule was issued jointly with the FRB and FDIC. The effective date of the interim final rule is August 31, 2018.

OCC News Release 2018-104 (September 25, 2018) – The OCC released its bank supervision operating plan for fiscal year (FY) 2019. The plan provides the foundation for policy initiatives and for supervisory strategies as applied to individual national banks, federal savings associations, federal branches,

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federal agencies, and technology service providers. OCC staff members use this plan to guide their supervisory priorities, planning, and resource allocations. Supervisory strategies for FY 2019 focus on: cybersecurity and operational resiliency; commercial and retail credit loan underwriting, concentration risk management, and the allowance for loan and lease losses; Bank Secrecy Act/anti-money laundering compliance management; compliance-related change management to address regulatory requirements; and internal controls and end-to-end processes necessary for product and service delivery. The OCC will provide periodic updates about supervisory priorities through the *Semiannual Risk Perspective* in the fall and spring.

SEC

SEC Press Release 2018-299 (December 20, 2018) – The SEC's Office of Compliance Inspections and Examinations announced its 2019 examination priorities. OCIE publishes its exam priorities annually to promote transparency of its examination program and provide insights into the areas it believes present potentially heightened risk to investors or the integrity of the U.S. capital markets. This year, OCIE's examination priorities are broken down into six categories: (1) compliance and risk at registrants responsible for critical market infrastructure; (2) matters of importance to retail investors, including seniors and those saving for retirement; (3) FINRA and MSRB; (4) digital assets; (5) cybersecurity; and (6) anti-money laundering programs.

SEC Press Release 2018-298 (December 19, 2018) – The SEC announced that it has voted to adopt new Rule 610T of Regulation NMS to conduct a Transaction Fee Pilot in NMS stocks. The pilot will last for up to two years, and the Commission will subsequently announce by notice the commencement dates for data collection and the pilot period. The rule will be published on the Commission's website and in the *Federal Register* and will become effective 60 days from the date of publication in the *Federal Register*. The Commission will subsequently announce by notice the commencement dates for the pre-Pilot, Pilot, and post-Pilot Periods. Approximately one month prior to the beginning of the Pilot Period, the Commission will issue the List of Pilot Securities, which will include the securities in the Pilot and their Test Group assignments.

SEC Press Release 2018-297 (December 19, 2018) – The SEC adopted final rules to allow reporting companies to rely on the Regulation A exemption from registration for their securities offerings. The Commission also made other conforming changes to Regulation A and Form 1-A. The amendments to Regulation A will become effective upon publication in the *Federal Register*.

SEC Press Release 2018-294 (December 19, 2018) – The SEC voted to propose rules requiring the application of risk mitigation techniques to portfolios of uncleared security-based swaps. Proposed Rules 15Fi-3 through 15Fi-5 would establish requirements for registered security-based swap dealers and major security-based swap participants (SBS Entities) with respect to: (1) reconciling outstanding security-based swaps with applicable counterparties on a periodic basis; (2) engaging in certain forms of portfolio compression exercises, as appropriate; and (3) executing written security-based swap trading relationship documentation with each of its counterparties prior to, or contemporaneously with, executing a security-based swap transaction. The Commission will seek public comment on the proposed rules and rule amendments for 60 days following publication in the *Federal Register*.

SEC Press Release 2018-293 (December 19, 2018) – The SEC has adopted Rule of Practice 194. In general, this rule creates a transparent, efficient, and comprehensive process for a registered security-based swap dealer or major security-based swap participant, collectively known as SBS Entities, to apply to the Commission for relief from the statutory disqualification prohibition found in Exchange Act Section 15F(b)(6). Rule of Practice 194 also provides an exclusion for an SBS Entity from the prohibition in Exchange Act Section 15F(b)(6) with respect to associated persons entities, consistent with the CFTC's approach with respect to the statutory prohibition for swap entities. Rule of Practice 194 is effective 60 days after publication in the *Federal Register*. However, the compliance date for the SBS Entity registration rules depends on the adoption of two pending rules, and will be the later of: six months after the date of publication in the Federal Register of a final rule release adopting rules establishing capital, margin and segregation requirements for SBS Entities or the compliance date of final rules establishing recordkeeping and reporting requirements for SBS Entities.

SEC Press Release 2018-289 (December 18, 2018) – The SEC publishes two reports on credit rating agencies showing continued focus on compliance and competition. The report on nationally recognized statistical rating organization examinations summarizes the staff's findings and recommendations within each of the eight review areas required by statute. The annual report on NRSROs discusses the state of competition, transparency, and conflicts of interest among the firms and also identifies applicants for NRSRO registration.

SEC Press Release 2018-269 (November 30, 2018) – The SEC adopted rules and amendments designed to promote research on mutual funds, exchange-traded funds, registered closed-end funds, business development companies, and similar covered investment funds. These changes reduce obstacles to providing research on investment funds by harmonizing the treatment of

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such research with research on other public companies. The Commission took this action in furtherance of the mandate in the FAIR Act of 2017. The rules and amendments generally establish a safe harbor for a broker or dealer to publish or distribute research reports on investment funds under certain conditions. This new safe harbor is similar to a regulatory safe harbor that currently exists for research reports about public companies.

SEC Press Release 2018-253 (November 2, 2018) – The SEC has voted to adopt amendments that will require broker-dealers to disclose to investors new and enhanced information about the way they handle investors' orders. Specifically, the Commission has amended Rule 606 of Regulation NMS to require a broker-dealer, upon a request of a customer who places a "not held" order (e.g., an order in which the customer gives the firm price and time discretion), to provide the customer with a standardized set of individualized disclosures concerning the firm's handling of the customer's orders. The Commission also adopted two exceptions designed to minimize the implementation costs of the new disclosure requirement on the broker-dealer industry, particularly small broker-dealers. The rulemaking also includes enhancements to the quarterly public reports that broker-dealers are already required to publish. The public disclosures must now describe any terms of payment for order flow arrangements and profit-sharing relationships, among other things.

SEC Press Release 2018-246 (October 30, 2018) – The SEC announced that it has voted to propose rule changes designed to improve disclosure for investors about variable annuities and variable life insurance contracts. The proposal is intended to help investors better understand these contracts' features, fees, and risks, and to more easily find the information that they need to make an informed investment decision. The Commission has requested public comment on the proposed rule changes, as well as on hypothetical summary prospectus samples that it has published. The Commission has also published a Feedback Flier that it will use to seek investor input about what improvements would make the summary prospectus easier to read and understand, and what information investors would like to see included. The public comment period will remain open through February 15, 2019.

SEC Press Release 2018-233 (October 11, 2018) – The SEC voted to reopen the comment period and request additional comment (including potential modifications to proposed rule language) on the proposed rules and amendments for capital, margin, and segregation requirements for security-based swap dealers and major security-based swap participants and capital requirements for broker-dealers. The public comment period will remain open for 30 days following publication of the release in the *Federal Register*.

SEC Press Release 2018-214 (September 26, 2018) – The SEC announced that it has voted to propose rule amendments to codify an existing temporary exemption for credit rating agencies registered with the Commission as nationally recognized statistical rating organizations. The amendments proposed by the Commission would codify the existing temporary exemption to Rule 17g-5(a)(3) and clarify the exemption's conditions and would also clarify the conditions applicable to similar exemptions in Exchange Act Rules 17g-7(a) and 15Ga-2 so that the approach among these exemptions remains consistent. Rule 17g-7(a) requires an NRSRO to disclose certain information when it publishes a rating action. Rule 15Ga-2 requires an issuer or underwriter to disclose the findings and conclusions of any third-party due diligence report it obtains with respect to an asset-backed security that is to be rated by an NRSRO. The public comment period will remain open for 30 days following publication of the proposing release in the *Federal Register*.

Available Publication

Federal Reserve Press Release (November 6, 2018) – The Federal Reserve Board on November 9 will publish its inaugural *Supervision and Regulation Report*, which will summarize current banking system conditions and the Board's recent supervisory and regulatory actions. The report will contain quantitative and qualitative information about the current state of the banking system, including aggregate information about the ratings of all holding companies supervised by the Board, as well as trends across firms of all sizes.

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Who's News

Alma Angotti and **Salvatore LaScala** have been promoted to Co-Heads of Global Investigations and Compliance at Navigant.

Patrick Bittner has joined the Hong Kong Monetary Authority (HKMA) as Senior Manager on their Execution team in the Resolution Office. Previously, Patrick was a Senior Counsel at the U.S. Department of the Treasury Office of Financial Research.

David Block, formerly Director & Senior Compliance Officer/Volcker Rule & Treasury Compliance at MUFG Union Bank, has retired after 40 years in the financial services industry. He is now seeking Board opportunities and consulting assignments. Congratulations and best of luck, David.

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Program Update

2019 Securities Compliance Seminar

Registrations are now being accepted for FMA's 28th Securities Compliance Seminar taking place **May 1 – 3** at the Marriott Pompano Beach (on the beach!) in **Fort Lauderdale, Florida**. This annual program is a three-day educational and networking experience for securities compliance professionals, internal auditors, risk managers, attorneys and regulators.

The Planning Committee has been hard at work developing varied agenda topics and confirming noted industry leaders and regulators as speakers. Members include: **Jeffrey Boardman** *(PNC Investments)*; **Steve Brown** *(PwC)*; **Dionne Fajardo** *(Wiand Guerra King P.A.)*; **Thomas Kennedy** *(Bessemer Trust)*; **Paul Murdock** *(MCG Consulting Services)* and **Mark Painter** *(Renaissance Regulatory Services, Inc.)*.

An ebrochure, including the complete agenda, will be distributed later this month and will then be available on the FMA website – ***www.fmaweb.org***. Currently, the working agenda includes these general sessions and confirmed speakers:

Pre-Seminar *Interactive* Workshop: Creating a Culture of Collaborative Compliance

- **Joy Aldridge** — **Compliance Counsel LLC**
- **Christine Kaufman** — **Sierra Pacific Securities, LLC**

Key 2019 Legislative and Regulatory Initiatives

- **Mitchell Atkins** — **FirstMark Regulatory Solutions**
- **Mark Douce** — **Capital One Securities, Inc.**
- **Carl Fornaris** — **Greenberg Traurig, P.A.**
- **Daniel Newman** — **Nelson Mullins Broad and Cassel**

Exploring the Unique Regulatory and Compliance Challenges Faced by Bank Owned Broker-Dealers

- **Jeffrey Holik** — **Matasar Jacobs LLC**
- **Tom Nelli** — **FINRA**
- **Andrew Tino** — **The PNC Financial Services Group, Inc.**

Internal Audit Hot Topics and Emerging Issues/Risks

- **Daniel Johnson** — **Credit Suisse**
- **Keith Keller** — **Grant Thornton LLP**
- **Kevin Kohmann** — **The Huntington National Bank**

RegTech: Compliance Technology

- **Mitch Avnet** — **Compliance Risk Concept**
- **Jeanne Federico** — **Capital One**
- **Kavita Jain** — **FINRA**

Senior Investor Protections

- **Louis Dempsey** — **Renaissance Regulatory Services**
- **Ronald Long** — **Wells Fargo Advisors**
- **Alex Sabo** — **Bressler, Amery & Ross, P.C.**

2-for-1 (Florida in-state attendees only), team and first-timer registration discounts are available.

Regulatory Forum—Banking

- **James Gallagher** — **OCC** *(Invited)*
- **Michael Orange** — **FDIC**
- **Jason Seiler** — **Federal Reserve Bank of Atlanta** *(Invited)*

Understanding and Managing Your Evolving Cybersecurity Risks

- **Ertem Osmanoglu** — **PwC**
- **Michael Wheatley** — **Lincoln Financial Group**
- **Kerry Finegan Zinn** — **Bressler, Amery & Ross, P.C.**

Hot Topics in Portfolio Management and Trading

- **Thomas Kennedy** — **Bessemer Trust**
- **Joseph Mannon** — **Vedder Price**

Cryptocurrency

- **Buddy Doyle** — **Oyster Consulting, LLC**
- **Jordan Maglich** — **Wiand Guerra King P.A.** **(at Quarles & Brady LLP as of 1/18/19)**
- **Scott Masel** — **SEC, Miami Regional Office**

SEC Regulation Best Interest

- **Brad Busscher** — **Incapital LLC**
- **Hillel Cohn** — **Morrison & Foerster LLP**
- **Thomas Grygiel** — **ACA Compliance Group**

Investment Adviser – Current and Emerging Challenges

- **Jeri Dresner** — **SEC, Miami Regional Office**
- **Patricia Flynn** — **INTECH Investment Management LLC**
- **Miriam Lefkowitz** — **Luckystrike Securities**

AML/OFAC

- **Pamela Kwiatkoski** — **PNC Financial Services**
- **Elyse Martin** — **OFAC**
- **Daniel Tannebaum** — **PwC**

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Program Update

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Regulatory Forum—Securities

- **Eric Bustillo** — **SEC, Miami Regional Office** *(Invited)*
- **Cynthia Friedlander** — **FINRA**
- **Lee Kell** — **Florida Division of Securities** *(Invited)*
- **Donald Litteau** — **FINRA**
- **Lanny Schwartz** — **MSRB**

Supervision

- **Carlos Arias** — **U.S. Bancorp Investments**
- **Jay Ludwick** — **Wells Fargo**
- **Melinda Wolfe** — **Kovack Securities**

Informal group dinners, led by dinner captains, will take place Wednesday and Thursday evenings. Let Dorcas Pearce know if you'd like to sign up for these casual networking opportunities. Please note the cost is not included in the registration fee…everyone will be on their own.

FMA's room block at the Marriott expires **April 9**. After that date, room rates will increase and there's also a chance the block could sell out well before then. Click here to make a reservation – **Book your group rate for FMA Seminar 2019** (OR copy and paste this link into a web browser – https://www.marriott.com/meeting-event-hotels/group-corporate-travel/groupCorp.mi?resLinkData=FMA%20Compliance%20Seminar%202019%5Efllpm%60fmafmaa%7Cfmafmab%7Cfmafmac%60155.00-209.00%60USD%60false%604%604/30/19%605/6/19%604/9/19&app=resvlink&stop_mobi=yes. You can also call 954/782-0100 (main hotel #) or 855/954-4683 (reservations call center) — *mention "FMA Seminar"* when making your reservation to get FMA's low group rate of $209. Once the block is gone, contact Dorcas Pearce. FMA may have a few rooms in reserve at the group rate that will be given out on a first-come, first-served basis.

Register today for this important spring conference – CPE / CLE accreditation and multiple registration discounts (team / first-timer / Florida in-state) are available. Contact Dorcas Pearce at ***dp-fma@starpower.net*** or 202/544-6327 with questions and/or to register. Online registration is also available at ***www.fmaweb.org***.

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Pre-Seminar Workshop

Creating a Culture of Collaborative Compliance – Blending Compliance, Audit, Risk Management & Legal for Maximum Effect and Minimal Risk

Joy Aldridge (Compliance Counsel LLC); and **Christine Kaufman** (Sierra Pacific Securities, LLC) will lead an *optional* two-hour pre-seminar *interactive workshop*, "**Creating a Culture of Collaborative Compliance**", on Wednesday, May 1 from 8:30–10:45 am. This workshop will focus on the sweet spot where **C**ompliance, **A**udit, **R**isk **M**anagement and **L**egal come together to create a sum greater than the parts. Discussion leaders will share experiences and solicit feedback on these topics to form a plan for achieving a successful, collaborative risk management approach.

Although no additional registration fee will apply, **space is limited and pre-registration is required**. Contact Dorcas Pearce at *dp-fma@starpower.net* or 202/544-6327 for details and/or to register.

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FMA gratefully acknowledges these sponsors of FMA's 2019 Securities Compliance Seminar

Hardin Compliance Consulting LLC

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Program Update

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2018 Legal and Legislative Issues Conference

FMA's 27th **Legal & Legislative Conference took place October 18–19** at the Washington Marriott Georgetown Hotel in Washington, DC. This annual program is a high-level forum for banking and securities attorneys as well as senior compliance officers/risk managers, internal auditors and regulators. The two-day event provided participants with a unique opportunity to share information on current legal and regulatory developments as well as network with peers in an intimate environment. And, **attendees were eligible for CLE and CPE accreditation (among others)**.

Congratulations to the Program Planning Committee for developing a timely agenda that included noted industry leaders and senior regulatory officials. Members included: **Mark Carberry** *(J.P. Morgan)*; **Daniel Kearney** *(WilmerHale)*; **William Mack** *(Greenberg Traurig, LLP)*; **Barbara Mendelson** *(Morrison & Foerster LLP)*; **Curtis Tao** *(Citigroup)* and **Joseph Vitale** *(Schulte Roth & Zabel LLP)*.

The agenda, which focused on current areas of regulatory and Congressional activity/scrutiny, included these sessions and noted speakers:

Banking General Counsels
- **Ted Dowd** — **OCC**
- **Laurie Schaffer** — **FRB**
- **Charles Yi** — **FDIC**

Reexamining Dodd-Frank
- **Daniel Crowley** — **K&L Gates LLP**
- **Michael Halloran** — **Halloran Farkas + Kittila LLP**
- **John Ivan** — **Capital Forensics, Inc.**
- **Daniel Kearney** — **WilmerHale**

Cryptocurrency, Blockchain and Fintech: Innovation and Regulation
- **Elijah Alper** — **Capital One**
- **Gary DeWaal** — **Katten Muchin Rosenman LLP**
- **Daniel Gorfine** — **CFTC**
- **Jordan Milev** — **NERA Economic Consulting**

Recent Banking and Securities Enforcement Actions and Litigation
- **Sharon Brown-Hruska** — **NERA Economic Consulting**
- **Mark Carberry** — **J.P. Morgan**
- **Melissa Hodgman** — **SEC**
- **Gretchen Lowe** — **CFTC**
- **Michael Spafford** — **Paul Hastings LLP**
- **Jeremiah Williams** — **Ropes & Gray LLP**

Understanding and Managing Your Evolving Cybersecurity Risks – The State of Play
- **Jennifer Archie** — **Latham & Watkins LLP**
- **Jim Pastore** — **Debevoise & Plimpton LLP**
- **Cal Waits** — **Citibank**

Derivatives: Market Rebounds and Refinements in Regulation
- **Paul Architzel** — **WilmerHale**
- **Julian Hammar** — **Morrison & Foerster LLP**
- **Ananda Radhakrishnan** — **American Bankers Association**
- **Maggie Sklar** — **CFTC**

Securities General Counsels
- **Daniel Davis** — **CFTC**
- **Marie-Louise Huth** — **SEC**
- **Anne Joves** — **National Futures Association**
- **Lanny Schwartz** — **MSRB**
- **Thomas Selman** — **FINRA**

SEC Division Reports
- **Michele Anderson** — **Corporation Finance**
- **Anita Bandy** — **Enforcement**
- **John Polise** — **OCIE**
- **Christian Sabella** — **Trading and Markets**
- **Sarah ten Siethoff** — **Investment Management**

Privacy Law: Impact on Financial Institution Operations
- **Nancy Perkins** — **Arnold & Porter Kaye Scholer LLP**
- **Kim Roberts** — **King & Spalding International LLP**

Thanks to all the committee members, speakers, moderators and attendees for their participation at this annual fall conference.

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FMA gratefully acknowledges these sponsors of FMA's 2018 Legal and Legislative Issues Conference

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Program Update

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2019 Legal and Legislative Issues Conference

FMA's 28th **Legal and Legislative Issues Conference** will take place next fall here in Washington, DC. Dates and hotel and now being finalized. Further information will appear in future issues of *Market Solutions.*

Contact Dorcas Pearce (***dp-fma@starpower.net*** or 202/544-6327) to volunteer…as a committee member, moderator or speaker…or to offer topical and/or speaker suggestions.

CPE / CLE accreditation (among others) will be available, so be sure to budget for, and plan to attend, the 28th annual Legal and Legislative Issues Conference next fall.

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Who's News

Continued from Page 21

Kathryn Dick has joined USAA as SVP – Risk Governance and Regulatory Strategy. Previously, Kathy was a Managing Director at Promontory Financial Group, LLC.

Marc-Alain Galeazzi has been elected a Partner at Morrison & Foerster LLP.

Mary Giconi has joined Fort Pitt Capital Group as Chief Compliance Officer. Previously, Mary was a Compliance Specialist at Hardin Compliance Consulting, LLC.

Gary Goldsholle has joined Steptoe & Johnson LLP as a Partner in the firm's Financial Services, Public Policy, and Blockchain and Cryptocurrency practices. Previously, Gary was Deputy Director and Senior Advisor at the SEC's Division of Trading and Markets.

Jorge Gonzalez has been promoted to International Control Strategy and Transformation Leader at Wells Fargo.

Jonathan Gould has been named Senior Deputy Comptroller and Chief Counsel at the OCC. Mr. Gould joins the OCC from the U.S. Senate Committee on Banking, Housing, and Urban Affairs, where he served as Chief Counsel. He assumed his duties on December 24, 2018.

Stephanie Hanayik has joined PNC as Vice President, Compliance Program Group Manager within Enterprise Compliance. Previously, Stephanie was CCO at MarshBerry Capital, Inc. and MarshBerry Wealth Management LLC.

Tony Haynes has joined American Century Investments as a Trading Operations Specialist at American Century Investments. Previously, Tony was a Branch Manager at Scottrade.

Anne Joves has joined the National Futures Association as Associate General Counsel. Previously, Anne was Senior Director, Associate General Counsel for Technology and Operations at CME Group.

Daniel Kahl has been named Deputy Director of the SEC's Office of Compliance Inspections and Examinations. He has served as OCIE's Chief Counsel since February 2016 and will continue to serve as Chief Counsel while also assuming this additional leadership role. As a Deputy Director, Mr. Kahl, together with current Deputy Director Kristin Snyder, will oversee many of OCIE's strategic initiatives, as well as advise OCIE's leadership on legal, strategic, and policy matters regarding the agency's National Exam Program.

Anthony S. Kelly has joined Dechert LLP as Partner. Previously, Anthony was Co-Chief of the SEC Enforcement Division's Asset Management Unit.

Nicole Kukuy has joined Hilton as an Analyst, Hotel Accounting. Previously, Nicole was Manager of Financial Reporting at Renaissance Regulatory Services.

Mark Lasswell recently joined Ameriprise as a Vice President in its compliance group, supporting Ameriprise's advice and wealth management businesses. Previously, Mark was CCO at Securities America.

Kelley O'Mara has joined the Federal Reserve Board as Senior Attorney, Banking Regulation & Policy Group, Legal Division. Previously, Kelley was an Associate in the Financial Institutions Group at Davis Polk & Wardwell LLP.

Ann Robinson has joined Farmers Financial Solutions as Director of Operations. Previously, Ann was SVP/Business Development at RegEd.

Kevin Rosen has joined Deloitte as a Senior Advisory Manager in their Cybersecurity practice. Previously, Kevin was a Partner at Shutts & Bowen LLP.

Edwige Sacco has been promoted to Partner at KPMG.

Ignacio Sandoval has been promoted to Partner at Morgan, Lewis & Bockius LLP.

Patrick Vennetti has joined the Family Recovery Center as Chief Financial Officer. Previously, Patrick was an Accounting Manager and Internal Audit Manager at Atlas Energy/Titan Energy/Atlas Growth Partners.

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Who's News

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Chris Walmsley was appointed to the role of Managing Director and Head of U.S. Capital Markets Law Group at RBC Capital Markets, LLC.

Carolyn Walsh has joined Montclair Derivatives Consulting as Principal and is now residing in Dublin, Ireland. Previously, Carolyn was a Partner at Steptoe & Johnson LLP.

Mark E. Wolfe has been named Associate Director of the Office of Derivatives Policy and Trading Practices in the SEC's Division of Trading and Markets.

Michael Yaeger has joined Carlton Fields as a shareholder in its New York office. Michael is a litigator whose practice focuses on government investigations and cybersecurity matters, as well as related regulatory issues and civil litigation. He also advises a wide-range of financial services companies – including payments companies, banks, and investment advisers – on their cybersecurity policies and related contracts. Michael joins Carlton Fields from Schulte Roth & Zabel in New York, where he developed and led the firm's data breach response practice.

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Thanks to all FMA 2018 Sponsors

Morrison & Foerster LLP
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