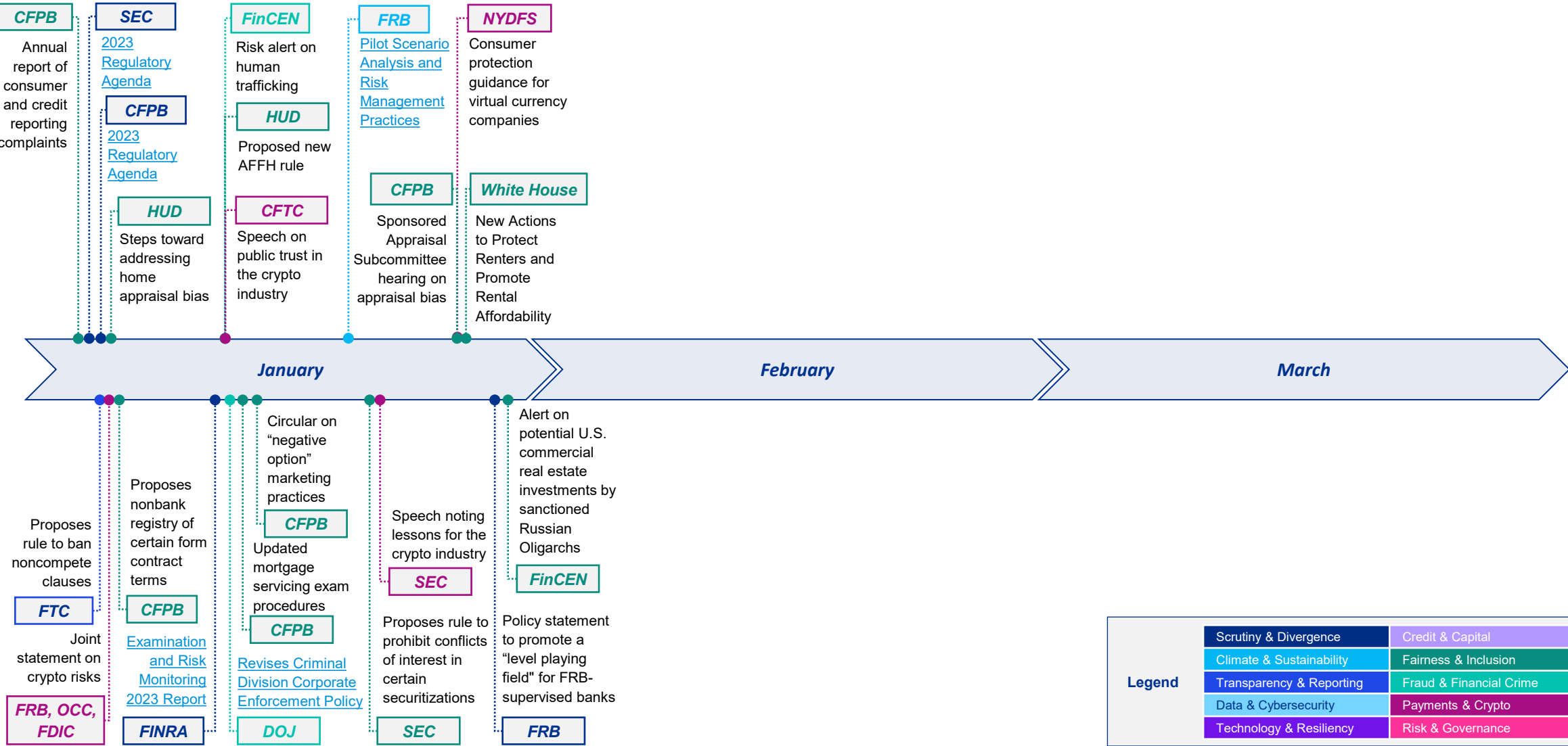


Regulatory Insights: January 2023



Legend	Scrutiny & Divergence	Credit & Capital
	Climate & Sustainability	Fairness & Inclusion
	Transparency & Reporting	Fraud & Financial Crime
	Data & Cybersecurity	Payments & Crypto
	Technology & Resiliency	Risk & Governance



Regulatory Insights: January 2023

Examination and Risk Monitoring: FINRA 2023 Report



FINRA published its 2023 [Report on FINRA's Examination and Risk Monitoring Program](#), providing insights into findings from recent oversight activities and covering twenty-four (24) topics across five (5) key areas (including, i) Financial Crimes, ii) Firm Operations, iii) Communications and Sales, iv) Market Integrity, and v) Financial Management).

KPMG Insights

Firms should consider FINRA's report in concert with similar releases by the SEC on its examination findings and priorities as well as anticipated rulemakings under its 2023 regulatory agenda.

Climate Risk: FRB's Pilot Scenario Analysis and Risk Management Practices



FRB published [Participant Instructions](#) for the six large U.S. banks participating in its pilot climate scenario analysis (CSA) exercise, which was initially announced in September 2022 (see KPMG Regulatory Alert, [here](#)). The document provides details, highlighted below, on how the FRB will conduct the exercise and the information on risk management practices that will be gathered.

KPMG Insights

The issuance is meant to both provide transparency of the FRB's approach, as well as clearly set expectations for all financial institutions regardless of size in areas to strengthen quantitative climate analysis (both physical and transitional). The FRB is clear that scenario analysis will be an important mechanism to assess risk exposures, and it is anticipated that model capabilities will expand (beyond limited pilot parameters) to other credit portfolios, geographies, etc. in time.

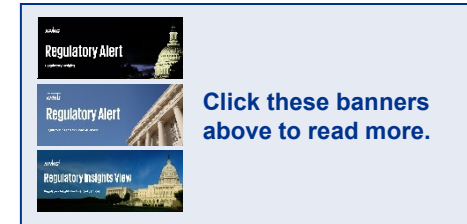
DOJ Revises Criminal Division Corporate Enforcement Policy



DOJ [announced](#) the "first significant changes" to the Criminal Division's (the Division) Corporate Enforcement Policy (CEP) since 2017 which expand on previous policies announced in September 2022 (see KPMG Regulatory Alert, [here](#)) that introduced a "mix of incentives and deterrence" to enhance corporate ethics and compliance in the areas of individual accountability, history of misconduct, voluntary self-disclosure, independent compliance monitors, and culture.

KPMG Insights

Companies should review the recent revisions to DOJ's approach for addressing corporate ethics and compliance. Further, companies should ensure appropriate investment in their compliance function (people, process, and technology) to prevent, detect, and timely respond to misconduct as well as to provide demonstrable reporting of issues identification, notification, escalation, and resolution/remediation.



Regulatory Insights: January 2023

SEC Regulatory Agenda



The SEC released its Fall 2022 [Regulatory Agenda](#), with several notable planned final and proposed rulemakings anticipated to have a 2023 release date.

KPMG Insights

SEC has reviewed a multitude of comments letters, reopened certain comment periods (to ensure comments from all interested parties were received following a “technological error”), and in some cases coordinated with other regulatory bodies and standards setters (e.g., ISSB, CFTC). Many long-anticipated rules now have target agenda dates of April 2023. Some industry participants remain concerned that both the pace and breadth of the regulatory issuances will create operational and compliance challenges.

CFPB Regulatory Agenda



CFPB released its Fall 2022 [Regulatory Agenda](#) detailing planned final and proposed rulemakings as well as other relevant regulatory activity targeted for release during 2023.

KPMG Insights

The agenda shows CFPB’s continuing focus on fees with anticipated future rulemaking activity related to overdrafts, insufficient funds, and credit card penalties, as well as small business lending data and consumer financial data rights.

Regulatory Insights View: ESG Risk Practices



The focus and scrutiny on ESG-related risk and compliance is intensifying across regulatory agencies, fostering strong expectations for organizations to establish appropriate ESG risk and compliance programs. Can you say today that your organization has an effective risk and compliance program for ESG? If not, why?

KPMG Insights

This blog discusses KPMG perspectives on common challenge areas where organizations need to focus to build and/or mature their coverage. Topics include:

- Developing an ESG risk framework that sets the standards for ESG initiatives and accountabilities as well as how to measure associated risks
- Strengthening (and documenting) ESG data governance and controls
- Demonstrating ESG risk and compliance coverage across risk pillars
- Inventorying and assessing regulatory expectations/requirements
- Building an effective ESG risk and compliance assessment and monitoring program that is inclusive of the organization’s various ESG initiatives

