

Summaries of key Laws and Regulations Affecting Banking Industry

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Laws and regulations	Summary
Fair and Accurate Credit Transactions Act of 2003	Enhances consumer protection against and knowledge of credit/identity theft, improves procedures for clearing identity theft victims' credit history.
Check Clearing for the 21st Century Act (Check 21)	Requires the acceptance of substitute checks printed from the digital image of an original check. Contains provisions for expedited recredit.
Sarbanes-Oxley Act (SOX)	Designed to fight corporate corruption, it has tighter reporting requirements, including internal controls on financial reporting systems. Requires CEO and CFO to sign-off financial reports.
USA PATRIOT Act	Provisions affecting banking institutions are formally amendments to the Bank Secrecy Act. Details new filing and reporting requirements, including additional due diligence and storage/archiving responsibilities.
Gramm-Leach-Bliley Act of 1999	Although GLBA covers a broad measure of reform in financial services regulation, the main area of concern covers consumer privacy protection and requires FSIs to have a written security policy protecting customer personal information.
Basel II Accord	Proposal for a New Capital Adequacy Framework to replace the 1988 Accord

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	<p>consists of three pillars: minimum capital requirements, which seek to refine the standardized rules set forth in the 1988 Accord; supervisory review of an institution's internal assessment process and capital adequacy; and effective use of disclosure to strengthen market discipline as a complement to supervisory efforts.</p>
Fair Credit Report Act of 1971	<p>Recently amended by the FACT Act, it provides protections for consumers and restricts the use of credit information by agencies.</p>
Bank Secrecy Act of 1970	<p>Created to track illegal activity through financial transactions and requires financial institutions to keep records of transactions in currency amounts over \$3,000 and report to IRS transactions valued over \$10,000.</p>
International Financial Reporting Standards / International Accounting Standards (IFRS/IAS)	<p>IFRS along with the IAS are a set of accounting standards. IFRS are considered a 'principles-based' set of standards, in that they establish broad rules rather than dictating specific treatments.</p>
Market in Financial Instruments Directive (MiFID)	<p>This is the new regulatory framework from the European Commission for the replacement of the Investment Services Directive (ISD), which has been in place since 1993. MiFID focuses on two paramount objectives: market transparency and protection for the retail investor. Therefore, a single passport across the EU should be implemented in order to establish a single world-class financial marketplace within the EU. Investment companies that will have been authorized to operate within one regulatory jurisdiction in</p>

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	Europe will do so across all EU jurisdictions.
Regulation National Market System (Reg NMS)	The Securities and Exchange Commission (SEC) proposed on February 26, 2004, Regulation NMS, which is intended to modernize the regulations governing the US equity markets to better address current market conditions. The National Market System (NMS) was created in the 1970s under Section 11A of the Securities Exchange Act of 1934 (Exchange Act), which grants the SEC rulemaking authority to assure equal regulation of all markets for NMS securities.

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