

Cabinet News and Views

Informed analysis for the financial services industry



Regulatory Quick Takes



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The financial services regulatory agencies have rolled into 2024 as busy as ever. This list hits on some quick takes of developments in the last month; a summit, a meeting and a symposium involving hot topics such as artificial intelligence ("AI"), tokenization and digital assets; and also the announcement of comment period extensions for proposed rules and guidance.

- The Commodity Futures Trading Commission ("CFTC") held a [Technology Advisory Committee meeting on January 8th](#) where they addressed several technology-related topics including "White House Executive Order on the Safe, Secure, and Trustworthy Development and Use of AI", "U.S. Government Efforts to Modernize Federal Cyber Defenses", "Understanding the Implications of AI on Financial Markets", and a "Presentation by the Subcommittee on Digital Assets and Blockchain Technology." The CFTC also typically prepares a report following these meetings, identifying their priorities on these topics, moving forward.
- The Federal Trade Commission ("FTC") is holding an [FTC Tech Summit Thursday, January 25th, focused on AI](#). The summit features four panels including speakers from industry, government, academia and public interest on "AI & Chips and Cloud", "AI & Data and Models", and "AI & Consumer Applications." Typically the FTC will prepare a report some months following these summits that summarizes their learnings from the event, and in the meantime, it is useful to read press coverage of the summit.
- The Office of the Comptroller of the Currency ("OCC") will be holding a [symposium on the Tokenization of Real-World Assets and Liabilities on February 8th](#), which includes panels on "Legal Foundations for Digital Asset Tokens", "Academic Papers on Tokenization", "Tokenization Use Cases", "Risk Management and Control Considerations", and a Regulator Panel that includes speakers from the OCC, CFTC, Fed and SEC. As with other conferences held by agencies, the OCC will typically prepare a report on this

symposium some months afterwards, but it is useful to follow press coverage of the event, in the meantime.

- The Securities and Exchange Commission ("SEC") on January 19th issued a ["Staff Statement on Rule 6c-11\(c\)\(1\)\(i\)\(C\) Regarding Description of Foreign Currency Holdings"](#) which provided views regarding exchange-traded funds ("ETFs") and how they should disclose foreign currency holdings on their websites, so that they can comply with the daily portfolio holdings disclosure requirements of the referenced rule. The statement states that they are "requiring the ETF to provide a brief description of the investment to allow an investor to effectively hedge the ETF" whenever the foreign currency holding has not also been assigned a ticker, CUSIP or other identifier. Finally, the staff commented that they believe that using the descriptor "cash" for these foreign currency holdings "is not an appropriate 'description of [the] holding' under the rule because it does not provide a retail investor or market participant with enough information to understand the ETF's foreign currency holdings."
- The SEC, on January 24th, also [adopted final rules regarding IPOs conducted by special purpose acquisition companies \(SPACs\) and in subsequent business combination transactions between SPACs and target companies \(de-SPAC transactions\)](#). While we will provide a more in-depth discussion of this final rule, the quick hits are that the final rules requires additional disclosures, may require the target company in a de-SPAC transaction to be a co-registrant with the SPAC, deems certain transactions involving reporting shell companies and SPACs to be a sale of securities, and makes certain changes such that the treatment of projections in de-SPAC transactions are better aligned with traditional IPOs. Commissioner Hester M. Peirce filed a [vehement dissent](#).
- The Federal Reserve [announced on January 22nd](#) that they would be extending the timeline for comments to be submitted regarding their [interchange fee proposal](#) to May 12, 2024. The original deadline was February 12, 2024.
- The Fed and the Federal Deposit Insurance Corporation ("FDIC") [announced on January 17th](#) that they are extending the resolution plan submission deadline for certain large financial institutions until March 31, 2025, instead of July 1, 2024. This change is likely the result of the agencies' review of comments received in response to their [proposed guidance for how the resolution plans of these financial institutions should be written](#). While the comment period ended November 30, 2023, the agencies have not yet issued final guidance.
- On December 22, 2023, [the Department of the Treasury issued a request for information \("RFI"\) regarding public input on the issue of financial inclusion](#). Comments may be submitted in response to this RFI through February 20th. The RFI asks for responses on such questions as how organizations define financial inclusion, what parameters are used in the organization to define things that in or out of scope of financial inclusion, what features of the financial institution constitute barriers to financial inclusion, how financial inclusion efforts should be gauged and measured, and what actions could be taken to promote financial inclusion more broadly.

- On January 8th, the OCC [announced its inflation adjustments for civil money penalties](#), using the multiplier provided by the Office of Management and Budget, which was 1.03241.
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