



BITS

FINANCIAL SERVICES
R O U N D T A B L E

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BITS RELEASES GROUNDBREAKING STUDY ON REGULATORY OVERLAP IN U.S.

WASHINGTON, D.C., October 11, 2005. BITS, a non-profit consortium of 100 of the largest financial institutions in the United States, and its sister organization, The Financial Services Roundtable, released a major study today on the impact of inefficient compliance processes and overlapping regulatory requirements affecting the financial services industry. Overlap among requirements is impeding efficiency and raising costs for financial institutions and regulators.

“Maintaining safety and soundness within a balanced framework of judicious and effective regulatory guidance is a goal that financial institutions and regulators all share,” said Thomas A. Renyi, Chairman and Chief Executive Officer of The Bank of New York and current chair of the BITS Committee. “This study will help increase the efficiencies and achieve the intended goals of the regulatory framework.”

The study, *Reconciliation of Regulatory Overlap for the Management and Supervision of Operational Risk in U.S. Financial Institutions: Improving Compliance Efficiencies by Minimizing Redundancy*, identifies overlapping regulatory requirements contained in The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA); The Gramm-Leach-Bliley Act of 1999 (GLBA); The Sarbanes-Oxley Act of 2002 (SOX); and The Proposed Basel II Accord, July 2003. Beyond identifying the overlaps, the study offers specific ways for regulated entities to decrease redundancy in their compliance processes. The study was sponsored by The Financial Services Roundtable’s Anthony T. Cluff Fund with oversight from the BITS Operational Risk Working Group, which includes representatives from over 65 BITS member firms. KPMG was commissioned to complete the study.

“Work completed by KPMG on behalf of the BITS and Roundtable membership is a first step in an iterative process,” said Hugh Kelly, Partner, KPMG and leader of the study project. “The financial services industry can’t effect industry-wide change without input from the regulators. The study made the case for collective change, shared a range of perspectives, and took the first steps toward forming an actionable plan that considers the interests of all stakeholders.”

“In many cases, financial institutions—pressured to find timely solutions—build stand-alone processes for each new set of regulations. The result is numerous redundant and duplicative processes,” noted Christine Brick, Vice President of Enterprise Governance Regulatory Consulting and Coordination for Wells Fargo & Company and member of the BITS Operational Risk Work Group and Core Team.

BITS hosted a Forum in April of 2005 on the issue of reconciling operational risk compliance, assembling an audience of senior financial services risk managers and their regulatory peers. Heads of Supervision from the Federal Reserve Board, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Commission and the Security and Exchange Commission joined in panel discussions to discuss redundant regulatory processes and potential solutions.

“Regulators want to learn from industry’s experience and cooperate wherever possible in rationalizing the approach to examinations. Financial institutions are not alone in their need for enterprise risk management. Regulators acknowledge parallel concerns and an interest in ongoing review. The work commissioned by BITS sets an excellent foundation for further discussion among regulators and financial institutions,” stated Scott Albinson, Managing Director, Examinations, Supervision, and Consumer Protection for the Office of Thrift Supervision.

“Going forward, the study’s value will come from cooperative efforts—not only among financial institutions, but between the industry and its regulators,” said Catherine A. Allen, CEO of BITS. “Success won’t be achieved in a vacuum. BITS is proud to be part of a cross-industry effort with the cooperation of the regulatory community. We look forward to supporting the industry’s ongoing work in the critical area of regulatory compliance.”

Media Availability:

There will be a media availability on the study at 8:30A.M., Tuesday, October 11, 2005 at The Financial Services Roundtable – BITS offices at 1001 Pennsylvania Avenue, NW, Suite 500 South, Washington, DC 20004. A dial-in conference number is also available. For more information, please contact Shannon Finney at (202) 589-2422 or Shannon@fsround.org.

About BITS

BITS, the business strategy and technology division of The Financial Services Roundtable, was created in 1996 to foster the growth and development of electronic financial services and e-commerce for the benefit of financial institutions and their customers. A nonprofit industry consortium that shares membership with The Financial Services Roundtable, BITS seeks to sustain consumer confidence and trust by ensuring the security, privacy and integrity of financial transactions. BITS works as a strategic brain trust to provide intellectual capital and address emerging issues where financial services, technology and commerce intersect, acting quickly to address problems and galvanize the industry. BITS’ activities are driven by the CEOs and their appointees—CIOs, CTO, Vice Chairman and Executive Vice President.—who make up the BITS Advisory Board and Council.

About The Financial Services Roundtable

The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$40.7 trillion in managed assets, \$960 billion in revenue, and 2.3 million jobs.

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