Monday, September 24, 2018

Top 10 risk and compliance related news stories and world events that (for better or for worse) shaped the week's agenda, and what is next

Dear members and friends,

The word deepfake is derived from the words “deep” and “fake”. Using artificial intelligence and modern technology, everybody can swap celebrities' faces into porn videos, and put words in politicians' mouths.

Anything else? Yes, it can be much worse. Fake videos or audio recordings that look and sound just like the real ones, can be used in disinformation operations and social engineering. Only imagination is the limit.

In classical conditioning, two stimuli can be linked together to produce a response. Developing patterns of stimulus and response can dramatically affect the population.

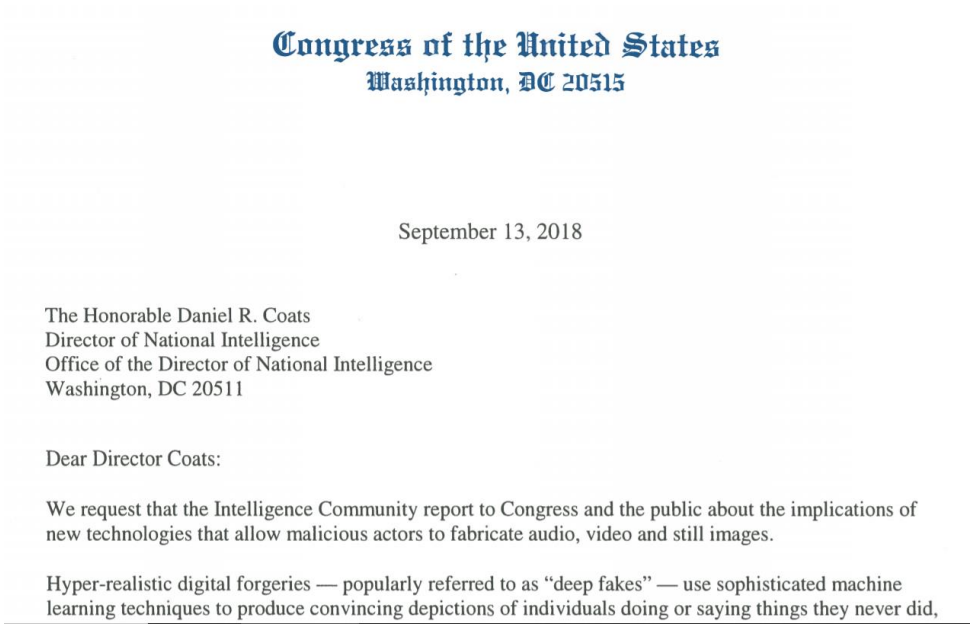
During the 1890s, Ivan Pavlov observed the salivation in dogs, in response to being fed. But his dogs could begin to salivate whenever he entered the room, even when he was not bringing them food.

Pavlov decided to use a bell as a stimulus. When he gave food to his dogs, he also rang a bell. After some time, the bell on its own caused an increase in salivation.

Pavlov's dog had learned an association between the bell and the food, and a new behaviour had been learned.

Deepfakes can exploit patterns of stimulus and response. Just like the association between the bell and the food, we can have associations between deepfake emergency alerts and responses.

In an interesting letter, Rep. Adam Schiff (D-Calif.), Rep. Stephanie Murphy (D-Fla.) and Rep. Carlos Curbelo (R-Fla.) express their deep concern that deepfake technology could be deployed by malicious foreign actors. They asked the Director of National Intelligence, Dan Coats, to examine the matter. This is an interesting letter:



Congress of the United States
Washington, DC 20515

September 13, 2018

The Honorable Daniel R. Coats
Director of National Intelligence
Office of the Director of National Intelligence
Washington, DC 20511

Dear Director Coats:

We request that the Intelligence Community report to Congress and the public about the implications of new technologies that allow malicious actors to fabricate audio, video and still images.

Hyper-realistic digital forgeries — popularly referred to as "deep fakes" — use sophisticated machine learning techniques to produce convincing depictions of individuals doing or saying things they never did,

Read the letter at:
https://schiff.house.gov/imo/media/doc/2018-09%20ODNI%20Deep%20Fakes%20letter.pdf

This is a very interesting development. Welcome to the Top 10 list.

Best Regards,

George Lekatis

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Number 1 (Page 8)

Department of Commerce Launches Collaborative *Privacy* Framework Effort

NIST Will Hold Public Workshop on Oct. 16, 2018

NIST
National Institute of Standards and Technology
U.S. Department of Commerce

Innovative technologies such as the "internet of things" (IoT) and artificial intelligence enhance convenience, efficiency and economic growth.

At the same time, these and other technologies increasingly require complex networking environments and use detailed data about individuals that can make protecting their privacy harder.

To help meet this challenge, the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) announced that it has launched a collaborative project to develop a voluntary privacy framework to help organizations manage risk.

Number 2 (Page 10)

European banking supervision - towards a common culture

Sabine Lautenschläger, Member of the Executive Board of the European Central Bank and Vice-Chair of the Supervisory Board of the European Central Bank, at the Eurofi Financial Forum 2018, Vienna.

"Since 2014, we have made huge steps towards establishing a truly European system of banking supervision and embracing a common supervisory culture.

Does this mean nothing more needs to be done? Not quite. For a fully-fledged common culture you need to have three things."

Number 3 (Page 12)

Senate Select Committee on Intelligence Hearing on "Foreign Influence Operations' Use of Social Media Platforms"

Kent Walker, Senior Vice President, Global Affairs & Chief Legal Officer, Google - Written Congressional Testimony

"We believe that we have a responsibility to prevent the misuse of our platforms and we take that very seriously.

Google was founded with a mission to organize the world's information and make it universally accessible and useful.

The abuse of the tools and platforms we build is antithetical to that mission."

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Volatility spikes underline fragilities and risks to EU securities markets and investors

European Union (EU) securities markets, infrastructures and investors face new risks in the form of high volatility, the European Securities and Markets Authority (ESMA) said in its latest Trends, Risks, and Vulnerabilities (TRV) Report (No 2, 2018).

ESMA also re-iterated its concerns about cyber risk and Brexit risks for business operations.

The TRV, which covers the first half of 2018, finds that overall risk levels for the EU's securities markets remained stable but at high levels for most risk categories.

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Joint Committee report on risks and vulnerabilities in the EU financial system, September 2018

Risks that abruptly increasing yields generate substantive asset price volatility and lead to losses across asset classes remain imminent and high.

Financial markets experienced a return of market volatility in the first half of 2018 with corresponding episodes of sharp equity price declines and a sizable widening of sovereign and corporate bond spreads.

Number 6 (Page 18)

The future of work

Mark Carney, Governor of the Bank of England, at the Central Bank of Ireland, Dublin.

"It is a pleasure to deliver this lecture in honour of TK Whitaker.

Whitaker's career in public policy spanned a period of profound structural change in the Irish economy. In 1956, when he became Secretary of the Department for Finance, the Irish economy was isolated and uncompetitive.

Growth in output per capita was lagging the rest of Europe and the steady tide of emigration was gradually shrinking the population.

By the time Whitaker's career drew to a close, the Celtic Tiger was roaring: Ireland had caught up with even the most prosperous nations in the EU, GDP growth was averaging over 5%, and the population had increased by two-thirds as emigration switched to immigration."

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After the storm - ten years on, how weatherproof is the Swiss banking system today?

Fritz Zurbrügg, Member of the Governing Board of the Swiss National Bank, at the University of Lucerne.

"Almost exactly ten years ago, on 15 September 2008, Lehman Brothers, the fourth-largest US investment bank at the time, filed for bankruptcy.

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Board of Governors of the Federal Reserve System
Commodity Futures Trading Commission
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Securities and Exchange Commission

Five federal financial regulatory agencies on Tuesday extended until October 17, 2018, the comment period for a proposed rule to simplify and tailor compliance requirements for the "Volcker rule."

The Volcker rule generally restricts banking entities from engaging in proprietary trading and from owning or controlling hedge funds or private equity funds.

Number 9 (Page 24)

Draft Cybersecurity Practice Guide: Protecting the Integrity of Internet Routing

NIST
National Institute of Standards and Technology
U.S. Department of Commerce

It is difficult to overstate the importance of the internet to modern business and to society in general.

The internet is essential to the exchange of all manner of information, including transactional data, marketing and advertising information, remote access to services, entertainment, and much more.

The internet is not a single network, but rather is a complex grid of independent interconnected networks.

Number 10 (Page 26)

Lehman anniversary

Overview: global financial crisis spurs unprecedented policy actions

BANK FOR INTERNATIONAL SETTLEMENTS

Financial stability concerns took centre stage once again over the period between end-August and end-November.

In the wake of the mid-September failure of Lehman Brothers, global financial markets seized up and entered a new and deeper state of crisis.

As money market funds and other investors were forced to write off their Lehman-related investments, counterparty concerns mounted in the context of large-scale redemption-driven asset sales.

Number 1

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At the same time, these and other technologies increasingly require complex networking environments and use detailed data about individuals that can make protecting their privacy harder.

To help meet this challenge, the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) announced that it has launched a collaborative project to develop a voluntary privacy framework to help organizations manage risk.

"We've had great success with broad adoption of the NIST Cybersecurity Framework, and we see this as providing complementary guidance for managing privacy risk," said Under Secretary of Commerce for Standards and Technology and NIST Director Walter G. Copan.

"The development of a privacy framework through an open process of stakeholder engagement is intended to deliver practical tools that allow continued U.S. innovation, together with stronger privacy protections."

The envisioned privacy framework (https://www.nist.gov/privacy-framework) will provide an enterprise-level approach that helps organizations prioritize strategies for flexible and effective privacy protection solutions so that individuals can enjoy the benefits of innovative technologies with greater confidence and trust.

Parallel with this effort, Commerce's National Telecommunications and Information Administration is developing a domestic legal and policy approach for consumer privacy in coordination with the department's International Trade Administration to ensure consistency with international policy objectives.

To collect input from stakeholders, NIST will kick off the effort with a public workshop on Oct. 16, 2018, in Austin, Texas—in conjunction with the International Association of Privacy Professionals' Privacy. Security. Risk. 2018 conference.

Good cybersecurity practices are central to managing privacy risk but are not sufficient. According to NIST's description of the new project, organizations need access to additional tools to better address the full scope of privacy risk.

"Consumers' privacy expectations are evolving at the same time that there are multiplying visions inside and outside the U.S. about how to address privacy challenges," said NIST Senior Privacy Policy Advisor and lead for the project, Naomi Lefkovitz.

"NIST's goal is to develop a framework that will bridge the gaps between privacy professionals and senior executives so that organizations can respond effectively to these challenges without stifling innovation."

The Austin public workshop is the first in a series planned to collect current practices, challenges and needs in managing privacy risks in ways that go beyond common cybersecurity practices.

Over the coming year, through these workshops and other outreach efforts, said Lefkovitz, "we want to gather the best ideas from many stakeholders so that the privacy framework tool we develop is useful and effective for a wide range of organizations."

NIST has also posted an overview of the development schedule for this framework. To learn more, and to register for the Austin public workshop, visit the event website by Oct. 9, 2018.

The workshop will be recorded and shared on the Privacy Framework website.

NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards and technology in ways that enhance economic security and improve our quality of life.

NIST is a non-regulatory agency of the U.S. Department of Commerce. To learn more about NIST, visit www.nist.gov.

To read more:
https://www.nist.gov/privacy-framework

Number 2

European banking supervision - towards a common culture

Sabine Lautenschläger, Member of the Executive Board of the European Central Bank and Vice-Chair of the Supervisory Board of the European Central Bank, at the Eurofi Financial Forum 2018, Vienna.

Since 2014, we have made huge steps towards establishing a truly European system of banking supervision and embracing a common supervisory culture.

Does this mean nothing more needs to be done? Not quite. For a fully-fledged common culture you need to have three things:

First, you need a truly unified legal basis.

You simply cannot build a comprehensive common supervisory culture if you have to apply a different set of rules in each of the 19 countries.

Just think how we need to treat fit and proper assessments differently from one country to the next.

Second, you need harmonised administrative practices.

And here, we have made good progress in the last four years – wherever the legislator granted us scope.

We established practices for all the major areas of supervision, such as the SREP, the treatment of NPLs, stress tests, the ICAAP, the ILAAP, and so on.

Third, you need time and cooperation.

After all, staff from 19 countries and 26 authorities have to be persuaded to leave their cultural comfort zone and align how they think, assess and act.

I measure how far we have come by the frequency with which banks ask about changes in supervisory actions.

In other words: how often do banks complain about changes in the way they are being supervised? They complain a great deal, I can tell you.

And we keep pushing forward. Let me give you just a few examples:

- We strive to increase the number of cross-border on-site missions, with even more on-site supervisors working on banks outside their home country. The success of this initiative will largely depend on the number of on-site supervisors the national authorities are willing to send.

- We have established a rotation scheme for members of our Joint Supervisory Teams. This too will help to spread a common culture. At the same time, it helps to avoid supervisory capture.

- We foster exchange between supervisors from across the euro area. We bring them together in many different working groups to devise training manuals and supervisory guidance.

But the ECB cannot create a common supervisory culture by itself. The national authorities can and should contribute, too. I understand, of course, that it is difficult to let go of traditions that have been honed over decades. Culture is a sticky thing.

But national authorities should embrace the European idea. And they should seize the opportunity to contribute to a new, common supervisory culture.

They should let more of their staff come to the ECB, for a while at least. Let them work in a European environment and carry this culture back to their home countries.

And the idea of a European supervisory culture should be reflected in how we deal with banks. For example, national reporting requirements should be dropped; instead, we should aim for a single European reporting framework.

To sum up: a common supervisory culture is emerging, but it still needs to be nurtured and nudged.

Thank you for your attention.

Number 3

Senate Select Committee on Intelligence
Hearing on "Foreign Influence Operations' Use of Social Media Platforms"

Kent Walker, Senior Vice President, Global Affairs & Chief Legal Officer, Google - Written Congressional Testimony

Chairman Burr, Vice Chairman Warner, and members of the Committee, thank you for the opportunity to provide an update on the efforts we're making to secure our platforms ahead of the 2018 midterm elections in the US and for future elections around the world.

My name is Kent Walker. I am Senior Vice President, Global Affairs and Chief Legal Officer at Google, and I lead our Legal, Policy, Trust and Safety, and Google.org teams.

I've worked at the intersection of technology, security, and the law for over 25 years, including time spent early in my career as an Assistant US Attorney at the Department of Justice focusing on technology crimes.

We believe that we have a responsibility to prevent the misuse of our platforms and we take that very seriously.

Google was founded with a mission to organize the world's information and make it universally accessible and useful.

The abuse of the tools and platforms we build is antithetical to that mission.

In my testimony to the Committee last fall (https://www.intelligence.senate.gov/sites/default/files/documents/os-kwalker-110117.pdf), I described the investigation we had conducted to understand whether individuals apparently connected to government-backed entities were using our products to disseminate information with the purpose of interfering with the 2016 US election.

We based that review on research into misinformation campaigns from our Jigsaw group, our information security team's own methods, and leads provided by other companies.

We identified limited activity and we took swift action, disabling any accounts we found.

To read more:
http://services.google.com/fh/files/blogs/kent_walker_testimony_senate_select_committee_on_intelligence_09052018.pdf

Number 4

Volatility spikes underline fragilities and risks to EU securities markets and investors

European Union (EU) securities markets, infrastructures and investors face new risks in the form of high volatility, the European Securities and Markets Authority (ESMA) said in its latest Trends, Risks, and Vulnerabilities (TRV) Report (No 2, 2018).

ESMA also re-iterated its concerns about cyber risk and Brexit risks for business operations.

The TRV, which covers the first half of 2018, finds that overall risk levels for the EU's securities markets remained stable but at high levels for most risk categories.

Equity and bond volatility spikes in February and May reflected the growing sensitivities.

ESMA also sees a deterioration in outstanding corporate debt ratings, and in corporate and sovereign bond liquidity.

The TRV identifies the following key risks in EU securities markets:

— Market risk remains at a very high level accompanied by very high risk in securities markets and elevated risk for investors, infrastructures and services.

The outcome of the Brexit negotiations remains at this stage the most important political risk for the EU;

— Credit risk and liquidity risk remains high with a deterioration in outstanding corporate debt ratings, and deteriorating measures of corporate and sovereign bond liquidity; and

— Operational risk continues to be elevated with negative outlook, as cyber threats and Brexit related risks to business operations remain major concerns.

— Outlook: Going forward, EU financial markets can be expected to become increasingly sensitive to mounting economic and political uncertainty from diverse sources, such as weakening economic fundamentals, transatlantic trade relations, emerging market capital flows, Brexit negotiations, and others.

Assessing business exposures and ensuring adequate hedging against these risks will be a key concern for market participants in the coming months.

Finally, investor risks persist across a range of products.

Under the MiFIR product intervention powers, ESMA restricted the provision of contracts for differences (CFDs) and prohibited the provision of binary options to retail investors.

The new measures started to apply from 1 August 2018 and 2 July 2018, respectively.

Next steps

The TRV is published biannually, and examines the performance of securities markets, assessing both trends and risks in order to develop a comprehensive picture of systemic and macroprudential risks in the EU, to assist both national and EU bodies in their risk assessments.

ESMA also updates its Risk Dashboard every quarter.

ESMA's TRV contributes to promoting financial stability and enhancing consumer protection by regularly looking into cross-border and cross-sector trends, risks and vulnerabilities, both at the wholesale and retail level.

Number 5

Joint Committee report on risks and vulnerabilities in the EU financial system, September 2018

- Risks that abruptly increasing yields generate substantive asset price volatility and lead to losses across asset classes remain imminent and high.

  Financial markets experienced a return of market volatility in the first half of 2018 with corresponding episodes of sharp equity price declines and a sizable widening of sovereign and corporate bond spreads.

  In addition, rising interest rates and political risks could cause capital outflows in emerging market economies, as developments in Turkey in August have demonstrated. These market developments might reflect to some extent a return to normality, following an extended period of ultra-low interest rates.

  However, given the trend of monetary policy normalisation with remaining uncertainty over the exact path over time, the potential for further market volatility stemming from investment repositioning of market participants and portfolio reallocations remains a key source of concern. Furthermore, valuation risks might have increased, given heightened geopolitical risk.

- Risks related to the repricing of risk premia and possibly increasing interest rates directly affect financial institutions and retail consumers and might also cause contagion.

  The return of volatility puts additional pressure on bank profitability, not least shown by decreasing net trading income in early 2018.

  Increasing interest rates may also pose additional challenges to the still high – albeit decreasing – stock of non-performing loans in the EU, which still needs to be addressed.

  The potential for sudden risk premia reversals also remains a major concern for insurance companies and pension funds, as this could negatively affect the value of their assets.

On the other hand, the value of liabilities might decrease, in case such a reversal is combined with an increase in interest rates.

Retail investors may also be affected by valuation risksthrough their portfolio holdings.

Finally, contagion between sectors after abruptly increasing yields might, e.g., occur through interconnectedness of the European banking sector with the market-based finance sector, as well as with the insurance sector, or from the still highly leveraged non-financial private sector.

To read more:
https://esas-joint-committee.europa.eu/Publications/Reports/Joint%20Committee%20Risk%20Report%20-%20Autumn%202018%20%28JC%202018%2034%29.pdf

Number 6

The future of work

Mark Carney, Governor of the Bank of England, at the Central Bank of Ireland, Dublin.

It is a pleasure to deliver this lecture in honour of TK Whitaker.

Whitaker's career in public policy spanned a period of profound structural change in the Irish economy. In 1956, when he became Secretary of the Department for Finance, the Irish economy was isolated and uncompetitive.

Growth in output per capita was lagging the rest of Europe and the steady tide of emigration was gradually shrinking the population.

By the time Whitaker's career drew to a close, the Celtic Tiger was roaring: Ireland had caught up with even the most prosperous nations in the EU, GDP growth was averaging over 5%, and the population had increased by two-thirds as emigration switched to immigration.

The catalyst for this transformation was opening up to foreign trade and investment. Beginning with the 1958 report Economic Development, Whitaker strongly advocated replacing the old strategy of self-sufficiency with a new one of export-led growth, which led in time to Ireland joining the EU.

For many, this is the greatest long-term consequence of his work.

But as students of economic history know (and policymakers learn at their cost), without the right institutions, structural changes – whether large changes to trading relationships or technological revolutions – can be painful.
Whitaker recognised that "Readiness to adapt to changing conditions is a sine qua non for economic success" and that adaptability required a series of changes to Ireland's institutions.

Major reforms to education were essential to match the skills of the Irish workforce to the potential jobs that increased inward investment could bring.

A 1964 report on Manpower Policy, which Whitaker oversaw as chair, advocated greater investment in the STEM subjects, readying a generation for the IT revolution.

More broadly, Ireland repeatedly increased standards of education, beginning with the introduction of universal secondary schooling in 1967, resulting in levels of educational attainment today that exceed the OECD average.

Whitaker also advocated reforms of labour market institutions – to tackle restrictive work practices and ensure pay was more closely linked to productivity.

Emphasis was also placed on a competitive environment for business to help attract foreign capital, in part through the overhaul of the corporate tax regime.

And improvements were made to infrastructure, such as power supplies and transport services.

To read more:
https://www.bis.org/review/r180914b.pdf

Number 7

After the storm - ten years on, how weatherproof is the Swiss banking system today?

Fritz Zurbrügg, Member of the Governing Board of the Swiss National Bank, at the University of Lucerne.

Ladies and Gentlemen

Almost exactly ten years ago, on 15 September 2008, Lehman Brothers, the fourth-largest US investment bank at the time, filed for bankruptcy.

The ensuing storm engulfed the global financial markets with a ferocity and magnitude that took all market observers by surprise.

The collapse of Lehman Brothers made it clear that many financial institutions could not withstand such a buffeting without government support.

The financial crisis spilled over rapidly into the real economy, resulting in the deepest global recession since the Great Depression.

We all have our own personal memories of this difficult period.

Many of you are probably thinking of 16 October 2008, the day on which the Swiss authorities stepped in to support UBS with a comprehensive package of measures.

Back then, I was working at the Federal Finance Administration.

The fact that we were obliged to burden the state and the taxpayers with an exposure worth billions to stabilise a big bank made a lasting impression on me.

The lack of resilience in the banking system forced governments across the world to plough huge sums into bank bail-outs.

It was the only way to protect their economies from the enormous damage that a banking system collapse would have wrought.

The financial crisis demonstrated in no uncertain terms that the banking system was not sufficiently 'weatherproof'.

The financial crisis also showed clearly that particular risks stem from large, highly interconnected banks.

Owing to their size and market position, such banks cannot exit the market without severe consequences for the banking system and the real economy.

In industry jargon, they are 'systemically important'. Thus, they enjoy an implicit guarantee that the state will intervene in an emergency.

This form of market failure is now known the world over as the 'too big to fail' issue.

In my speech today, I will be looking into this issue, one that is particularly relevant to Switzerland.

I will start by discussing the causes and effects of 'too big to fail', and how it manifests itself in Switzerland, before moving on to the reasons why banking regulation before the crisis did not sufficiently address the risks posed by 'too big to fail' banks.

Based on this analysis, in the third part of my speech I will describe the wide-ranging regulatory measures taken at international and national level to resolve 'too big to fail'.

Let me just present our own conclusion up front: In Switzerland, the response was quick, targeted and, at the same time, cost-effective.

On the one hand, the regulatory amendments strengthened banks' resilience, reducing the likelihood of a bank getting into financial distress.

On the other hand, they introduced measures aimed at ensuring that even a systemically important bank can exit the market in an orderly way in the event of a crisis.

We are convinced that the Swiss big banks and the Swiss banking system are much more weatherproof today than they were ten years ago.

Many of the planned measures have already been implemented.

To read more:
https://www.bis.org/review/r180910c.pdf

Number 8

Agencies extend comment period for proposed rule simplifying and tailoring the "Volcker rule"

Board of Governors of the Federal Reserve System
Commodity Futures Trading Commission
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Office of the Comptroller of the Currency
Securities and Exchange Commission

Five federal financial regulatory agencies on Tuesday extended until October 17, 2018, the comment period for a proposed rule to simplify and tailor compliance requirements for the "Volcker rule."

The Volcker rule generally restricts banking entities from engaging in proprietary trading and from owning or controlling hedge funds or private equity funds.

With the extension, the Federal Reserve Board, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission will have provided interested parties with approximately four and a half months from the date the proposal was released to the public to submit comments.

The proposal was released by the agencies in early June with a 60-day comment period that began after publication in the Federal Register on July 17.

To read it:
https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180904a1.pdf

Number 9

Draft Cybersecurity Practice Guide: Protecting the Integrity of Internet Routing

NIST
National Institute of Standards and Technology
U.S. Department of Commerce

It is difficult to overstate the importance of the internet to modern business and to society in general.

The internet is essential to the exchange of all manner of information, including transactional data, marketing and advertising information, remote access to services, entertainment, and much more.

The internet is not a single network, but rather is a complex grid of independent interconnected networks.

The design of the internet is based on a trust relationship between these networks and relies on a protocol known as the Border Gateway Protocol (BGP) to route traffic among the various networks worldwide.

BGP is the protocol that Internet Service Providers (ISPs) and enterprises use to exchange route information between them.

Unfortunately, BGP was not designed with security in mind. Traffic typically traverses multiple networks to get from its source to its destination.

Networks trust the BGP information they receive from their neighbors, and the lack of security makes BGP vulnerable to route hijacks.

A route hijack attack can deny access to Internet services, misdeliver traffic to malicious endpoints and cause routing instability.

A technique known as BGP Route Origin Validation (ROV) is designed to protect against route hijacking.

The National Cybersecurity Center of Excellence (NCCoE) has developed proof-of-concept demonstrations of BGP ROV implementation designed to improve the security of the internet's routing infrastructure.

This NIST Cybersecurity Practice Guide—Draft SP 1800-14, Protecting the Integrity of Internet Routing: Border Gateway Protocol (BGP) Route Origin Validation, at https://csrc.nist.gov/publications/detail/sp/1800-14/draft —demonstrates how networks can protect BGP routes from vulnerability to route hijacks by using available security protocols, products, and tools to perform BGP ROV to reduce route hijacking threats.

The example implementation described in this guide aims to protect the integrity and improve the resiliency of Internet traffic exchange by verifying the source of the route.

Our standards-based example solution uses commercially available products and can be used in whole or in part. It can also be used as a reference to help an organization design its own, custom solution.

Comments are due October 15, 2018 and may be submitted to sidr-nccoe@nist.gov.

Number 10

Lehman anniversary

Overview: global financial crisis spurs unprecedented policy actions

BANK FOR INTERNATIONAL SETTLEMENTS

Financial stability concerns took centre stage once again over the period between end-August and end-November.

In the wake of the mid-September failure of Lehman Brothers, global financial markets seized up and entered a new and deeper state of crisis.

As money market funds and other investors were forced to write off their Lehman-related investments, counterparty concerns mounted in the context of large-scale redemption-driven asset sales.

The ensuing sell-off affected all but the safest assets and left key parts of the global financial system dysfunctional.

With credit and money markets essentially frozen and equity prices plummeting, banks and other financial firms saw their access to funding eroded and their capital base shrink, owing to accumulating mark to market losses.

Credit spreads surged to record levels, equity prices saw historic declines and volatilities soared across markets, indicating extreme financial market stress.

Government bond yields declined in very volatile conditions, as recession concerns and safe haven flows increasingly outweighed the impact of anticipated increases in fiscal deficits.

At the same time, yield curves steepened from the front end, reflecting repeated downward adjustments in policy rates.

Emerging market assets also experienced broad-based price declines, as depressed levels of risk appetite and associated pressures in the industrialised world spilled over into emerging financial markets.

With confidence in the continued viability of key parts of the international banking system collapsing, the authorities in several countries embarked on an unprecedented wave of policy initiatives to arrest the plunge in asset prices and contain systemic risks.

Market developments over the period under review went through four more or less distinct stages.

Stage one, which led into the Lehman bankruptcy in mid-September, was marked by the takeover of two major US housing finance agencies by the authorities in the United States.

Stage two encompassed the immediate implications of the Lehman bankruptcy and the wide-spread crisis of confidence it triggered.

Stage three, starting in late September, was characterised by fast-paced and increasingly broad policy actions, as responses to the crisis evolved from case by case reactions to a more international, system-wide approach.

In the fourth and final stage, from mid-October, pricing patterns were increasingly dominated by recession fears, while markets continued to struggle with the uncertainties surrounding the large number of newly announced policy initiatives.

To read more:
https://www.bis.org/publ/qtrpdf/r_qt0812a.pdf

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www.risk-compliance-association.com/How_to_become_member.htm

Become a lifetime member of the association, and to continue your journey without interruption and without renewal worries. You will get a lifetime of benefits as well.

You can check the benefits at:
www.risk-compliance-association.com/Lifetime_Membership.htm

2. Weekly Updates - Subscribe to receive every Monday, the Top 10 risk and compliance management related news stories and world events that (for better or for worse) shaped the week's agenda, and what is next:
http://forms.aweber.com/form/02/1254213302.htm

3. Training and Certification - The Certified Risk and Compliance Management Professional (CRCMP) training and certification program has become one of the most recognized programs in risk management and compliance.

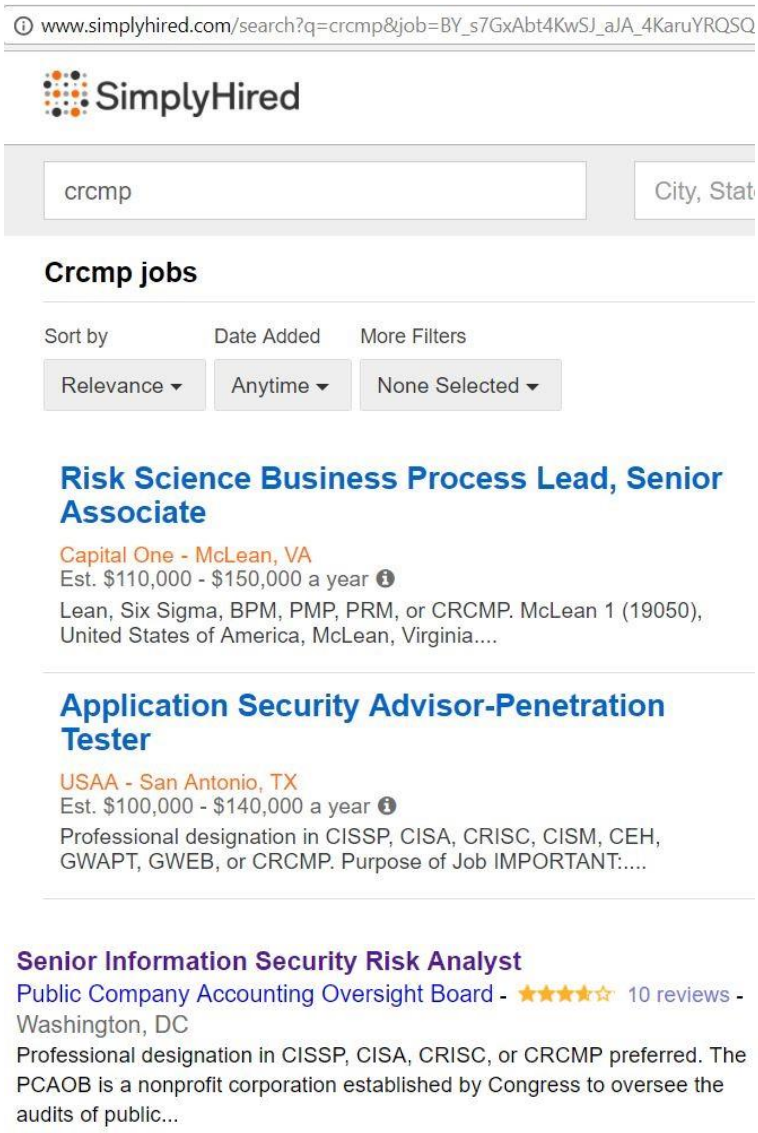
There are CRCMPs in 32 countries around the world. Companies and organizations like Accenture, American Express, USAA etc. consider the CRCMP a preferred certificate.

You can find more about the demand for CRCMPs at:
www.risk-compliance-association.com/CRCMP_Jobs_Careers.pdf

For the distance learning programs, you may visit:
www.risk-compliance-association.com/Distance_Learning_and_Certification.htm

For instructor-led training, you may contact us. We can tailor all programs to meet specific requirements. We tailor presentations, awareness and training programs for supervisors, boards of directors, service providers and consultants.

Some CRCMP jobs:



4. IARCP Authorized Certified Trainer (IARCP-ACT) Program - Become a Certified Risk and Compliance Management Professional Trainer (CRCMPT) or Certified Information Systems Risk and Compliance Professional Trainer (CISRCPT).

This is an additional advantage on your resume, serving as a third-party endorsement to your knowledge and experience.
Certificates are important when being considered for a promotion or other career opportunities. You give the necessary assurance that you have the knowledge and skills to accept more responsibility.

To learn more, you may visit:

www.risk-compliance-association.com/IARCP_ACT.html

5. Approved Training and Certification Centers (IARCP-ATCCs) - In response to the increasing demand for CRCMP training, the International Association of Risk and Compliance Professionals is developing a world-wide network of Approved Training and Certification Centers (IARCP-ATCCs).

This will give the opportunity to risk and compliance managers, officers, and consultants to have access to instructor-led CRCMP and CISRCP training at convenient locations that meet international standards.

ATCCs use IARCP approved course materials and have access to IARCP Authorized Certified Trainers (IARCP-ACTs).

To learn more:
www.risk-compliance-association.com/Approved_Centers.html